

TOWN OF ORO VALLEY, ARIZONA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED **JUNE 30, 2021**





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ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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INTRODUCTORY SECTION

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January 6, 2022

Honorable Mayor, Members of Town Council
and Citizens of the Town of Oro Valley, Arizona:

State law mandates that cities publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Town of Oro Valley, Arizona (Town) for the fiscal year ended June 30, 2021.

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

The Town's financial statements have been audited by Henry & Horne, LLP, a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

It's in our nature...

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PROFILE OF THE TOWN

The Town of Oro Valley was incorporated in 1974. Located in northeastern Pima County, three miles north of Tucson, it sits at an elevation of 2,620 feet. The Town currently occupies a land area of more than 36 square miles and serves an estimated population of 47,070. The population of Oro Valley has increased 58% since the 2000 population of 29,700.

Based on 2019 Census estimates, Oro Valley has a median household income of \$83,341, compared to the median household income for the state of Arizona of \$62,055. Oro Valley residents enjoy a comfortable hometown feel with a strong family orientation, excellent education system and abundant opportunities in a safe environment.

The Town of Oro Valley operates under the Council-Manager form of government. Policymaking and legislative authority is vested in the Town Council, which consists of a Mayor and six Councilmembers. Councilmembers are elected to four-year staggered terms. The citizens of Oro Valley elect the Mayor. The Council, from among its members, selects the Vice-Mayor. The Town Council is responsible, among other things, for the adoption of local ordinances, budget adoption, the development of citizen advisory committees, the hiring and removal of the Town Manager, the Police Chief, Town Attorney and Town Magistrate. The Town Manager is responsible for implementation of the policies of the Town Council. The Town Manager appoints all other department directors except those mentioned above under Town Council responsibilities.

The Town of Oro Valley provides a full range of services including police protection; the construction and maintenance of streets and related infrastructure; proper planning and economic development; the provision of water and stormwater services; public transportation services; recreational activities and cultural events.

As with all cities in the State of Arizona, the Town of Oro Valley is required to comply with Article IX, Section 20 (1) of the Arizona Constitution, which sets limits on the Town's legal budget capacity. The Town currently operates under the Alternative Expenditure Limitation – Home Rule Option. This option allows the Town Council to establish the budgetary limits locally, rather than being restricted by the State-imposed expenditure limitation. The voters must authorize this option every four years. It was last authorized by the citizens of Oro Valley in August of 2018.

The annual operating budget serves as the foundation for the Town's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual operating budget approved by the Town Council. The Town's proposed operating budget is presented to the Town Council for review throughout the budget cycle starting in December and approved in June. The Town Council is required to hold a public hearing on the proposed budget and to adopt the final budget by no later than the second Monday in August. Budget amendments requiring the approval of the Town Council include the following: budget transfers between funds; transfers to fund additional personnel or increased expenditures resulting from personnel reclassifications; transfers that would reduce or eliminate funding for items designated in the adopted Capital Improvement Plan; and transfers that would reduce or eliminate funding for debt service. All other operational budget amendments that involve transfers between line items or expenditure categories require approval by the Town Manager.

MAJOR INITIATIVES AND ACCOMPLISHMENTS FOR THE YEAR

The Council adopted Strategic Leadership Plan for fiscal years 2019-20 through 2020-21 is the culmination of an extensive four-month process involving Town Council, Town staff, and the Oro Valley community. Rooted deeply in the values and priorities of the Your Voice, Our Future 10-year General Plan, the two-year Strategic Leadership Plan provides organizational direction in seven focus areas:

- Economic Vitality
- Culture and Recreation
- Public Safety
- Roads, Water and Town Assets
- Land Use
- Effective and Efficient Government
- Town Finances

While the Strategic Leadership Plan guides short-term decision-making, the General Plan provides a longer term (up to 10 years) direction regarding the growth, development, and redevelopment of the community. Oro Valley is a community defined by the highest standard of environmental integrity, education, infrastructure, services, and public safety. It is a community of people working together to create the Town's future with a government that is responsive to residents and ensures the long-term financial stability of the Town. Shown below are some of the Town's accomplishments during FY 2020-21.

- Issued \$5.6 million in Water Utility refunding revenue bonds, resulting in net present value savings of nearly \$223,000 to the Town
- Received the Certificate of Achievement for Excellence in Financial Reporting Award, Distinguished Budget Presentation Award with special recognition for the Town's Capital Improvement Program and Popular Annual Financial Reporting Award from the Government Finance Officers Association
- Ended FY 2020-21 with a \$11.5 million increase in the General Fund ending fund balance
- Received \$5.3 million in federal CARES Act funding for COVID-19-related expenditures
- Received \$7.7 million in federal American Rescue Plan Act funding
- Provided nearly \$1 million in business assistance to local businesses through the OVSafeSteps program to help mitigate impacts COVID-19 has had on businesses within the Town
- Secured voter approval to move from a home rule alternative expenditure limitation to a permanent base adjustment
- Issued 498 single family residential permits, an increase of 81% over the prior year and a 15-year high
- Successfully annexed the Westward Look Resort, resulting in an expected \$750,000-\$1,200,000 in additional annual revenue to the Town
- Approved a \$10 million contribution from Town excess reserves, plus \$17 million in pension obligation bond proceeds to apply toward the Town's public safety personnel retirement system unfunded pension liability
- Approved expanded use of the Town's half cent sales tax collections to be used towards debt service on the issuance of bonds for parks and recreation-related capital improvements
- Completed an 18-month long process to update the Town's Parks and Recreation Master Plan

ECONOMIC CONDITIONS AND OUTLOOK

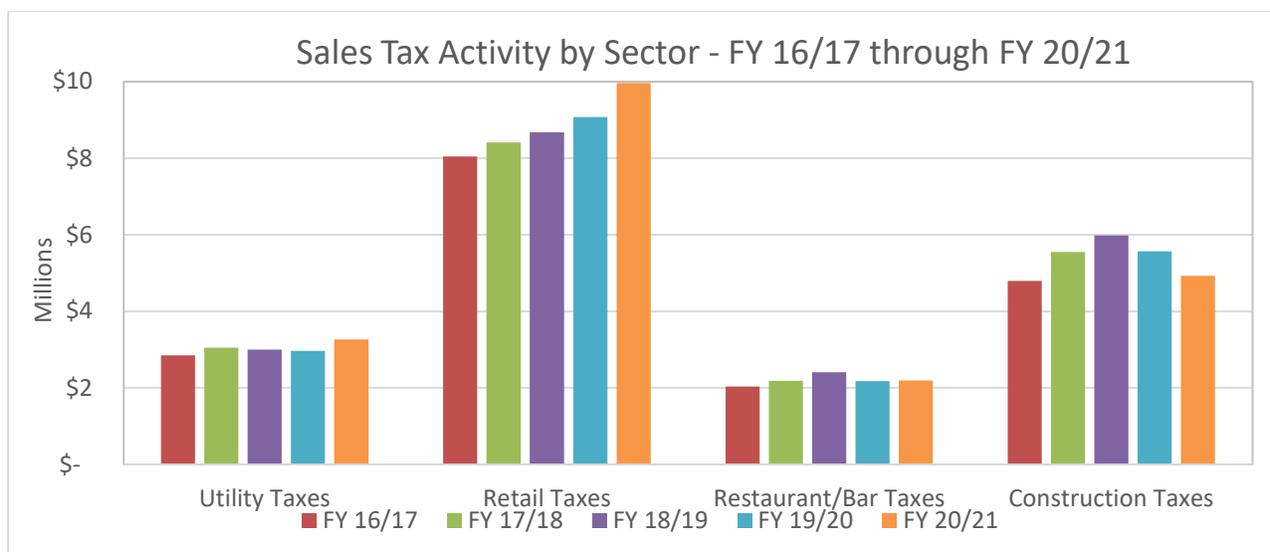
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town operates.

Healthy economic growth is being observed at both the local and state levels, which has impacted the Town’s revenue collections for FY 2020-21 and is expected to continue into FY 2021-22, despite the ongoing impacts of COVID-19. The Town continues to provide services and programs without a property tax to fund operations and, therefore, is dependent upon state shared revenues and local sales tax as major sources of revenue for its operating and capital expenditures. These sources accounted for approximately 64% of total General Fund revenue for FY 2020-21, which is a lower percentage than past years due to significant federal stimulus monies received.

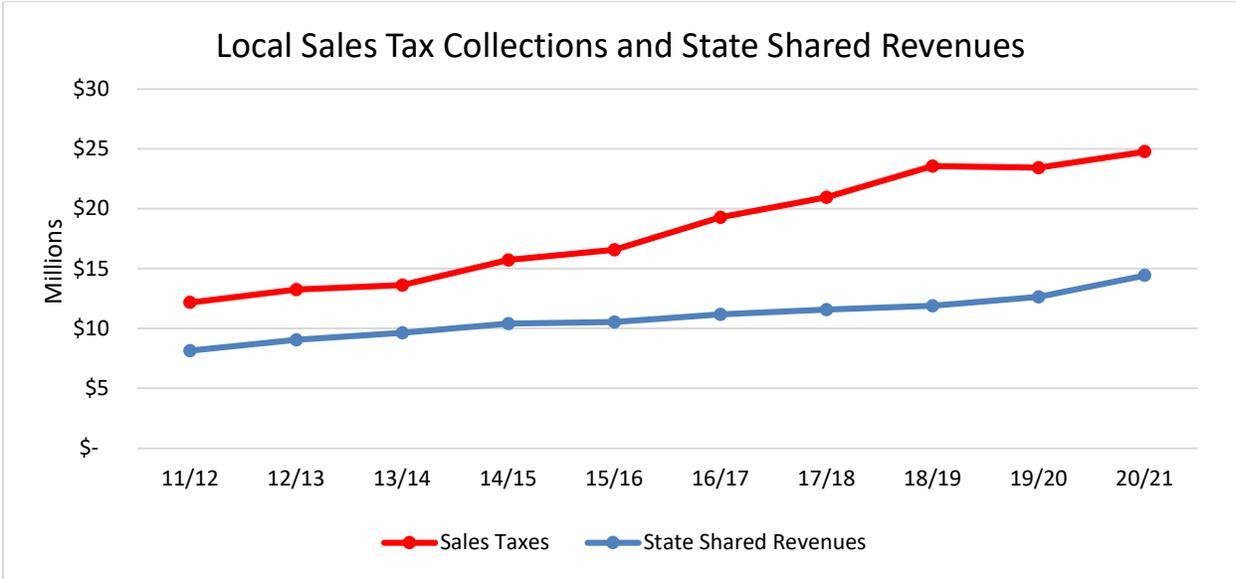
Total local sales tax collections totaled \$24.1 million for FY 20-21, which represents a \$1,299,390 or 5.7% increase over the last fiscal year. Given the persistence of the global COVID-19 pandemic throughout FY 20-21, this increase was far greater than anticipated and a nice surprise. Major local sales tax categories experiencing year-over-year increases or changes compared to amounts collected in FY 2019-20 are as discussed below:

- Retail tax collections totaled \$10.0 million for FY 20-21, up 9.8%, or nearly \$891,000 over last fiscal year.
- Remote seller collections totaled \$1.7 million for the fiscal year, up 276.6%, or nearly \$1.1 million over last fiscal year
- Restaurant and bar tax collections totaled \$2.2 million for the fiscal year, up .7%, or \$16,000 over last fiscal year.
- Construction sales tax collections totaled \$4.9 million for the fiscal year, down 11.6% or \$645,000 from last fiscal year.

The chart below is a look at the past five years’ local sales tax activity by category:



In FY 2020-21, the Town received \$14.4 million for state shared revenues in the General Fund, up 14.2%, or \$1.8 million over last fiscal year. The trend chart below depicts the performance of both of these revenue categories since FY 2011-12:

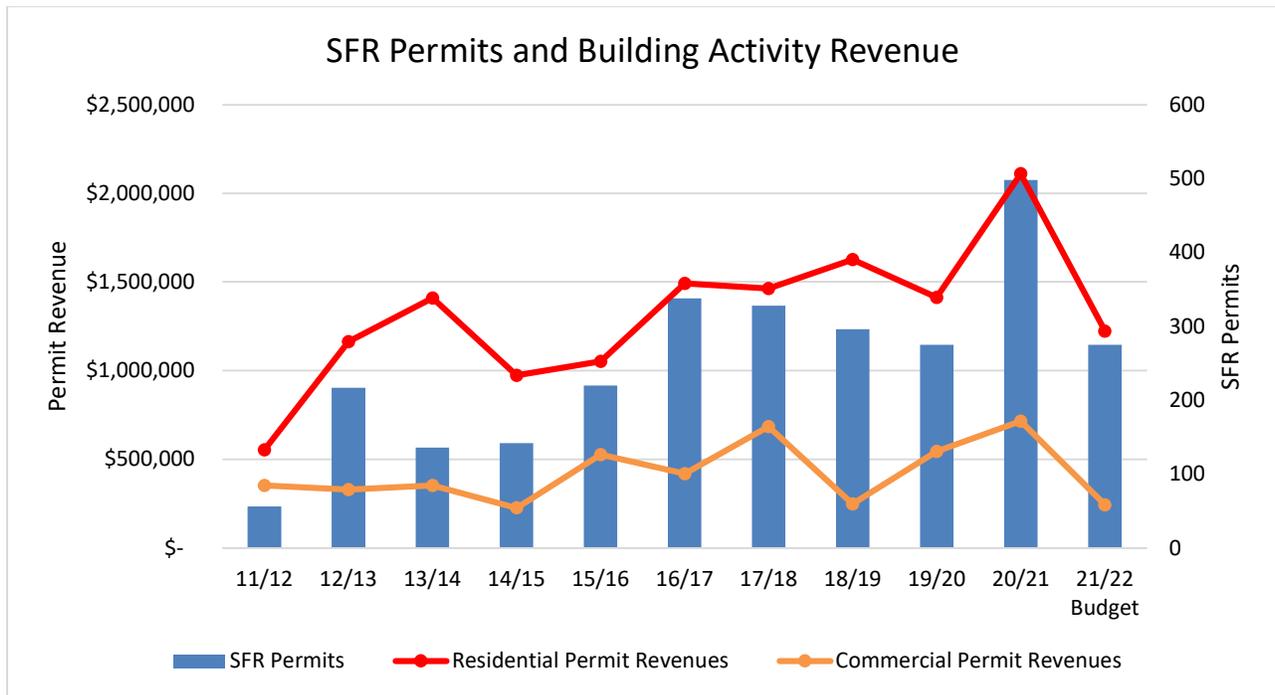


Critical to success in this area is the preparation of realistic growth assumptions that help guide Town revenue projections. There continues to be healthy economic growth in Oro Valley, the Tucson metropolitan region and State-wide. Arizona remains well-positioned to recover and outpace the nation and most states in employment, income and population. With Oro Valley’s proximity to the Tucson metro region, it is likely that the Town’s local economy will continue to benefit with increased housing sales, retail and tourism growth, and overall personal income growth.

April 1, 2020 marked the day in which the U.S. started its decennial census. The data collected in this effort is a significant foundation for Oro Valley’s state-shared revenues, as well as other economic considerations. The Town has actively participated in the regional census planning and marketing efforts led by the Pima Association of Governments (PAG). However, because census data has yet to be released, fiscal year 2021-22 state-shared revenue projections are conservative with modest growth compared to the current year.

In the near term, projected residential development should be strong over the next two to three-year period. In FY 2020-21, the Town estimated that 225 single family residential (SFR) building permits would be issued; a total of 498 were issued by year-end. The FY 2021-22 budget assumes 275 SFRs will be issued during the year as the Town returns to a more normal historical growth pattern.

The below chart depicts the local trends in single family residential (SFR) building permits issued and annual permit revenues from both residential and commercial construction activity from FY 2011-12 through FY 2021-22 budget projections.



Future Focus

During FY 2021-22, the Town will continue to identify and quantify both one-time revenues derived from construction activity and recurring revenues derived from such areas as local sales taxes and state- shared sources. The Town continues to dedicate one-time revenues to funding one-time expenditures in the budget, specifically for capital improvement projects, while ensuring sufficient recurring revenues exist to fund recurring expenditures. With the expectation of sustained and moderate development activity continuing in future years, it will be important to continue to analyze the budget in this manner to avoid future reliance on one-time revenues to fund recurring costs.

For FY 2021-22, the Town will focus its efforts on supporting elements of the Town Council adopted Strategic Leadership Plan all while navigating uncertainty and potential revenue disruptions caused by COVID-19.

These strategies will be fulfilled in a number of ways as highlighted below:

- The FY 2021-22 budget includes issuance of \$17 million in pension obligation bonds plus a \$10 million payment from reserves for the Town’s Public Safety Retirement System (PSPRS) unfunded liability, while continuing to pay the same rate as the prior year on pensionable wages.
- The FY 2021-22 budget includes \$1,600,000 for the Pavement Preservation Program in the Highway Fund, which maintains the current condition of Town streets.
- The FY 2021-22 budget includes a \$25 million parks and recreation bond issuance, demonstrating Town Council’s priority of investing in Town facilities and infrastructure and increasing the quality of life for residents. Because the bond issuance has a dedicated funding source via the Town’s half-cent sales tax in its Community Center Fund, there will be no impact to the Town General Fund.

The Town also continues to maintain strong investment grade ratings on its outstanding excise tax bonds, rated “AA+” by Standard and Poor’s. This is largely achieved by the Council’s goal of continuing to diversify the Town’s revenue base and maintaining strong fund balance reserves in the General Fund, currently at \$32.4 million, or 53% of FY 21-22 adopted expenditures of \$61.3 million. This is well above the Council-adopted policy threshold of 25% of expenditures.

AWARDS AND ACKNOWLEDGMENTS

Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Oro Valley for its annual comprehensive financial report for the year ended June 30, 2020. This was the twenty-seventh consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of this Annual Comprehensive Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department who assisted in and contributed to its preparation. We thank the Mayor and members of the Town Council for their interest and support in planning and conducting the financial affairs of the Town in a responsible and progressive manner.

Respectfully submitted,



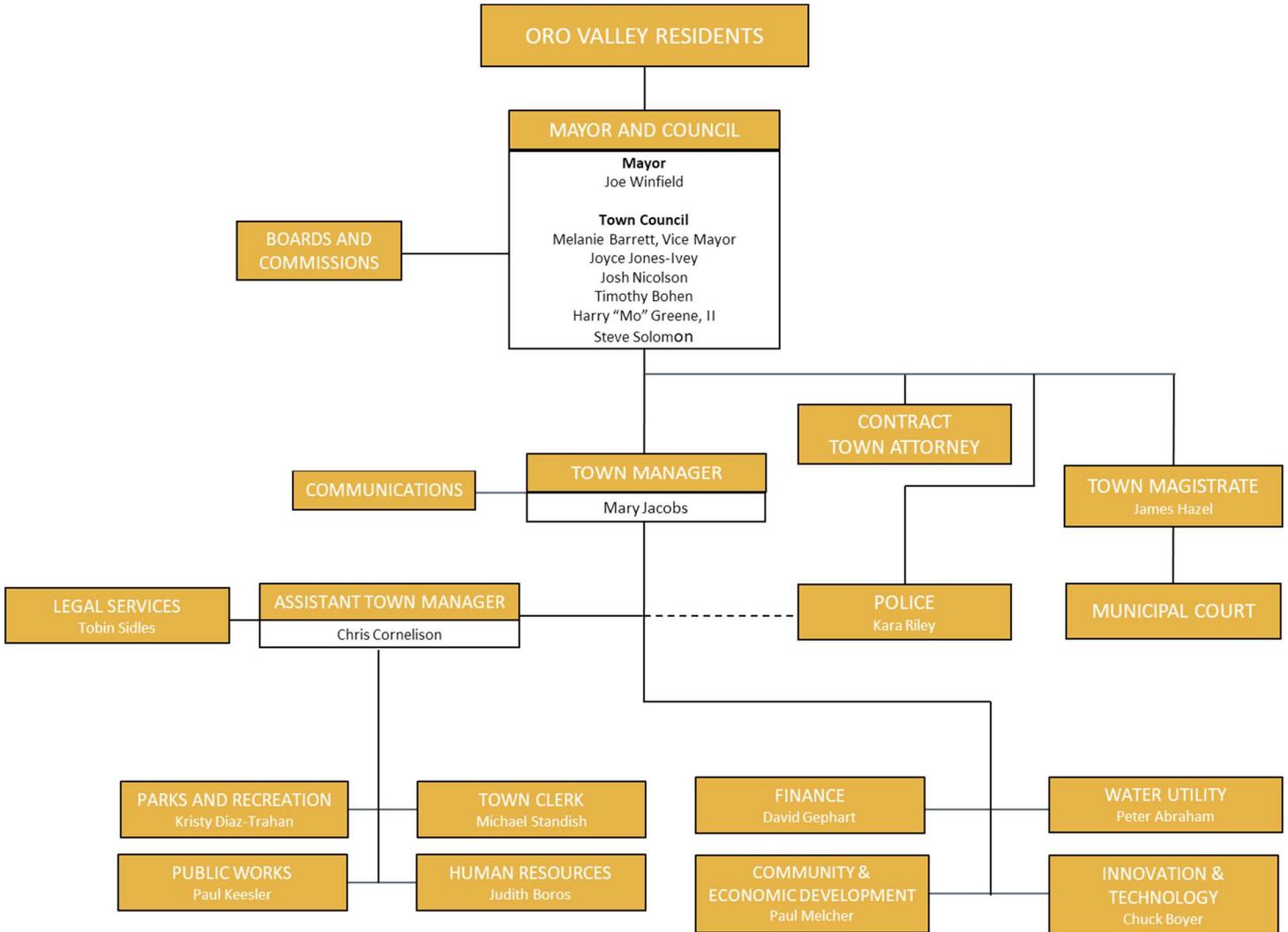
Mary Jacobs
Town Manager



David Gephart
Chief Financial Officer



Organizational Chart



TOWN OF ORO VALLEY, ARIZONA
LIST OF TOWN OFFICIALS

ELECTED OFFICIALS

Mayor	Mr. Joe Winfield
Vice-Mayor	Ms. Melanie Barrett
Council Member	Mr. Timothy Bohlen
Council Member	Mr. Harry Greene
Council Member	Ms. Joyce Jones-Ivey
Council Member	Mr. Josh Nicolson
Council Member	Mr. Steve Solomon

TOWN MANAGEMENT

Town Manager	Mary Jacobs
Assistant Town Manager	Chris Cornelison
Chief Financial Officer	David Gephart
Human Resources Director	Judy Boros
Town Clerk	Michael Standish
Magistrate	James Hazel
Legal Services Director	Tobin Sidles
Water Utility Director	Peter Abraham
Chief of Police	Kara Riley
Public Works Director/Town Engineer	Paul Keesler
Community and Economic Development Director	Paul Melcher
Parks and Recreation Director	Kristy Diaz-Trahan
Chief Information Officer	Chuck Boyer



Government Finance Officers Association

Certificate of
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for Excellence
in Financial
Reporting

Presented to

**Town of Oro Valley
Arizona**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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

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TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021

As management of the Town of Oro Valley, Arizona (Town), 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, 2021. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis, provide key financial highlights for 2020-21 as follows.

- The Town's total net position of governmental activities increased \$25.5 million to \$190.1 million and business-type activities increased \$9.8 million to \$111.8 million, representing 63 percent and 37 percent respectively, of the total net position of \$301.9 million.
- General revenues from governmental activities accounted for \$39.4 million in revenue, or 46 percent of all current fiscal year governmental activities revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$46.4 million or 54 percent of total current fiscal year governmental activities revenues. The Town had \$27.3 million of program revenues and \$13,314 in general revenues related to business-type activities.
- The Town had \$60.2 million in expenses related to governmental activities, an increase of 4.0 percent from the prior fiscal year. The Town had \$17.5 million in expenses related to business-type activities, an increase of 0.8 percent from the prior fiscal year.
- Among major funds, the General Fund had \$53.6 million in revenues, which primarily consisted of sales taxes and intergovernmental revenues. The total expenditures of the General Fund were \$39.5 million. The General Fund's fund balance increased from \$20.9 million to \$32.4 million.
- The Community Center Fund had \$7.6 million in revenues, which consisted primarily of charges for services and sales taxes. The total expenditures of the Community Center Fund were \$5.6 million.
- The General Government CIP Fund had \$1.0 million in revenues, which consisted primarily of charges for services and other revenues. The total expenditures of the General Government CIP Fund were \$2.7 million.
- The PAG/RTA Fund had \$2.2 million in revenues, which consisted primarily of intergovernmental revenues. The total expenditures of the PAG/RTA Fund were \$1.3 million.
- The Water Fund operating revenues of \$18.2 million exceeded operating expenses of \$15.2 million.

TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

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

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

In the government-wide financial statements the Town's activities are presented in the following categories:

- **Governmental activities** – Most of the Town's basic services are included here, such as general government, public safety, highways and streets, transit, and culture and recreation. Sales taxes, intergovernmental, and charges for services finance most of these activities.
- **Business-type activities** – The services provided by the Town included here are water and stormwater utilities. The services are primarily financed through user fees and charges.

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

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

TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Community Center, General Government CIP, and PAG/RTA Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Proprietary funds. The Town maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its Oro Valley Water Utility and Stormwater Drainage Utility. The Town uses an internal service fund to finance its self-insured employee health benefits. Because these services predominately benefit governmental rather than business-type functions, the internal service fund has been included within governmental activities in the government-wide financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget process, and pension plans. The Town adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund and the major Special Revenue Fund as required supplementary information. Schedules for the pension plans have been provided as required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$301.9 million as of the current fiscal year end.

The largest portion of the Town's net position reflects its investment in capital assets (e.g., land, water rights, buildings and improvements, improvements other than buildings, infrastructure, vehicles, machinery and equipment and construction in progress), less any related outstanding debt used to acquire those assets.

TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021

The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the Town's ongoing obligations to its citizens and creditors.

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

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>2021 Total</i>	<i>2020 Total</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>		
Current and other assets	\$ 55,130,944	\$ 39,867,203	\$ 36,037,009	\$ 34,960,112	\$ 91,167,953	\$ 74,827,315
Capital assets, net	192,584,832	161,980,002	110,774,759	105,784,773	303,359,591	267,764,775
Total assets	247,715,776	201,847,205	146,811,768	140,744,885	394,527,544	342,592,090
Deferred outflows of resources	11,141,057	8,108,517	1,416,116	1,398,832	12,557,173	9,507,349
Current and other liabilities	12,654,541	6,817,895	8,391,565	3,392,461	21,046,106	10,210,356
Long-term liabilities	55,338,843	54,168,500	27,931,751	36,458,387	83,270,594	90,626,887
Total liabilities	67,993,384	60,986,395	36,323,316	39,850,848	104,316,700	100,837,243
Deferred inflows of resources	780,614	1,520,632	133,487	282,166	914,101	1,802,798
Net position						
Net investment in capital assets	184,355,212	152,604,355	84,049,866	76,933,346	268,405,078	229,537,701
Restricted	5,392,323	6,601,283	-	-	5,392,323	6,601,283
Unrestricted	335,300	(11,756,943)	27,721,215	25,077,357	28,056,515	13,320,414
Total net position	\$ 190,082,835	\$ 147,448,695	\$ 111,771,081	\$ 102,010,703	\$ 301,853,916	\$ 249,459,398

At the end of the current fiscal year the Town reported positive balances in all categories of net position.

The Town's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that have had an impact on the Statement of Net position.

- The addition of \$15.2 million in current assets for governmental activities, of which \$7.7 million is attributable to American Rescue Plan Act funding received in June 2021.
- The addition of \$12.8 million and \$3.7 million for governmental activities and business-type activities, respectively, in accumulated depreciation due to depreciation expense.
- The addition of \$43.4 million and \$8.7 million for governmental activities and business-type activities, respectively, in capital assets related to buildings and improvements, infrastructure, and water systems.

TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021

Changes in net position. The Town's total revenues for the current fiscal year were \$113.0 million. The total cost of all programs and services was \$77.7 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2021 and June 30, 2020.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>2021 Total</i>	<i>2020 Total</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>		
Revenues						
Program revenues						
Charges for services	\$ 12,621,972	\$ 11,540,201	\$ 19,671,438	\$ 21,662,374	\$ 32,293,410	\$ 33,202,575
Operating grants and contributions	8,171,190	3,621,830	-	-	8,171,190	3,621,830
Capital grants and contributions	25,566,365	16,338,347	7,603,672	169,194	33,170,037	16,507,541
General revenues						
Sales taxes	24,056,793	22,757,403	-	-	24,056,793	22,757,403
Franchise taxes	722,700	662,048	-	-	722,700	662,048
Unrestricted state shared revenues	14,435,336	12,638,148	-	-	14,435,336	12,638,148
Miscellaneous	-	-	13,255	-	13,255	-
Investment earnings						
Interest	558,400	863,822	400,225	681,901	958,625	1,545,723
Net increase in fair value	(421,611)	234,445	(400,166)	229,019	(821,777)	463,464
Total revenues	<u>85,711,145</u>	<u>68,656,244</u>	<u>27,288,424</u>	<u>22,742,488</u>	<u>112,999,569</u>	<u>91,398,732</u>
Expenses						
General government	19,633,975	17,210,855	-	-	19,633,975	17,210,855
Public safety	18,291,873	19,416,010	-	-	18,291,873	19,416,010
Highways and streets	11,629,477	10,201,832	-	-	11,629,477	10,201,832
Transit	939,341	1,106,750	-	-	939,341	1,106,750
Culture and recreation	9,396,975	9,551,170	-	-	9,396,975	9,551,170
Interest on long-term debt	290,251	362,651	-	-	290,251	362,651
Water	-	-	16,157,523	15,953,546	16,157,523	15,953,546
Stormwater	-	-	1,368,001	1,444,865	1,368,001	1,444,865
Total expenses	<u>60,181,892</u>	<u>57,849,268</u>	<u>17,525,524</u>	<u>17,398,411</u>	<u>77,707,416</u>	<u>75,247,679</u>
Excess/(Deficiency) before transfers	25,529,253	10,806,976	9,762,900	5,344,077	35,292,153	16,151,053
Transfers	<u>2,522</u>	<u>2,472</u>	<u>(2,522)</u>	<u>(2,472)</u>	<u>-</u>	<u>-</u>
Change in net position	25,531,775	10,809,448	9,760,378	5,341,605	35,292,153	16,151,053
Beginning net position, as restated	<u>164,551,060</u>	<u>136,639,247</u>	<u>102,010,703</u>	<u>96,669,098</u>	<u>266,561,763</u>	<u>233,308,345</u>
Ending net position	<u>\$ 190,082,835</u>	<u>\$ 147,448,695</u>	<u>\$ 111,771,081</u>	<u>\$ 102,010,703</u>	<u>\$ 301,853,916</u>	<u>\$ 249,459,398</u>

TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021

The following are significant current year transactions that have had an impact on the change in net position.

- Total expenses increased \$2.5 million, or 3.3 percent, primarily due to an increase in general government costs related to COVID-19.
- Total revenues increased \$21.6 million, or 23.6 percent, primarily due to a property donation and American Rescue Plan Act funding.

Governmental and Business-type activities. The following table presents the cost of the Town's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
	<u>Total Expenses</u>	<u>Net (Expense) Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense) Revenue</u>
<i>Governmental Activities</i>				
General government	\$ 19,633,975	\$ 8,873,260	\$ 17,210,855	\$ (11,229,594)
Public safety	18,291,873	(12,197,235)	19,416,010	(18,613,906)
Highways and streets	11,629,477	(5,116,531)	10,201,832	8,854,740
Transit	939,341	(938,878)	1,106,750	153,792
Culture and recreation	9,396,975	(4,152,731)	9,551,170	(5,151,271)
Interest on long-term debt	290,251	(290,251)	362,651	(362,651)
<i>Total</i>	<u>\$ 60,181,892</u>	<u>\$ (13,822,365)</u>	<u>\$ 57,849,268</u>	<u>\$ (26,348,890)</u>
<i>Business-type Activities</i>				
Water	\$ 16,157,523	\$ 9,493,072	\$ 15,953,546	\$ 4,434,406
Stormwater drainage	1,368,001	256,514	1,444,865	(1,249)
<i>Total</i>	<u>\$ 17,525,524</u>	<u>\$ 9,749,586</u>	<u>\$ 17,398,411</u>	<u>\$ 4,433,157</u>

- The cost of all governmental activities this year was \$60.2 million. The increase of \$2.3 million from the prior year was due primarily to an increase in general government expenses due to COVID-19.
- The cost of all business-type activities this year was \$17.5 million. The increase of \$127,113 from the prior year was primarily due to an increase in operating costs in the water utility.
- Federal and State government grants, developer contributions, and charges for services subsidized certain governmental programs and business-type programs with revenues of \$73.6 million.
- Net cost of governmental activities of \$13.8 million was financed by general revenues, which are made up of primarily sales taxes and state shared revenues of \$38.5 million.

TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

The financial performance of the Town as a whole is reflected in its governmental funds. As the Town completed the year, its governmental funds reported a combined fund balance of \$43.0 million, an increase of \$13.3 million. This was primarily due to an increase in intergovernmental revenues from federal stimulus.

The General Fund comprises 75.4 percent of the total governmental fund balance. Approximately \$22.3 million, or 68.9 percent of the General Fund ending fund balance is unassigned. The General Fund is the principal operating fund of the Town. The increase in fund balance of \$11.5 million to \$32.4 million as of fiscal year end was a result of increased intergovernmental revenues. As a whole, General Fund revenues increased approximately \$12.5 million. General Fund expenditures increased \$1.6 million, primarily due to planned capital outlay for needed building renovations, as well as a \$1.0 million business assistance program to support businesses impacted from the COVID-19 pandemic.

The Community Center Fund's ending fund balance increased from \$862,818 to \$2,676,793, due to increased sales tax collections and contracted operating revenues, as well as a delay in budgeted capital spending and a decrease in operational costs.

The General Government CIP Fund's ending fund balance increased from \$2.4 million to \$2.5 million due to delays in budgeted capital projects.

The PAG/RTA Fund's ending fund balance increased from \$382,519 to \$1,248,618 due to timing of street projects and intergovernmental reimbursement agreements utilized to complete the projects.

Proprietary funds. Net position of the Enterprise Funds at the end of the year amounted to \$111.8 million. This increased by \$9.8 million during the fiscal year to the extent that revenues exceeded expenses in the fund and from capital contributions of water systems.

Net position of the Internal Service Fund at the end of the year amounted to \$2.4 million. This increased by \$290,196 during the fiscal year to the extent that self-insurance premiums exceeded claim payments and administrative expenses.

TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021

BUDGETARY HIGHLIGHTS

There were no amendments to the Town of Oro Valley's fiscal year 2020-21 operating and capital budget. A schedule showing the original and final budget amounts compared to the Town's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant variances are summarized as follows:

- The favorable variance of \$5.2 million in intergovernmental revenue was primarily the result of \$4.4 million in American Rescue Plan Act funding being recognized as revenue.
- The favorable variance of \$3.6 million in sales taxes was a result of conservative budget estimates as well as better-than-expected collections.
- The favorable expenditure variance of \$8.6 million was primarily the result of unutilized budgeted contingency in the fund of \$6.1 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the Town had invested \$303.4 million in capital assets (net of accumulated depreciation), including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. This amount represents a net increase of \$35.6 million from last year. This was primarily due to roadway and land donations, as well as expansion of the Town's water system.

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

	<i>Governmental</i>		<i>Increase/ (Decrease)</i>
	<i>Activities</i>		
	<u>2021</u>	<u>2020</u>	
Land and improvements	\$ 33,972,221	\$ 19,518,801	\$ 14,453,420
Infrastructure	214,156,442	191,788,060	22,368,382
Buildings	44,218,568	41,732,499	2,486,069
Machinery, equipment, and vehicles	18,616,508	17,628,436	988,072
Construction in progress	26,256,480	23,119,854	3,136,626
Accumulated depreciation	(144,635,387)	(131,807,648)	(12,827,739)
Net capital assets	\$ 192,584,832	\$ 161,980,002	\$ 30,604,830

	<i>Business-type</i>		<i>Increase/ (Decrease)</i>
	<i>Activities</i>		
	<u>2021</u>	<u>2020</u>	
Land and improvements	\$ 2,410,660	\$ 2,410,660	\$ -
Water rights	8,534,490	8,534,490	-
Water system	143,246,169	139,052,402	4,193,767
Stormwater system	3,650,716	3,478,844	171,872
Machinery, equipment, and vehicles	6,017,146	5,887,424	129,722
Construction in progress	7,599,940	3,388,124	4,211,816
Accumulated depreciation	(60,684,362)	(56,967,171)	(3,717,191)
Net capital assets	\$ 110,774,759	\$ 105,784,773	\$ 4,989,986

TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021

The estimated cost to complete current construction projects is \$25.1 million. Additional information on the Town's capital assets can be found in Note 6.

Debt Administration. At year end, the Town had \$35.5 million in long-term debt outstanding with \$5.3 million due within one year. Long-term debt decreased by \$5.1 million due to \$10.7 million in maturities and redemptions, offset with \$5.6 million issued during the fiscal year. The following table presents a summary of the Town's outstanding long-term debt for the fiscal years ended June 30, 2021 and June 30, 2020.

	<i>Governmental</i>		<i>Increase/ (Decrease)</i>
	<i>Activities</i>		
	<u><i>2021</i></u>	<u><i>2020</i></u>	
Revenue bonds	\$ 8,229,620	\$ 9,171,710	\$ (942,090)
Special assessment bonds	-	170,000	(170,000)
Capital leases	-	33,937	(33,937)
	<u><u>\$ 8,229,620</u></u>	<u><u>\$ 9,375,647</u></u>	<u><u>\$ (1,146,027)</u></u>

	<i>Business-type</i>		<i>Increase/ (Decrease)</i>
	<i>Activities</i>		
	<u><i>2021</i></u>	<u><i>2020</i></u>	
Revenue bonds	\$ 24,528,378	\$ 24,736,288	\$ (207,910)
Loans payable	2,713,108	6,448,759	(3,735,651)
	<u><u>\$ 27,241,486</u></u>	<u><u>\$ 31,185,047</u></u>	<u><u>\$ (3,943,561)</u></u>

State statutes currently limit the amount of general obligation debt a Town may issue to 20 percent of its net full cash assessed valuation for water, sewer, lights, open space preserves, parks, playgrounds and recreational facilities. The current debt limitation for the Town is \$162.8 million. State statutes also currently limit the amount of general obligation debt a Town may issue to six percent of its net full cash assessed valuation for all other purposes. The current debt limitation for the Town is \$48.8 million. The Town does not have any general obligation debt.

The Town has a bond rating of "AA+" from Standard & Poor's and "AA" from Fitch Ratings on outstanding revenue bonds.

Additional information on the Town's long-term debt can be found in Notes 7 through 10.

TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the Town's administration during the process of developing the fiscal year 2021-22 budget. Among them:

- The unemployment rate for the Town of Oro Valley is currently 5.9 percent. Pima County's and the State of Arizona's unemployment rates are 6.5 percent and 5.7 percent, respectively.
- The Town's net full cash assessed valuation for the current year is \$813,753,982.
- Single family residential (SFR) building permits issued in this fiscal year totaled 498, as compared to 275 SFR building permits issued last fiscal year. Projections for SFR building permits are 275 for fiscal year 2021-22.

The adopted combined operating and capital expenditure budget for fiscal year 2021-22 totals \$162.0 million, an increase of \$56.5 million, or 53 percent over last year's budget of \$105.4 million. This increase is primarily due a \$28 million contribution towards the Town's unfunded liability in the Arizona Public Safety Pension Retirement System, comprised of a \$10 million contribution from excess General Fund reserves and an \$18 million issuance of pension obligation bonds, as well as a \$25 million bond issuance for parks and recreation capital projects. The budget for fiscal year 2021-22 continues to place emphasis on achieving the goals identified in the Town's adopted Strategic Plan, which was recently updated in fiscal year 2019-20 and includes the following focus areas: economic vitality, culture and recreation, public safety, roads water and Town assets, land use, effective and efficient government, and Town finances.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Finance Department, Town of Oro Valley, Arizona, 11000 North La Cañada Drive, Oro Valley, Arizona 85737.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2021

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
ASSETS			
<i>Current assets:</i>			
Cash and investments	\$ 50,264,967	\$ 33,413,360	\$ 83,678,327
Taxes receivable	2,972,362	-	2,972,362
Accounts receivable	533,791	2,537,124	3,070,915
Interest receivable	60,151	66,483	126,634
Intergovernmental receivable	937,063	-	937,063
Inventories	56,820	-	56,820
Prepaid items	305,790	20,042	325,832
Total current assets	<u>55,130,944</u>	<u>36,037,009</u>	<u>91,167,953</u>
<i>Noncurrent assets:</i>			
Capital assets, non-depreciable	60,228,701	18,545,090	78,773,791
Capital assets, depreciable (net)	132,356,131	92,229,669	224,585,800
Total noncurrent assets	<u>192,584,832</u>	<u>110,774,759</u>	<u>303,359,591</u>
<i>Total Assets</i>	<u>247,715,776</u>	<u>146,811,768</u>	<u>394,527,544</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	568,228	568,228
Pension plan items	11,141,057	847,888	11,988,945
<i>Total Deferred Outflows of Resources</i>	<u>11,141,057</u>	<u>1,416,116</u>	<u>12,557,173</u>
LIABILITIES			
<i>Current liabilities:</i>			
Accounts payable and accrued expenses	2,498,909	1,229,028	3,727,937
Accrued wages and benefits	1,118,594	162,936	1,281,530
Intergovernmental payable	170,659	1,307,336	1,477,995
Interest payable	-	356,094	356,094
Unearned revenue	4,088,230	-	4,088,230
Claims payable	328,352	-	328,352
Customer deposits payable	354,900	702,726	1,057,626
Other accrued liabilities	1,193,550	-	1,193,550
Compensated absences	1,929,761	273,136	2,202,897
Loans payable	-	308,895	308,895
Bonds payable	971,586	4,051,414	5,023,000
Total current liabilities	<u>12,654,541</u>	<u>8,391,565</u>	<u>21,046,106</u>
<i>Noncurrent liabilities:</i>			
Noncurrent portion of long-term obligations	55,338,843	27,931,751	83,270,594
Total noncurrent liabilities	<u>55,338,843</u>	<u>27,931,751</u>	<u>83,270,594</u>
<i>Total Liabilities</i>	<u>67,993,384</u>	<u>36,323,316</u>	<u>104,316,700</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan items	780,614	133,487	914,101
NET POSITION			
Net investment in capital assets	184,355,212	84,049,866	268,405,078
Restricted for:			
Capital projects	2,464,287	-	2,464,287
Debt service	169,630	-	169,630
Public safety	266,810	-	266,810
Highway and streets	2,491,596	-	2,491,596
Unrestricted	335,300	27,721,215	28,056,515
<i>Total Net Position</i>	<u>\$ 190,082,835</u>	<u>\$ 111,771,081</u>	<u>\$ 301,853,916</u>

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

TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2021

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i>		
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>
Primary Government				
Governmental activities:				
General government	\$ 19,633,975	\$ 6,305,121	\$ 257,927	\$ 21,944,187
Public safety	18,291,873	340,430	5,731,493	22,715
Highway and streets	11,629,477	739,936	2,173,547	3,599,463
Transit	939,341	463	-	-
Culture and recreation	9,396,975	5,236,021	8,223	-
Interest on long-term debt	290,251	-	-	-
Total governmental activities	<u>60,181,892</u>	<u>12,621,972</u>	<u>8,171,190</u>	<u>25,566,365</u>
Business-type activities:				
Water	16,157,523	18,199,075	-	7,451,520
Stormwater	1,368,001	1,472,363	-	152,152
Total business-type activities	<u>17,525,524</u>	<u>19,671,438</u>	<u>-</u>	<u>7,603,672</u>
Total Primary Government	<u>\$ 77,707,416</u>	<u>\$ 32,293,410</u>	<u>\$ 8,171,190</u>	<u>\$ 33,170,037</u>

General revenues:

Taxes:

Sales taxes

Franchise taxes

Unrestricted state shared revenues

Investment income:

Interest

Net decrease in fair value of investments

Miscellaneous

Transfers

Total general revenues and transfers

Changes in net position

Net position, beginning of year, as restated

Net position, end of year

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

<i>Net (Expense) Revenue and Changes in Net Position</i>		<i>Net (Expense) Revenue and Changes in Net Position</i>	
<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>	
\$ 8,873,260	\$ -	\$ 8,873,260	
(12,197,235)	-	(12,197,235)	
(5,116,531)	-	(5,116,531)	
(938,878)	-	(938,878)	
(4,152,731)	-	(4,152,731)	
(290,251)	-	(290,251)	
<u>(13,822,365)</u>	<u>-</u>	<u>(13,822,365)</u>	
-	9,493,072	9,493,072	
-	256,514	256,514	
-	9,749,586	9,749,586	
<u>\$ (13,822,365)</u>	<u>\$ 9,749,586</u>	<u>\$ (4,072,779)</u>	
24,056,793	-	24,056,793	
722,700	-	722,700	
14,435,336	-	14,435,336	
558,400	400,225	958,625	
(421,611)	(400,166)	(821,777)	
-	13,255	13,255	
2,522	(2,522)	-	
<u>39,354,140</u>	<u>10,792</u>	<u>39,364,932</u>	
25,531,775	9,760,378	35,292,153	
164,551,060	102,010,703	266,561,763	
<u>\$ 190,082,835</u>	<u>\$ 111,771,081</u>	<u>\$ 301,853,916</u>	

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FUND FINANCIAL STATEMENTS

TOWN OF ORO VALLEY, ARIZONA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Community Center</u>	<u>General Government CIP</u>
<u>ASSETS</u>			
Cash and investments	\$ 35,526,403	\$ 3,477,261	\$ 3,146,962
Taxes receivable	2,972,362	-	-
Accounts receivable	387,366	57,321	72,516
Interest receivable	28,416	1,078	12,730
Intergovernmental receivable	599,453	-	-
Inventories	-	56,820	-
Prepaid items	204,193	34,921	65,756
Total Assets	\$ 39,718,193	\$ 3,627,401	\$ 3,297,964
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,218,917	\$ 163,253	\$ 793,936
Accrued payroll and related benefits	1,118,594	-	-
Intergovernmental payable	170,659	-	-
Unearned revenue	3,615,337	426,197	-
Customer deposits payable	354,900	-	-
Other accrued liabilities	831,244	361,158	-
Total Liabilities	7,309,651	950,608	793,936
Fund balances:			
Nonspendable	204,193	91,741	65,756
Restricted	-	-	-
Committed	9,883,194	2,585,052	-
Assigned	-	-	2,438,272
Unassigned	22,321,155	-	-
Total Fund Balances	32,408,542	2,676,793	2,504,028
Total Liabilities and Fund Balances	\$ 39,718,193	\$ 3,627,401	\$ 3,297,964

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

<i>PAG/RTA</i>	<i>Non-Major Governmental Funds</i>	<i>Total Governmental Funds</i>
\$ 1,249,766	\$ 3,995,971	\$ 47,396,363
-	-	2,972,362
-	16,588	533,791
-	16,295	58,519
-	337,610	937,063
-	-	56,820
-	-	304,870
<u>\$ 1,249,766</u>	<u>\$ 4,366,464</u>	<u>\$ 52,259,788</u>
\$ -	\$ 159,018	\$ 2,335,124
-	-	1,118,594
-	-	170,659
-	46,696	4,088,230
-	-	354,900
1,148	-	1,193,550
<u>1,148</u>	<u>205,714</u>	<u>9,261,057</u>
-	-	361,690
1,248,618	4,143,705	5,392,323
-	17,045	12,485,291
-	-	2,438,272
-	-	22,321,155
<u>1,248,618</u>	<u>4,160,750</u>	<u>42,998,731</u>
<u>\$ 1,249,766</u>	<u>\$ 4,366,464</u>	<u>\$ 52,259,788</u>

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TOWN OF ORO VALLEY, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2021

<i>Governmental Fund Balances</i>		\$ 42,998,731
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.		
Governmental capital assets	337,220,219	
Less accumulated depreciation	<u>(144,635,387)</u>	192,584,832
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	11,141,057	
Deferred inflows of resources related to pensions	<u>(780,614)</u>	10,360,443
The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position.		2,379,019
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable	(2,403,311)	
Revenue bonds payable	(8,229,620)	
Net pension liability	<u>(47,607,259)</u>	<u>(58,240,190)</u>
<i>Net Position of Governmental Activities</i>		<u>\$ 190,082,835</u>

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

TOWN OF ORO VALLEY, ARIZONA**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Community Center</u>	<u>General Government CIP</u>
REVENUES			
Sales taxes	\$ 21,109,373	\$ 2,947,420	\$ -
Franchise taxes	722,700	-	-
Development impact fees	-	-	-
Special assessments	-	-	-
Intergovernmental	25,937,729	-	119,868
Licenses, fees and permits	3,325,825	-	-
Fines, forfeitures and penalties	135,547	-	-
Charges for services	1,991,885	4,508,524	633,012
Investment income:			
Interest	396,414	18,765	36,174
Net increase/(decrease) in fair value of investments	(273,373)	(14,312)	(34,730)
Other	282,189	127,060	293,507
<i>Total Revenues</i>	<u>53,628,289</u>	<u>7,587,457</u>	<u>1,047,831</u>
EXPENDITURES			
Current:			
General government	17,610,897	-	-
Public safety	16,383,136	-	-
Highway and streets	-	-	-
Transit	930,687	-	-
Culture and recreation	2,980,570	5,383,094	-
Capital outlay	1,627,486	193,529	2,725,682
Debt service:			
Principal retirement	-	33,937	-
Interest and fiscal charges	-	4,620	-
<i>Total Expenditures</i>	<u>39,532,776</u>	<u>5,615,180</u>	<u>2,725,682</u>
REVENUES OVER/(UNDER) EXPENDITURES	14,095,513	1,972,277	(1,677,851)
OTHER FINANCING SOURCES/(USES)			
Transfers in/(out), net	(2,586,519)	(158,302)	1,771,143
<i>Total Other Financing Sources (Uses)</i>	<u>(2,586,519)</u>	<u>(158,302)</u>	<u>1,771,143</u>
NET CHANGE IN FUND BALANCES	11,508,994	1,813,975	93,292
FUND BALANCES, Beginning of year	<u>20,899,548</u>	<u>862,818</u>	<u>2,410,736</u>
FUND BALANCES, End of year	<u>\$ 32,408,542</u>	<u>\$ 2,676,793</u>	<u>\$ 2,504,028</u>

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

<i>PAG/RTA</i>	<i>Non-Major Governmental Funds</i>	<i>Total Governmental Funds</i>
\$ -	\$ -	\$ 24,056,793
-	-	722,700
-	1,256,426	1,256,426
-	172,640	172,640
1,947,977	3,774,933	31,780,507
-	37,108	3,362,933
-	97,784	233,331
28,125	713	7,162,259
9,245	63,385	523,983
3,311	(72,506)	(391,610)
216,069	105,465	1,024,290
<u>2,204,727</u>	<u>5,435,948</u>	<u>69,904,252</u>
-	-	17,610,897
-	55,063	16,438,199
-	1,795,203	1,795,203
-	-	930,687
-	-	8,363,664
1,338,628	4,108,388	9,993,713
-	1,112,090	1,146,027
-	285,631	290,251
<u>1,338,628</u>	<u>7,356,375</u>	<u>56,568,641</u>
866,099	(1,920,427)	13,335,611
-	976,200	2,522
<u>-</u>	<u>976,200</u>	<u>2,522</u>
866,099	(944,227)	13,338,133
382,519	5,104,977	29,660,598
<u>\$ 1,248,618</u>	<u>\$ 4,160,750</u>	<u>\$ 42,998,731</u>

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TOWN OF ORO VALLEY, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds \$ 13,338,133

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

Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds. (1,299,887)

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	\$ 9,558,710	
Contributed capital	14,453,420	
Less current year depreciation	<u>(10,487,561)</u>	13,524,569

Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred pension items, is reported as pension expense in the Statement of Activities. (1,431,681)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Loss on disposal of assets	\$ (22,104)	
Compensated absences	<u>(13,478)</u>	(35,582)

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The changes in net position of the Internal Service Fund is reported with governmental activities in the Statement of Activities. 290,196

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Capital lease principal retirement	\$ 33,937	
Revenue bond principal retirement	942,090	
Special assessment bond principal retirement	<u>170,000</u>	<u>1,146,027</u>

Change in net position of governmental activities. \$ 25,531,775

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

TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021

	<i>Enterprise Funds</i>			<i>Governmental</i>
	<i>Water</i>	<i>Non-Major Enterprise Fund</i>	<i>Total</i>	<i>Activities: Internal Service Fund</i>
ASSETS				
<i>Current assets:</i>				
Cash and investments	\$ 32,411,620	\$ 1,001,740	\$ 33,413,360	\$ 2,868,604
Accounts receivable	2,339,964	197,160	2,537,124	-
Interest receivable	63,718	2,765	66,483	1,632
Prepaid items	19,394	648	20,042	920
Total current assets	34,834,696	1,202,313	36,037,009	2,871,156
<i>Noncurrent assets:</i>				
Capital assets, non-depreciable	18,545,090	-	18,545,090	-
Capital assets, depreciable (net)	88,851,415	3,378,254	92,229,669	-
Total noncurrent assets	107,396,505	3,378,254	110,774,759	-
<i>Total Assets</i>	142,231,201	4,580,567	146,811,768	2,871,156
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	568,228	-	568,228	-
Pension plan items	677,927	169,961	847,888	-
<i>Total Deferred Outflows of Resources</i>	1,246,155	169,961	1,416,116	-
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable and accrued expenses	1,022,746	206,282	1,229,028	163,785
Accrued wages and benefits	131,378	31,558	162,936	-
Intergovernmental payable	1,307,336	-	1,307,336	-
Interest payable	356,094	-	356,094	-
Claims payable	-	-	-	328,352
Customer deposits payable	702,726	-	702,726	-
Compensated absences	255,421	17,715	273,136	-
Loans payable	308,895	-	308,895	-
Bonds payable	4,051,414	-	4,051,414	-
Total current liabilities	8,136,010	255,555	8,391,565	492,137
<i>Noncurrent liabilities:</i>				
Noncurrent portion of long-term obligations	27,386,374	545,377	27,931,751	-
Total noncurrent liabilities	27,386,374	545,377	27,931,751	-
<i>Total Liabilities</i>	35,522,384	800,932	36,323,316	492,137
DEFERRED INFLOWS OF RESOURCES				
Pension plan items	106,729	26,758	133,487	-
NET POSITION				
Net investment in capital assets	80,671,612	3,378,254	84,049,866	-
Unrestricted	27,176,631	544,584	27,721,215	2,379,019
<i>Total Net Position</i>	\$ 107,848,243	\$ 3,922,838	\$ 111,771,081	\$ 2,379,019

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

TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<i>Enterprise Funds</i>			<i>Governmental</i>
	<i>Water</i>	<i>Non-Major Enterprise Fund</i>	<i>Total</i>	<i>Activities: Internal Service Fund</i>
OPERATING REVENUES:				
Charges for services	\$ 18,159,301	\$ 1,472,330	\$ 19,631,631	\$ -
Intergovernmental	-	152,152	152,152	-
Other	39,774	33	39,807	-
Self insurance premiums	-	-	-	3,846,791
<i>Total Operating Revenues</i>	<u>18,199,075</u>	<u>1,624,515</u>	<u>19,823,590</u>	<u>3,846,791</u>
OPERATING EXPENSES:				
Costs of sales and services	11,478,947	1,095,905	12,574,852	-
Contractual services	330,365	99,836	430,201	182,286
Depreciation and amortization	3,393,314	172,260	3,565,574	-
Claims payments	-	-	-	2,716,901
Administrative	-	-	-	661,824
<i>Total Operating Expenses</i>	<u>15,202,626</u>	<u>1,368,001</u>	<u>16,570,627</u>	<u>3,561,011</u>
OPERATING INCOME/(LOSS)	<u>2,996,449</u>	<u>256,514</u>	<u>3,252,963</u>	<u>285,780</u>
NONOPERATING REVENUES (EXPENSES):				
Development impact fees	4,100,556	-	4,100,556	-
Sales of assets	4,555	8,700	13,255	-
Investment income:				
Interest	390,386	9,839	400,225	34,417
Net decrease in fair value of investments	(391,597)	(8,569)	(400,166)	(30,001)
Interest expense	(954,897)	-	(954,897)	-
<i>Total Nonoperating Revenues (Expenses)</i>	<u>3,149,003</u>	<u>9,970</u>	<u>3,158,973</u>	<u>4,416</u>
INCOME/(LOSS) BEFORE TRANSFERS	<u>6,145,452</u>	<u>266,484</u>	<u>6,411,936</u>	<u>290,196</u>
CAPITAL CONTRIBUTIONS	3,350,964	-	3,350,964	-
TRANSFERS OUT	(2,522)	-	(2,522)	-
NET CHANGE IN NET POSITION	<u>9,493,894</u>	<u>266,484</u>	<u>9,760,378</u>	<u>290,196</u>
NET POSITION, Beginning of year	<u>98,354,349</u>	<u>3,656,354</u>	<u>102,010,703</u>	<u>2,088,823</u>
NET POSITION, End of year	<u>\$ 107,848,243</u>	<u>\$ 3,922,838</u>	<u>\$ 111,771,081</u>	<u>\$ 2,379,019</u>

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

TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<i>Enterprise Funds</i>			<i>Governmental</i>
	<i>Water</i>	<i>Non-major Enterprise Fund</i>	<i>Total</i>	<i>Internal Service Fund</i>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>				
<i>Cash flows from operating activities:</i>				
Cash received from customers	\$ 18,209,855	\$ 1,620,086	\$ 19,829,941	\$ -
Cash received from premiums	-	-	-	3,846,791
Cash payments to suppliers for goods and services	(7,830,278)	(252,322)	(8,082,600)	(829,772)
Cash payments to employees for services	(3,369,880)	(791,188)	(4,161,068)	-
Cash payments for claims	-	-	-	(2,640,253)
Net cash provided by (used for) operating activities	7,009,697	576,576	7,586,273	376,766
<i>Cash flows from noncapital and related financing activities:</i>				
Interfund transfers	(2,522)	-	(2,522)	-
Net cash provided by (used for) noncapital financing activities	(2,522)	-	(2,522)	-
<i>Cash flows from capital and related financing activities:</i>				
Development impact fees	4,100,556	-	4,100,556	-
Acquisition of capital assets	(5,234,293)	(214,196)	(5,448,489)	-
Proceeds from sale of bonds	5,582,000	-	5,582,000	-
Proceeds from sale of capital assets	4,555	8,700	13,255	-
Principal paid on long-term debt	(9,525,561)	-	(9,525,561)	-
Interest on long-term debt	(1,084,939)	-	(1,084,939)	-
Net cash provided by (used for) capital financing activities	(6,157,682)	(205,496)	(6,363,178)	-
<i>Cash flows from investing activities:</i>				
Investment income	54,528	2,634	57,162	9,341
Net cash provided by (used for) investing activities	54,528	2,634	57,162	9,341
Net increase (decrease) in cash and cash equivalents	904,021	373,714	1,277,735	386,107
Cash and cash equivalents, beginning of year	31,507,599	628,026	32,135,625	2,482,497
Cash and cash equivalents, end of year	\$ 32,411,620	\$ 1,001,740	\$ 33,413,360	\$ 2,868,604
<u>Reconciliation of Operating Income (Loss) to</u>				
<u>Net Cash Provided by (Used for) Operating Activities</u>				
Operating income (loss)	\$ 2,996,449	\$ 256,514	\$ 3,252,963	\$ 285,780
<i>Adjustments to reconcile operating income (loss)</i>				
<i>to net cash provided by (used for) operating activities:</i>				
Depreciation and amortization	3,393,314	172,260	3,565,574	-
Provision for bad debt	9,690	1,482	11,172	-
Change in assets and liabilities:				
Accounts receivable	41,558	(5,911)	35,647	-
Prepaid items	97,564	(648)	96,916	(530)
Accounts payable	400,528	135,478	536,006	14,868
Claims payable	-	-	-	76,648
Accrued wages and benefits	40,749	(228)	40,521	-
Customer deposits payable	(40,468)	-	(40,468)	-
Pension plan items	70,313	17,629	87,942	-
Total adjustments	4,013,248	320,062	4,333,310	90,986
Net cash provided by (used for) operating activities	\$ 7,009,697	\$ 576,576	\$ 7,586,273	\$ 376,766
<u>Non-cash capital and financing activities</u>				
Contribution of assets from developers	\$ 3,350,964	\$ -	\$ 3,350,964	\$ -

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Oro Valley, Arizona (Town) 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.

The more significant of the Town's accounting policies are described below.

A. Reporting Entity

The Town is a municipal entity governed by an elected mayor and council. 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, there are no component units combined with the Town for financial statement presentation purposes, and the Town is 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.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the Town as a whole. The reported information includes all of the nonfiduciary activities of the Town. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the Town. Governmental activities normally are supported by sales taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements – 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

Fund Financial Statements – 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.

Sales taxes, franchise taxes, licenses and permits, charges for services, special assessments and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenue arises when resources are received by the Town before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

The Council adopts the budget at the fund level as a total amount of expenditures. Financial control is administered by fund, with budgetary control for operating performance regulated at the departmental level, e.g., finance, development services, police, and parks and recreation. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is at the fund level.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

The Town reports the following major governmental funds.

General Fund – This fund accounts for all financial resources of the Town, except those required to be accounted for in other funds.

Community Center Fund – This fund accounts for the activity of the Oro Valley Community Center, including golf, tennis, food and beverage and fitness revenues and expenditures. This fund also accounts for the half cent sales taxes revenues dedicated to these operations.

General Government CIP Fund – This fund accounts for governmental capital asset projects.

PAG/RTA Fund – This fund accounts for revenues dedicated to Town improvements funded through Pima Association of Governments and the Regional Transportation Authority.

The Town reports the following major proprietary funds.

Water Fund – This fund accounts for the costs to operate, construct and finance the Town water system.

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. 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 Town's internal service fund is charges for health benefits. The principal operating revenues of the Town's enterprise funds are charges to customers for water and stormwater drainage services. Operating expenses for these funds include the cost of sales and services, administrative expenses, depreciation, and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Investments

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end were cash on hand, cash in bank, and cash and investments held by another governmental entity as the Town's fiscal agent.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer’s Office. The purpose of the pooled collateral program is to ensure that governmental entities’ public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable deposit insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository’s compliance with the program.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

E. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund balances between governmental funds are eliminated on the Statement of Net Position

All receivables are shown net of an allowance for uncollectibles.

G. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed on the government-wide financial statements and the fund financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and the fund financial statements.

I. Capital Assets

Capital assets, which include land, water rights, buildings and improvements, improvements other than buildings, infrastructure, vehicles, machinery, equipment, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Certain capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements other than buildings	20-30
Infrastructure	20-50
Vehicles	4-6
Machinery and equipment	7-20

J. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

The Town's employee annual and sick leave policies generally provide for granting annual and sick leave with pay. Full-time employees accrue annual leave based on the number of years employed. Employees who terminate employment shall be paid in a lump sum. Full-time employees accumulate sick leave at the rate of one work day per month. Part-time employees whose normal week is twenty hours or more receive sick leave at half the rate of full-time employees. Once an employee has exceeded 480 hours of accrued sick leave, one half of the sick leave balance in excess of the 480 hours shall be paid to the employee upon separation from employment. The current and long-term liabilities, including related benefits, for accumulated vacation and sick leave are reported on the government-wide financial statements. A liability for these amounts, including related benefits, is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

L. Pensions

For purposes of measuring the net pension liabilities, related deferred outflows of resources and deferred inflows of resources, and related expenses, information about the pension plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

M. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The Town's legal debt limit for water, sewer, lights, open space preserves, parks, playgrounds, and recreational facilities is \$162.8 million, and for all other purposes is \$48.8 million. The Town does not have any related debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

O. Net Position Flow Assumption

In the government-wide and proprietary fund financial statements the Town applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

P. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

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

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Town Council through the approval of a Town resolution. Those committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The committed fund balance reported in the General Fund is to be used for contingency reserve. The committed fund balance reported in the Townwide Facilities Projects Fund is used for improvements to Town parks. The committed fund balance reported in the Community Center Fund is used for the culture and recreation activity of the Community Center.

Assigned. 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 restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Town Council or a management official delegated that authority by the formal Town Council action. This authorization has been given to the Town Manager through the approval of Resolution No. (R)18-25, which amended the Town Financial and Budgetary Policies. The assigned fund balance in the General Government CIP Fund is to be used for governmental capital asset projects.

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

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

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Continued)

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

	<i>General Fund</i>	<i>Community Center Fund</i>	<i>General Government CIP Fund</i>	<i>PAG/RTA Fund</i>	<i>Non-Major Governmental Funds</i>
<i>Fund Balances:</i>					
Nonspendable:					
Inventory	\$ -	\$ 56,820	\$ -	\$ -	\$ -
Prepaid items	204,193	34,921	65,756	-	-
Restricted:					
Roadway maintenance	-	-	-	-	1,242,978
Debt service	-	-	-	-	169,630
Capital projects	-	-	-	1,248,618	2,464,287
Public safety	-	-	-	-	266,810
Committed:					
Contingency reserve	9,883,194	-	-	-	-
Culture & recreation	-	2,585,052	-	-	-
Park improvements	-	-	-	-	17,045
Assigned:					
Townwide capital	-	-	2,438,272	-	-
Unassigned:	22,321,155	-	-	-	-
Total Fund Balances	\$ 32,408,542	\$ 2,676,793	\$ 2,504,028	\$ 1,248,618	\$ 4,160,750

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess Expenditures Over Budget – At year end, the Town had expenditures in funds that exceeded the budget, however, this does not constitute a violation of legal provisions.

NOTE 4 – CASH AND INVESTMENTS

A.R.S. authorize the Town to invest public monies in obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the Town’s investments.

Custodial Credit Risk – Deposits. Custodial Credit risk is the risk that in the event of bank failure the Town’s deposits may not be returned to the Town. The Town does not have a deposit policy for custodial credit risk. At year end, the carrying value of the Town’s deposits was \$20,019,441 and the bank balance was \$20,378,704. Of the bank balance, \$750,000 was covered by Federal depository insurance and the remainder was covered by collateral held by the pledging financial institution’s trust department or agent but not in the Town’s name and no amounts were uninsured and uncollateralized. Additionally, the Town had cash on hand of \$9,877.

NOTE 4 – CASH AND INVESTMENTS (Continued)

Fair Value Measurements. 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

Valuation Techniques. Equity and debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Money markets and certificates of deposit securities classified in Level 2 of the of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool – Government (Pool 7), with no regulatory oversight. The pools are as an investment company are not registered with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant's position in the State Treasurer investment pools approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy. The Arizona State Treasurer has a publicly available financial report that includes financial statements and required supplementary information. Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, AZ 85007 or at www.aztreasury.gov.

The County Treasurer's pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participants' position in the County Treasurer investment pool approximates the value of the participants' shares in the pool and the participants' shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

Custodial Credit Risk – Investments. The Town's investment in the State and County Treasurer's investment pools represents a proportionate interest in the pool's portfolio; however, the Town's portion is not identified with specific investments and is not subject to custodial credit risk.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 – CASH AND INVESTMENTS (Continued)

All investments in which the fair value hierarchy is applicable are measured at fair value on a recurring basis. At year end, the Town’s investments consisted of the following:

Investment Type	Fair Value	Category	Investment Maturities (in Years)		Credit Quality Ratings	
			Less than 1	1-5	Moody's	S&P's
Money Market - PFM Group	422,803	Level 2	422,803		N/A	AAAm
Money Market - Wells Fargo	272,886	Level 2	272,886		N/A	N/A
Money Market - Zion Bank	151,514	Level 2	151,514		N/A	N/A
Money Market - US Bank	4,004,725	Level 2	4,004,725		N/A	N/A
Money Market - BNY Mellon	2,060,500	Level 2	2,060,500		N/A	N/A
U.S. Treasuries	36,629,663	Level 1	6,157,230	30,472,433	Aaa	AA+
Supra-National Agency:						
International Bank of Reconstruction and Dev.	349,148	Level 1		349,148	Aaa	AAA
Asian Development Bank	941,616	Level 1		941,616	Aaa	AAA
Collateralized Mortgage Obligation						
FHMS	106,697	Level 1	89,004	17,693	Aaa	AA+
FNA	5,683	Level 1	5,683		Aaa	AA+
Federal Home Loan Mortgage Corporation	461,327	Level 1		461,327	Aaa	AA+
Asset-Backed Security						
Credit Rating - Aaa and AAA	1,083,210	Level 1		1,083,210	Aaa	AAA
Credit Rating - N/A and AAA	930,976	Level 1		930,976	N/A	AAA
Credit Rating - Aaa and N/A	989,965	Level 1		989,965	Aaa	N/A
U.S. Agencies:						
Federal Home Loan Banks	998,539	Level 1		998,539	Aaa	AA+
Corporate Notes:						
Credit Rating - A3 and BBB+	427,955	Level 1		427,955	A3	BBB+
Credit Rating - A3 and A+	169,527	Level 1		169,527	A3	A+
Credit Rating - A3 and A-	323,010	Level 1		323,010	A3	A-
Credit Rating - A3 and AA-	123,616	Level 1		123,616	A3	AA-
Credit Rating - A2 and BBB+	624,468	Level 1		624,468	A2	BBB+
Credit Rating - A2 and A	831,120	Level 1		831,120	A2	A
Credit Rating - A2 and A-	1,543,044	Level 1		1,543,044	A2	A-
Credit Rating - A1 and BBB+	652,730	Level 1		652,730	A1	BBB+
Credit Rating - A1 and A-	200,743	Level 1		200,743	A1	A-
Credit Rating - A1 and A	360,547	Level 1		360,547	A1	A
Credit Rating - A1 and A+	342,602	Level 1		342,602	A1	A+
Credit Rating - A1 and AA	429,064	Level 1		429,064	A1	AA
Credit Rating - Aa2 and AA-	224,004	Level 1		224,004	Aa2	AA-
	55,661,682		13,164,345	42,497,337		
County Treasurer's Investment Pool	349,870	Not applicable	202 days average maturities			N/A
State Treasurer's Investment Pool 5	7,637,457	Not applicable	47 days average maturities			AAA/S1+
Total	63,649,009					

NOTE 4 – CASH AND INVESTMENTS (Continued)

Interest Rate Risk. The Town has implemented an investment policy that will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates by the following.

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and
2. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools limiting the average maturity in the portfolio in accordance with this policy.

Credit Risk. The Town has implemented an investment policy that will minimize credit risk, which is the risk of loss due to the failure of the security or backer by the following:

1. Limiting investments to the types of securities listed in Section 6 of this investment policy;
2. Pre-qualifying financial institutions, broker/dealers, intermediaries, and advisers with which the Town will do business in accordance with Section 5; and
3. Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Concentration of Credit Risk. The Town places no limit on the amount the Town may invest in any one issuer. The investments in Money Markets, Certificates of Deposit, U.S. Treasuries, Supranational Agency Bonds, Collateralized Mortgage Obligations, Asset-Backed Securities, U.S. Agencies, Corporate Securities, County Treasurer’s Investment Pool, and State Treasurer’s Investment Pool 5, represent 11%, 0%, 58%, 2%, 1%, 5%, 2%, 10%, 1%, and 12% of the Town’s total investments, respectively.

NOTE 5 – RECEIVABLES

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of intergovernmental receivables. Intergovernmental receivables, net of allowance for uncollectibles, as of year-end for the Town’s individual major funds and non-major governmental funds in the aggregate, were as follows:

	<i>General Fund</i>	<i>Non-Major Governmental Funds</i>
	<u> </u>	<u> </u>
Intergovernmental receivables:		
Due from federal government	\$ 135,352	\$ -
Due from state government	464,100	337,610
Net intergovernmental receivables	<u>\$ 599,453</u>	<u>\$ 337,610</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 – CAPITAL ASSETS

A summary of capital asset activity for the current fiscal year follows:

<i>Governmental Activities:</i>	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
NON-DEPRECIABLE				
Land	\$ 19,518,801	\$ 14,453,420	\$ -	\$ 33,972,221
Construction in progress	23,119,854	3,998,929	(862,303)	26,256,480
<i>Total non-depreciable</i>	<u>42,638,655</u>	<u>18,452,349</u>	<u>(862,303)</u>	<u>60,228,701</u>
DEPRECIABLE				
Infrastructure	211,908,490	2,247,952	-	214,156,442
Buildings & improvements	41,732,499	2,486,069	-	44,218,568
Machinery, equipment & vehicles	17,628,436	1,688,063	(699,991)	18,616,508
<i>Total depreciable</i>	<u>271,269,425</u>	<u>6,422,084</u>	<u>(699,991)</u>	<u>276,991,518</u>
ACCUMULATED DEPRECIATION				
Infrastructure	(111,003,693)	(8,229,580)	-	(119,233,273)
Buildings & improvements	(10,057,652)	(1,056,454)	-	(11,114,106)
Machinery, equipment & vehicles	(13,764,368)	(1,201,527)	677,887	(14,288,008)
<i>Total accumulated depreciation</i>	<u>(134,825,713)</u>	<u>(10,487,561)</u>	<u>677,887</u>	<u>(144,635,387)</u>
<i>Total capital assets being depreciated</i>	<u>136,443,712</u>	<u>(4,065,477)</u>	<u>(22,104)</u>	<u>132,356,131</u>
<i>Capital assets, net of depreciation</i>	<u>\$ 179,082,367</u>	<u>\$ 14,386,872</u>	<u>\$ (884,407)</u>	<u>\$ 192,584,832</u>
<i>Business-type Activities:</i>	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
NON-DEPRECIABLE				
Land	\$ 2,410,660	\$ -	\$ -	\$ 2,410,660
Water rights	8,534,490	-	-	8,534,490
Construction in progress	3,388,124	4,381,911	(170,095)	7,599,940
<i>Total non-depreciable</i>	<u>14,333,274</u>	<u>4,381,911</u>	<u>(170,095)</u>	<u>18,545,090</u>
DEPRECIABLE				
Water system	139,052,402	4,193,767	-	143,246,169
Stormwater system	3,478,844	171,872	-	3,650,716
Machinery, equipment & vehicles	5,887,424	192,531	(62,809)	6,017,146
<i>Total depreciable</i>	<u>148,418,670</u>	<u>4,558,170</u>	<u>(62,809)</u>	<u>152,914,031</u>
ACCUMULATED DEPRECIATION				
Water system	(51,704,098)	(3,388,139)	-	(55,092,237)
Stormwater system	(629,996)	(73,678)	-	(703,674)
Machinery, equipment & vehicles	(4,633,077)	(318,183)	62,809	(4,888,451)
<i>Total accumulated depreciation</i>	<u>(56,967,171)</u>	<u>(3,780,000)</u>	<u>62,809</u>	<u>(60,684,362)</u>
<i>Total capital assets being depreciated</i>	<u>91,451,499</u>	<u>778,170</u>	<u>-</u>	<u>92,229,669</u>
<i>Capital assets, net of depreciation</i>	<u>\$ 105,784,773</u>	<u>\$ 5,160,081</u>	<u>\$ (170,095)</u>	<u>\$ 110,774,759</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 598,666
Public safety	646,690
Highways & streets	8,355,859
Culture & recreation	886,346
Total depreciation expense - governmental activities	<u>\$ 10,487,561</u>

Business-type activities:

Water	\$ 3,607,740
Stormwater	172,260
Total depreciation expense - business-type activities	<u>\$ 3,780,000</u>

Construction Commitments – As of year-end, the Town had contractual commitments related to road improvements and well construction. At year end the Town had spent \$33.9 million on the projects and had estimated remaining contractual commitments of \$25.1 million.

NOTE 7 – LOAN PAYABLE

The Town has a loan from the Water Infrastructure Finance Authority (WIFA) of Arizona for water system projects. The loan payable at current fiscal year end is presented below.

<i>Business-type activities:</i>	<i>Interest Rate (Including Fees)</i>	<i>Remaining Maturities</i>	<i>Outstanding Principal June 30, 2021</i>	<i>Due Within One Year</i>
WIFA Loan, 2014	2.65%	7/1/21-28	\$ 2,713,108	\$ 308,895
<i>Total</i>			<u>\$ 2,713,108</u>	<u>\$ 308,895</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 – LOAN PAYABLE (Continued)

Principal and interest payments on the business-type activities loan payable at June 30, 2021 is summarized as follows:

Year ending June 30:	<i>Principal</i>	<i>Interest</i>
2022	\$ 308,895	\$ 67,856
2023	317,087	59,555
2024	325,496	51,034
2025	334,128	42,288
2026	342,989	33,310
2027-2028	1,084,513	43,645
<i>Total</i>	<u>\$ 2,713,108</u>	<u>\$ 297,688</u>

NOTE 8 – REVENUE BONDS PAYABLE

Bonds payable at year end, consisted of the following outstanding revenue and refunding bonds. The bonds are both callable and noncallable with interest payable semiannually. Taxes, water revenues, and impact fees are used to pay bonded debt.

<i>Purpose</i>	<i>Original Amount Issued</i>	<i>Interest Rates</i>	<i>Remaining Maturities</i>	<i>Outstanding Principal June 30, 2021</i>	<i>Due Within One Year</i>
Governmental activities:					
Revenue bonds:					
Excise Tax Revenue Obligations, 2010	\$ 2,445,000	5.49-6.59%	7/1/21-27	\$ 1,085,000	\$ 145,000
Revenue Bonds, 2012	2,580,000	3.50-4.00%	7/1/21-27	1,390,000	175,000
Private placement revenue bonds:					
Refunding Excise Tax Revenue Obligations, 2015	2,529,250	1.91%	7/1/21-25	1,455,910	279,390
Excise Tax Revenue Obligations, 2016	2,000,000	2.20%	7/1/21-31	1,681,000	133,000
Refunding Excise Tax Revenue Obligations, 2017	1,115,556	2.43%	7/1/21-26	774,460	121,446
Excise Tax Revenue Obligations, 2018	2,035,000	3.02%	7/1/21-33	1,843,250	117,750
<i>Total</i>				<u>\$ 8,229,620</u>	<u>\$ 971,586</u>

<i>Purpose</i>	<i>Original Amount Issued</i>	<i>Interest Rates</i>	<i>Remaining Maturities</i>	<i>Outstanding Principal June 30, 2021</i>	<i>Due Within One Year</i>
Business-type activities:					
Revenue bonds:					
Refunding Revenue Bonds, 2012	\$ 16,595,000	3.00-5.00%	7/1/21-28	\$ 3,545,000	\$ 1,730,000
Private placement revenue bonds:					
Refunding Revenue Bonds, 2015	1,245,750	1.91%	7/1/21-25	717,090	137,610
Refunding Revenue Bonds, 2017	13,186,444	2.43%	7/1/21-26	9,154,538	1,435,554
Excise Tax Revenue Obligations, 2018	6,105,000	3.02%	7/1/21-33	5,529,750	353,250
Refunding Revenue Bonds, 2021	5,582,000	1.16-1.27%	7/1/21-30	5,582,000	395,000
<i>Total</i>				<u>\$ 24,528,378</u>	<u>\$ 4,051,414</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 – REVENUE BONDS PAYABLE (Continued)

Annual debt service requirements to maturity on revenue and refunding bonds for governmental activities at year end are summarized as follows:

Year ending June 30:	<i>Governmental Activities</i>			
	Revenue Bonds		Private Placement Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 320,000	\$ 111,967	\$ 651,586	\$ 131,891
2023	335,000	96,224	670,660	116,900
2024	340,000	79,739	688,242	101,489
2025	355,000	63,036	702,974	85,704
2026	365,000	46,001	717,942	69,565
2027-2031	760,000	37,775	1,662,466	195,331
2032-2034	-	-	660,750	24,394
<i>Total</i>	<u>\$ 2,475,000</u>	<u>\$ 434,742</u>	<u>\$ 5,754,620</u>	<u>\$ 725,274</u>

Annual debt service requirements to maturity on revenue and refunding bonds for business-type activities at year end are summarized as follows:

Year ending June 30:	<i>Business-type Activities</i>			
	Revenue Bonds		Private Placement Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 1,730,000	\$ 172,282	\$ 2,321,414	\$ 354,970
2023	1,815,000	81,532	2,430,340	367,863
2024	-	-	3,046,758	311,895
2025	-	-	2,836,026	248,084
2026	-	-	2,899,058	186,002
2027-2031	-	-	5,977,532	412,233
2032-2034	-	-	1,472,250	45,346
<i>Total</i>	<u>\$ 3,545,000</u>	<u>\$ 253,814</u>	<u>\$ 20,983,378</u>	<u>\$ 1,926,393</u>

NOTE 8 – REVENUE BONDS PAYABLE (Continued)

Pledged revenues – governmental activities. The Town has pledged future sales (excise) tax revenues to repay outstanding revenue bonds and refunding revenue bonds of \$8.2 million as of June 30, 2021. Proceeds from the original bond issuances, including those subsequently refunded, provided financing for land acquisition and facility construction. The bonds are paid solely from the Town’s sales taxes and are payable through 2034. Total annual principal and interest payments for all sales tax revenue bonds are expected to require less than seven percent of gross revenues. The total principal and interest to be paid on the bonds is \$9.4 million. The current total sales tax revenues were \$24.1 million, and the total principal and interest paid on the bonds was \$1.2 million or approximately five percent of gross revenues.

Pledged revenues – business-type activities. The Town has pledged future water revenues to repay outstanding revenue bonds and refunding revenue bonds of \$24.5 million as of June 30, 2021. Proceeds from the original bond issuances, including those subsequently refunded, provided financing for the construction and improvements to the Town’s water systems and infrastructure. The bonds are paid solely from water utility revenues and are payable through 2034. Total annual principal and interest payments for all water revenue bond issuances are expected to require approximately 25 percent of gross revenues. The total principal and interest to be paid on the bonds is \$26.7 million. The current total customer gross revenues were \$22.3 million, and the total principal and interest paid on the bonds was \$6.5 million or 29 percent of gross revenues.

NOTE 9 – OBLIGATIONS UNDER LEASES

Operating Leases – The Town leases golf carts under the provisions of long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled \$161,540 for the current fiscal year. The operating leases have a remaining noncancelable lease term of .6 years. The future minimum rental payments required under the operating leases at year end were as follows:

Operating Leases	
Year ending June 30:	
2022	91,287
Total minimum payments required	<u>\$ 91,287</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows:

	<i>Outstanding July 1, 2020</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2021</i>	<i>Due Within One Year</i>
Governmental activities					
Revenue bonds	\$ 2,790,000	\$ -	\$ (315,000)	\$ 2,475,000	\$ 320,000
Private placement revenue bonds	6,381,710	-	(627,090)	5,754,620	651,586
Special assessment bonds	170,000	-	(170,000)	-	-
Total bonds payable	<u>9,341,710</u>	<u>-</u>	<u>(1,112,090)</u>	<u>8,229,620</u>	<u>971,586</u>
Capital leases payable	33,937	-	(33,937)	-	-
Net pension liability	42,403,020	5,204,239	-	47,607,259	-
Compensated absences payable	<u>2,389,833</u>	<u>1,936,500</u>	<u>(1,923,022)</u>	<u>2,403,311</u>	<u>1,929,761</u>
Governmental activities long-term liabilities	<u>\$ 54,168,500</u>	<u>\$ 7,140,739</u>	<u>\$ (3,069,049)</u>	<u>\$ 58,240,190</u>	<u>\$ 2,901,347</u>

	<i>Outstanding July 1, 2020</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2021</i>	<i>Due Within One Year</i>
Business-type activities					
Revenue bonds	\$ 7,455,000	\$ -	\$ (3,910,000)	\$ 3,545,000	\$ 1,730,000
Private placement revenue bonds	17,281,288	5,582,000	(1,879,910)	20,983,378	2,321,414
Premium	933,420	-	(551,963)	381,457	-
Total bonds payable	<u>25,669,708</u>	<u>5,582,000</u>	<u>(6,341,873)</u>	<u>24,909,835</u>	<u>4,051,414</u>
Loan payable	6,448,759	-	(3,735,651)	2,713,108	308,895
Net pension liability	3,959,101	591,441	-	4,550,542	-
Compensated absences payable	<u>380,819</u>	<u>278,582</u>	<u>(267,690)</u>	<u>391,711</u>	<u>273,136</u>
Business-type activities long-term liabilities	<u>\$ 36,458,387</u>	<u>\$ 6,452,023</u>	<u>\$ (10,345,214)</u>	<u>\$ 32,565,196</u>	<u>\$ 4,633,445</u>

Current and Advance Refunding – In the current fiscal year, the Town issued \$5,582,000 in private placement Water revenue bonds comprised of \$3,631,000 taxable and \$1,951,000 tax-exempt components. The interest rate for the taxable component is 1.16%, while the rate for the tax-exempt component is 1.27%. Proceeds were used to currently refund a 2007 Water Infrastructure Finance Authority (WIFA) of Arizona loan carrying an interest rate of 3.54%, as well as advance refund a 2009 WIFA loan carrying interest at 3.17% and a 2012 Senior Lien Water Revenue bond carrying interest ranging from 3.00-4.00%. The net proceeds of \$5,510,346, after issuance costs of \$71,654, were deposited in an irrevocable trust with an escrow agent to provide funds for the current and future debt payments on the refunded obligations. As a result, a portion of the 2009 WIFA loan and 2012 Senior Lien Water Revenue bonds are considered defeased and the liabilities for those obligations has been removed from the statement of net position. The refunding reduced the Town’s total debt service payments by \$263,806 and produced an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$250,861.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 – TRANSFERS

At year end, transfer activity in the funds was as follows:

Interfund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 2,586,519
Community Center Fund	-	158,302
General Government CIP	1,771,143	-
Non-Major Governmental Funds	1,076,200	100,000
Water Fund	-	2,522
	<u>\$ 2,847,343</u>	<u>\$ 2,847,343</u>

Transfers were made from the General, Community Center, General Impact Fee and Water Funds to the Municipal Debt Service Fund, a non-major governmental fund, for debt service. In addition, transfers were made from the General Fund to the General Government CIP Fund to fund capital projects.

NOTE 12 – CONTINGENT LIABILITIES

Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

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; injuries to employees; and natural disasters.

The Town’s insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the Town is a participating member. The limit for basic coverage is for \$2,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$10,000,000 per occurrence on a follow form, claims made basis. The aggregate limit is also \$10,000,000. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the Pool to meet its expected financial obligations. The Pool has the authority to assess its members’ additional premiums should reserves and annual premiums be insufficient to meet the Pool’s obligations.

The Town is insured by Arizona Municipal Workers Compensation Pool for potential worker related accidents. The Town has established a Self-Insurance Fund to account for and finance its uninsured risks of loss related to its employee health benefits program. The activity is reported in an internal service fund in these financial statements. Under this program, the Fund provides coverage for up to a maximum of \$150,000 for each claim, not to exceed an annual aggregate of \$2,000,000. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims have not exceeded this coverage for the past three fiscal years.

Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past two years are as follows.

	Claims Payable Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable at End of Year
2020-21	\$ 251,704	\$ 2,715,039	\$ 2,638,391	\$ 328,352
2019-20	333,423	2,239,893	2,321,612	251,704

NOTE 14 – SUBSEQUENT EVENTS

On July 6, 2021, the Town issued \$17.975 million in taxable pension obligation bonds, and made a \$10 million contribution from reserves, to fully fund its PSPRS unfunded pension liability. The bonds are repayable over 17 years and carry an all-in total issuance cost of 2.39 percent. Town excise taxes are pledged as the repayment source for the bonds.

On November 4, 2021, the Town issued \$21.12 million in tax-exempt parks and recreation bonds for various parks and recreation improvements. The bonds are repayable over 20 years and carry an all-in total issuance cost of 2.31 percent. Town excise taxes, including a half-cent sales tax restricted for parks and recreation uses, are pledged as the repayment source for the bonds.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 15 – PENSIONS

The Town contributes to the plans described below. The plans are component units of the State of Arizona.

Aggregate Amounts. On June 30, 2021, the Town reported the following aggregate amounts related to pensions for all plans to which it contributes.

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
Net pension liability	\$ 47,607,259	\$ 4,550,542	\$ 52,157,801
Pension deferred outflows of resources	11,141,057	847,888	11,988,945
Pension deferred inflows of resources	780,614	133,487	914,101
Pension expense	5,958,506	437,336	6,395,842

The Town reported \$4.5 million of pension contributions as expenditures in the governmental funds related to all plans to which it contributes.

A. Arizona State Retirement System

Plan Description. Town employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov. GASB Statement 75 has not been recorded or further disclosed due to its relative insignificance to the Town's financial statements.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 15 – PENSIONS (Continued)

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

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* Any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* Any years, age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%
	*With actuarially reduced benefits	

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Retired and disabled members, with at least five years of credited service, are eligible to receive health insurance premium benefits. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with five to nine years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

NOTE 15 – PENSIONS (Continued)

Active members are eligible for a long-term disability benefit in the event they become unable to perform their work. The monthly benefit is equal to two-thirds of their monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999 are limited to 30 years of service or the service on record as of the effective disability date, if their service is greater than 30 years.

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 percent for long-term disability) of the members’ annual covered payroll, and the Town was required by statute to contribute at the actuarially determined rate of 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.18 percent for long-term disability) of the active members’ annual covered payroll. The Town’s contributions for the year ended June 30, 2021 were as follows:

	<u>Contributions</u>	
Pension	\$	1,574,068

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The Town was required by statute to contribute at the actuarially determined rate of 10.21 percent (10.14 for retirement, 0.00 percent for health insurance premium benefit, and 0.07 percent for long-term disability). ACR contributions are included in employer contributions presented above.

The Town’s pension contributions are paid by the same funds as the employee’s salary, with the largest component coming from the General Fund. Contributions from the Water Enterprise Fund were 18%, and contributions from the non-major enterprise fund were 4%.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 15 – PENSIONS (Continued)

Pension Liability. The net pension liability was measured as of June 30, 2020. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020. The Town’s proportion of the net assets/liability was based on the Town’s actual contributions to the applicable plan relative to the total of all participating employers’ contributions to the plan for the year ended June 30, 2020.

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

	<u><i>Net (Asset)/ Liability</i></u>	<u><i>Town % Proportion</i></u>	<u><i>Increase (Decrease)</i></u>
Pension	\$ 21,464,093	0.124	(0.005)

Pension Expense and Deferred Outflows/Inflows of Resources. The Town has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. For the year ended June 30, 2021, the Town recognized pension expense as follows:

	<u><i>Expense</i></u>
Pension	\$ 1,986,614

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 15 – PENSIONS (Continued)

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>Deferred Outflows of Resources</i>	<u><i>Pension</i></u>
Differences between expected and actual experience	\$ 194,180
Changes of assumptions or other inputs	-
Net difference between projected and actual earnings on pension investments	2,070,237
Changes in proportion and differences between contributions and proportionate share of contributions	-
Contributions subsequent to the measurement date	1,574,068
<i>Total</i>	<u><u>\$ 3,838,485</u></u>

<i>Deferred Inflows of Resources</i>	<u><i>Pension</i></u>
Differences between expected and actual experience	\$ -
Changes of assumptions or other inputs	-
Net difference between projected and actual earnings on pension investments	-
Changes in proportion and differences between contributions and proportionate share of contributions	606,368
<i>Total</i>	<u><u>\$ 606,368</u></u>

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u><i>Pension</i></u>
2022	\$ (111,988)
2023	380,897
2024	748,827
2025	640,313
2026	-
Thereafter	-

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 15 – PENSIONS (Continued)

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension liability are as follows:

	<u>Pension</u>
Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2%
Inflation	2.3%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP
Healthcare cost trend rate	Not applicable

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2019, actuarial valuation.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage excluding any expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class of ASRS are summarized in the following table:

<u>Asset Class</u>	<u>Target</u> <u>Allocation</u>	<u>Long-term</u> <u>Expected Real</u> <u>Rate of Return</u>
Equity	50%	6.39%
Credit	20%	5.44%
Interest rate sensitivity bonds	10%	0.22%
Real estate	20%	5.85%
<i>Total</i>	<u>100%</u>	

NOTE 15 – PENSIONS (Continued)

Discount Rate. The discount rate used to measure the ASRS total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<i>Proportionate share of the net liability</i>		
	<i>1% Decrease</i>	<i>Current</i>	<i>1% Increase</i>
Rate	6.5%	7.5%	8.5%
Pension	\$ 29,351,856	\$ 21,464,093	\$ 14,870,328

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

NOTE 15 – PENSIONS (Continued)

B. Public Safety Personnel Retirement System and Corrections Officer Retirement Plan

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

Town dispatchers participate in the Corrections Officer Retirement Plan (CORP) or the Public Safety Personnel Defined Contribution Retirement Plan. The CORP administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan for dispatchers (agent plans), which were closed to new members as of July 1, 2018. Employees who were CORP members before July 1, 2018, participate in CORP or PSDCRP. Dispatcher employees who became members on or after July 1, 2018 participate in PSDCRP. The PSPRS Board of Trustees described above and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS and CORP issue a publicly available financial report that includes their financial statements and required supplementary information. The report is available on the PSPRS website at www.psprs.com.

The PSPRS Tier 3 Risk Pool plans and the PSPRS OPEB plans are not further disclosed because of their relative insignificance to the Town's financial statements.

Benefits Provided. The PSPRS and CORP provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Certain retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows. See the publicly available PSPRS and CORP financial report for additional benefits information.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 15 – PENSIONS (Continued)

Retirement and disability	<u><i>Before January 1, 2012</i></u>	<u><i>On or after January 1, 2012 and before July 1, 2017</i></u>
Years of service and age required to receive benefit	20-25 years of service, any age 15 years of service, age 62 10 years, age 62	25 years of service or 15 years of credited service, age 52.5 10 years, age 62
Final average salary is based on	Highest 36 consecutive months of last 10-20 years	Highest 60 consecutive months of last 10-20 years
Benefit percent		
Normal retirement	50% less 2% for each year of credited service less than 20 years OR plus 2-2.5% for each year of credited service over 20 years, not to exceed 80%	1.5-2.5% 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, or 2.5% per year of credited service	
Survivor benefit		
Retired members	80%-100% of retired member's pension benefit	
Active members	80%-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.

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.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 15 – PENSIONS (Continued)

Employees Covered by Benefit Terms. As of June 30, 2021, the following employees were covered by the agent plan’s benefit terms:

	<u>Police</u>	<u>CORP-Dispatchers</u>
Retirees & beneficiaries	43	5
Inactive, non-retired members	18	4
Active members	78	3
<i>Total</i>	<u>139</u>	<u>12</u>

Contributions. State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2021, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	<u>PSPRS - Police</u>	<u>CORP - Dispatchers</u>
Active members – pension	7.65% to 11.65%	7.96%
Town:		
Pension	41.62%	75.53%
Health insurance	0.03%	

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to PSPRS or CORP. The Town was required by statute to contribute at the actuarially determined rate of 27.67 percent for the PSPRS and 72.50 percent for the CORP. ACR contributions are included in employer contributions presented above.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 15 – PENSIONS (Continued)

The contributions to the pension plans for the year ended June 30, 2021 were:

	<i>Contributions</i>	
	<u><i>PSPRS-Police</i></u>	<u><i>CORP-Dispatchers</i></u>
Pension	\$ 3,165,578	\$ 136,575

The Town’s pension contributions are paid by the same funds as the employee’s salary, with the largest component coming from the General Fund.

Pension Liability. As of June 30, 2021, the Town reported the following liabilities.

	<i>Net Liability</i>	
	<u><i>PSPRS-Police</i></u>	<u><i>CORP-Dispatchers</i></u>
Pension	\$ 28,732,945	\$ 1,960,763

The net pension liability was measured as of June 30, 2020. The total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2020, reflect updated actuarial assumptions for mortality rates and projected salary increases, and assume an investment rate of return of 7.3 percent.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 15 – PENSIONS (Continued)

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension liability for both the PSPRS and CORP are as follows:

	<u>Pension</u>
Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Projected salary increases	3.5%
Inflation	2.5%
Cost-of-living adjustment	1.75%
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

The long-term expected rate of return on PSPRS and CORP plan investments was determined to be 7.30 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash - Mellon	1%	-0.60%
Core bonds	2%	0.22%
Other assets (Capital Appreciation)	7%	5.61%
Diversifying strategies	12%	3.22%
International equity	15%	6.09%
Global private equity	18%	8.42%
Private credit	22%	5.31%
U.S. equity	23%	4.93%
<i>Total</i>	<u>100%</u>	

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 15 – PENSIONS (Continued)

Changes in Net Liability

	Pension Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS - Police			
Balances at June 30, 2020	\$ 62,278,853	\$ 36,587,342	\$ 25,691,511
Changes for the year:			
Service cost	1,418,920	-	1,418,920
Interest on the total liability	4,573,136	-	4,573,136
Differences between expected and actual experience in the measurement of the total liability	1,073,763	-	1,073,763
Changes of assumptions or other inputs	-	-	-
Contributions - employer	-	3,072,830	(3,072,830)
Contributions - employee	-	563,652	(563,652)
Net investment income	-	479,186	(479,186)
Benefit payments, including refunds of employee contributions	(2,104,146)	(2,104,146)	-
Administrative expense	-	(39,077)	39,077
Other	-	(52,206)	52,206
Net changes	4,961,673	1,920,239	3,041,434
Balances at June 30, 2021	\$ 67,240,526	\$ 38,507,581	\$ 28,732,945

	Pension Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
CORP - Dispatchers			
Balances at June 30, 2020	\$ 3,240,399	\$ 1,378,623	\$ 1,861,776
Changes for the year:			
Service cost	22,224	-	22,224
Interest on the total liability	233,081	-	233,081
Differences between expected and actual experience in the measurement of the total liability	18,688	-	18,688
Changes of assumptions or other inputs	-	-	-
Contributions - employer	-	122,322	(122,322)
Contributions - employee	-	16,244	(16,244)
Net investment income	-	38,182	(38,182)
Benefit payments, including refunds of employee contributions	(139,459)	(139,459)	-
Administrative expense	-	(1,478)	1,478
Other	-	(264)	264
Net changes	134,534	35,547	98,987
Balances at June 30, 2021	\$ 3,374,933	\$ 1,414,170	\$ 1,960,763

NOTE 15 – PENSIONS (Continued)

Discount Rate. On June 30, 2020, the discount rate used to measure the total pension liability was 7.3 percent, unchanged from the discount rate used as of June 30, 2019.

The projection of cash flows used to determine the PSPRS and CORP discount rates 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 the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments for these plans to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the Town’s net pension liability calculated using the discount rates noted above, as well as what the net 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:

	<i>1% Decrease</i>	<i>Current Discount Rate</i>	<i>1% Increase</i>
	<u>6.3%</u>	<u>7.3%</u>	<u>8.3%</u>
PSPRS-Police:			
Net Pension Liability	\$ 38,783,065	\$ 28,732,945	\$ 20,623,908
CORP-Dispatchers:			
Net Pension Liability	\$ 2,341,853	\$ 1,960,763	\$ 1,641,764

Plan Fiduciary Net Position. Detailed information about the plans’ fiduciary net position is available in the separately issued PSPRS and CORP financial report. The report is available on the PSPRS website at www.psprs.com.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 15 – PENSIONS (Continued)

Expense. For the year ended June 30, 2021, the Town recognized the following as pension expense:

	<u><i>PSPRS-Police</i></u>	<u><i>CORP-Dispatchers</i></u>
Pension Expense	\$ 4,158,361	\$ 250,867

Deferred Outflows/Inflows of Resources. As of June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
PSPRS-Police:		
Differences between expected and actual experience	\$ 1,068,186	\$ 307,733
Changes of assumptions or other inputs	1,692,646	-
Net difference between projected and actual earnings on plan investments	2,021,940	-
Contributions subsequent to the measurement date	3,165,578	-
<i>Total</i>	<u>\$ 7,948,350</u>	<u>\$ 307,733</u>
CORP-Dispatchers:		
Differences between expected and actual experience	\$ 9,344	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on plan investments	56,191	-
Contributions subsequent to the measurement date	136,575	-
<i>Total</i>	<u>\$ 202,110</u>	<u>\$ -</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 15 – PENSIONS (Continued)

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	<u><i>PSPRS-Police</i></u> <i>Pension</i>	<u><i>CORP-Dispatchers</i></u> <i>Pension</i>
2022	\$ 1,195,434	\$ 17,377
2023	1,109,911	18,093
2024	973,185	17,595
2025	828,375	12,470
2026	368,134	-
Thereafter	-	-

NOTE 16 – PRIOR PERIOD ADJUSTMENT

The July 1, 2020 government-wide net position does not agree to the prior year financial statements due to the addition of a roadway asset donated to the Town in fiscal year 2019-2020 from the Arizona Department of Transportation.

	<u><i>Governmental</i></u> <u><i>Activities</i></u>
Net position, June 30, 2020, as previously reported	\$ 147,448,695
Capital asset, depreciable	20,120,430
Accumulated depreciation	(3,018,065)
Net position, June 30, 2020, as restated	<u>\$ 164,551,060</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF ORO VALLEY, ARIZONA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
REVENUES				
Sales taxes	\$ 17,513,304	\$ 17,513,304	\$ 21,109,373	\$ 3,596,069
Franchise taxes	615,000	615,000	722,700	107,700
Intergovernmental	20,732,407	20,732,407	25,937,729	5,205,322
Licenses, fees and permits	1,592,500	1,592,500	3,325,825	1,733,325
Fines, forfeitures and penalties	125,000	125,000	135,547	10,547
Charges for services	2,239,675	2,239,675	1,991,885	(247,790)
Investment income:				
Interest	150,000	150,000	396,414	246,414
Net increase in fair value of investments	-	-	(273,373)	(273,373)
Other	262,500	262,500	282,189	19,689
<i>Total Revenues</i>	<u>43,230,386</u>	<u>43,230,386</u>	<u>53,628,289</u>	<u>10,397,903</u>
EXPENDITURES				
General government:				
General government	5,133,286	4,411,466	4,025,540	385,926
Town council	197,019	197,019	161,902	35,117
Town clerk	428,524	428,524	400,344	28,180
Town manager	1,026,534	1,026,534	944,417	82,117
Human Resources	457,347	457,347	437,350	19,997
Finance	832,888	832,888	836,613	(3,725)
Innovation and technology	3,658,698	3,658,698	3,309,146	349,552
Legal services	870,592	870,592	863,785	6,807
Community and economic development	2,779,661	2,779,661	2,696,251	83,410
Magistrate Court	864,826	864,826	802,123	62,703
Public works	3,679,963	3,679,963	3,133,426	546,537
Public safety:				
Police	16,858,908	16,760,728	16,383,136	377,592
Transit:				
Transit	1,202,128	1,202,128	930,687	271,441
Culture and recreation:				
Parks and recreation	3,257,517	3,257,517	2,980,570	276,947
Capital outlay	738,000	1,558,000	1,627,486	(69,486)
Contingency	6,140,000	6,140,000	-	6,140,000
<i>Total Expenditures</i>	<u>48,125,891</u>	<u>48,125,891</u>	<u>39,532,776</u>	<u>8,593,115</u>
REVENUES OVER (UNDER) EXPENDITURES	(4,895,505)	(4,895,505)	14,095,513	18,991,018
OTHER FINANCING SOURCES (USES)				
Transfers in	120,000	120,000	-	(120,000)
Transfers out	(2,589,520)	(2,589,520)	(2,586,519)	3,001
<i>Total Other Financing Sources (Uses)</i>	<u>(2,469,520)</u>	<u>(2,469,520)</u>	<u>(2,586,519)</u>	<u>(116,999)</u>
NET CHANGE IN FUND BALANCE	(7,365,025)	(7,365,025)	11,508,994	18,874,019
FUND BALANCE, Beginning of year	-	-	20,899,548	20,899,548
FUND BALANCE, End of year	\$ (7,365,025)	\$ (7,365,025)	\$ 32,408,542	\$ 39,773,567

See notes to required supplementary information

TOWN OF ORO VALLEY, ARIZONA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – COMMUNITY CENTER FUND**

FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Sales taxes	\$ 2,492,960	\$ 2,492,960	\$ 2,947,420	\$ 454,460
Charges for services	4,479,650	4,479,650	4,508,524	28,874
Investment income:				
Interest	1,000	1,000	18,765	17,765
Net increase in fair value of investments	-	-	(14,312)	(14,312)
Other	125,000	125,000	127,060	2,060
<i>Total Revenues</i>	<u>7,098,610</u>	<u>7,098,610</u>	<u>7,587,457</u>	<u>488,847</u>
EXPENDITURES				
Current:				
Culture and recreation	5,474,582	5,474,582	5,383,094	91,488
Capital outlay	1,124,500	1,124,500	193,529	930,971
Debt service:				
Principal retirement	-	-	33,937	(33,937)
Interest and fiscal charges	-	-	4,620	(4,620)
Contingency	578,611	578,611	-	578,611
<i>Total Expenditures</i>	<u>7,177,693</u>	<u>7,177,693</u>	<u>5,615,180</u>	<u>1,562,513</u>
REVENUES OVER (UNDER) EXPENDITURES	(79,083)	(79,083)	1,972,277	2,051,360
OTHER FINANCING SOURCES (USES)				
Transfers out	(278,302)	(278,302)	(158,302)	120,000
NET CHANGE IN FUND BALANCE	<u>(357,385)</u>	<u>(357,385)</u>	<u>1,813,975</u>	<u>2,171,360</u>
FUND BALANCE, Beginning of year	<u>-</u>	<u>-</u>	<u>862,818</u>	<u>862,818</u>
FUND BALANCE, End of year	<u>\$ (357,385)</u>	<u>\$ (357,385)</u>	<u>\$ 2,676,793</u>	<u>\$ 3,034,178</u>

See notes to required supplementary information

TOWN OF ORO VALLEY, ARIZONA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Town's proportion of the net pension (assets) liability	0.12%	0.13%	0.13%	0.12%	0.12%
Town's proportionate share of the net pension (assets) liability	\$ 21,464,093	\$ 18,808,834	\$ 18,237,813	\$ 19,453,870	\$ 20,050,356
Town's covered payroll	\$ 13,793,013	\$ 13,630,224	\$ 13,018,275	\$ 12,193,145	\$ 11,857,622
Town's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	155.62%	137.99%	140.09%	159.55%	169.09%
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%	67.06%

	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2015	June 30, 2014
Town's proportion of the net pension (assets) liability	0.12%	0.11%
Town's proportionate share of the net pension (assets) liability	\$ 18,575,537	\$ 16,642,712
Town's covered payroll	\$ 11,826,486	\$ 11,086,887
Town's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	157.07%	150.11%
Plan fiduciary net position as a percentage of the total pension liability	68.35%	69.49%

Note: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See notes to required supplementary information

TOWN OF ORO VALLEY, ARIZONA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - POLICE

LAST SEVEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total pension liability				
Service cost	\$ 1,418,920	\$ 1,552,240	\$ 1,515,028	\$ 1,638,736
Interest	4,573,136	4,264,774	3,922,057	3,615,210
Changes of benefit terms	-	-	-	435,327
Differences between expected and actual experience	1,073,763	(303,721)	136,020	247,905
Changes of assumptions or other inputs	-	1,627,934	-	747,786
Benefit payments, including refunds of employee contributions	(2,104,146)	(1,884,430)	(1,588,615)	(2,061,668)
Net change in total pension liability	4,961,673	5,256,797	3,984,490	4,623,296
Total pension liability—beginning	62,278,853	57,022,056	53,037,566	48,414,270
Total pension liability—ending	<u>\$ 67,240,526</u>	<u>\$ 62,278,853</u>	<u>\$ 57,022,056</u>	<u>\$ 53,037,566</u>
Plan fiduciary net position				
Contributions—employer	\$ 3,072,830	\$ 2,624,761	\$ 1,278,293	\$ 1,811,735
Contributions—employee	563,652	575,136	622,233	905,024
Net investment income	479,186	1,843,370	2,159,685	3,228,386
Benefit payments, including refunds of employee contributions	(2,104,146)	(1,884,430)	(1,588,615)	(2,061,668)
Administrative expense	(39,077)	(33,037)	(33,570)	(28,966)
Other	(52,206)	31,984	107,852	19,066
Net change in plan fiduciary net position	1,920,239	3,157,784	2,545,878	3,873,577
Plan fiduciary net position—beginning	36,587,342	33,429,558	30,883,680	27,010,103
Plan fiduciary net position—ending	<u>\$ 38,507,581</u>	<u>\$ 36,587,342</u>	<u>\$ 33,429,558</u>	<u>\$ 30,883,680</u>
Net pension (assets) liability—ending	<u>\$ 28,732,945</u>	<u>\$ 25,691,511</u>	<u>\$ 23,592,498</u>	<u>\$ 22,153,886</u>
Plan fiduciary net position as a percentage of the total pension liability	57.27%	58.75%	58.63%	58.23%
Covered payroll	\$ 6,672,512	\$ 6,942,593	\$ 7,209,721	\$ 7,199,177
Net pension (assets) liability as a percentage of covered payroll	430.62%	370.06%	327.23%	307.73%

Note: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See notes to required supplementary information

<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2016	June 30, 2015	June 30, 2014
\$ 1,363,768	\$ 1,224,807	\$ 1,157,832
3,185,633	2,842,514	2,408,825
3,164,555	-	444,387
(548,533)	1,312,293	(356,776)
1,902,904	-	3,014,125
<u>(1,106,968)</u>	<u>(1,049,346)</u>	<u>(1,304,993)</u>
7,961,359	4,330,268	5,363,400
40,452,911	36,122,643	30,759,243
<u>\$ 48,414,270</u>	<u>\$ 40,452,911</u>	<u>\$ 36,122,643</u>
\$ 1,505,274	\$ 1,669,125	\$ 1,211,218
840,020	794,478	698,036
154,181	874,562	2,774,126
(1,106,968)	(1,049,346)	(1,304,993)
(22,586)	(21,722)	(22,342)
38,225	93,803	(93,142)
<u>1,408,146</u>	<u>2,360,900</u>	<u>3,262,903</u>
25,601,957	23,241,057	19,978,154
<u>\$ 27,010,103</u>	<u>\$ 25,601,957</u>	<u>\$ 23,241,057</u>
<u>\$ 21,404,167</u>	<u>\$ 14,850,954</u>	<u>\$ 12,881,586</u>
55.79%	63.29%	64.34%
\$ 7,355,092	\$ 7,004,292	\$ 6,021,786
291.01%	212.03%	213.92%

TOWN OF ORO VALLEY, ARIZONA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - DISPATCHERS

LAST SEVEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total pension liability				
Service cost	\$ 22,224	\$ 30,922	\$ 34,542	\$ 32,541
Interest	233,081	215,182	223,773	185,568
Changes of benefit terms	-	-	(175,686)	395,457
Differences between expected and actual experience	18,688	124,217	(73,061)	(12,524)
Changes of assumptions or other inputs	-	61,495	-	85,035
Benefit payments, including refunds of employee contributions	(139,459)	(136,724)	(141,910)	(132,788)
Net change in total pension liability	134,534	295,092	(132,342)	553,289
Total pension liability—beginning	3,240,399	2,945,307	3,077,649	2,524,360
Total pension liability—ending	<u>\$ 3,374,933</u>	<u>\$ 3,240,399</u>	<u>\$ 2,945,307</u>	<u>\$ 3,077,649</u>
Plan fiduciary net position				
Contributions—employer	\$ 122,322	\$ 120,338	\$ 87,566	\$ 77,331
Contributions—employee	16,244	16,099	15,976	18,502
Net investment income	38,182	71,209	89,317	136,094
Benefit payments, including refunds of employee contributions	(139,459)	(136,724)	(141,910)	(132,788)
Administrative expense	(1,478)	(1,971)	(2,051)	(1,591)
Other	(264)	-	(24)	(8)
Net change in plan fiduciary net position	35,547	68,951	48,874	97,540
Plan fiduciary net position—beginning	1,378,623	1,309,672	1,260,798	1,163,258
Plan fiduciary net position—ending	<u>\$ 1,414,170</u>	<u>\$ 1,378,623</u>	<u>\$ 1,309,672</u>	<u>\$ 1,260,798</u>
Net pension (assets) liability—ending	<u>\$ 1,960,763</u>	<u>\$ 1,861,776</u>	<u>\$ 1,635,635</u>	<u>\$ 1,816,851</u>
Plan fiduciary net position as a percentage of the total pension liability	41.90%	42.54%	44.47%	40.97%
Covered payroll	\$ 210,542	\$ 202,262	\$ 201,687	\$ 233,934
Net pension (assets) liability as a percentage of covered payroll	931.29%	920.48%	810.98%	776.65%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See notes to required supplementary information

<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2016	June 30, 2015	June 30, 2014
\$ 32,257	\$ 52,754	\$ 53,985
182,053	174,403	154,443
14,504	-	29,545
(12,392)	14,554	(48,767)
64,514	-	174,536
<u>(119,180)</u>	<u>(148,851)</u>	<u>(68,874)</u>
161,756	92,860	294,868
2,362,604	2,269,744	1,974,876
<u>\$ 2,524,360</u>	<u>\$ 2,362,604</u>	<u>\$ 2,269,744</u>
\$ 52,583	\$ 64,005	\$ 63,179
18,982	30,272	32,699
7,237	45,101	146,441
(119,180)	(148,851)	(68,874)
(1,423)	(1,490)	(1,151)
(8)	(926)	-
<u>(41,809)</u>	<u>(11,889)</u>	<u>172,294</u>
1,205,067	1,216,956	1,044,662
<u>\$ 1,163,258</u>	<u>\$ 1,205,067</u>	<u>\$ 1,216,956</u>
<u>\$ 1,361,102</u>	<u>\$ 1,157,537</u>	<u>\$ 1,052,788</u>
46.08%	51.01%	53.62%
\$ 245,274	\$ 380,303	\$ 387,839
554.93%	304.37%	271.45%

TOWN OF ORO VALLEY, ARIZONA
SCHEDULE OF PENSION CONTRIBUTIONS - ALL PENSION PLANS
LAST SEVEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Arizona State Retirement System:				
Actuarially determined contribution	\$ 1,574,068	\$ 1,579,300	\$ 1,523,859	\$ 1,418,992
Contributions in relation to the actuarially determined contribution	<u>1,574,068</u>	<u>1,579,300</u>	<u>1,523,859</u>	<u>1,418,992</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	\$ 13,511,313	\$ 13,793,013	\$ 13,630,224	\$ 13,018,275
Contributions as a percentage of covered payroll	11.65%	11.45%	11.18%	10.90%
 Public Safety Personnel Retirement System - Police:				
Actuarially determined contribution	\$ 2,572,830	\$ 2,552,903	\$ 2,548,626	\$ 2,485,191
Contributions in relation to the actuarially determined contribution	<u>3,072,830</u>	<u>3,052,903</u>	<u>2,548,626</u>	<u>2,485,191</u>
Contribution deficiency (excess)	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>
Town's covered payroll	\$ 6,181,716	\$ 6,672,512	\$ 6,942,593	\$ 7,209,721
Contributions as a percentage of covered payroll	41.62%	38.26%	36.71%	34.47%
 Public Safety Personnel Retirement System - Dispatchers				
Actuarially determined contribution	\$ 136,575	\$ 126,199	\$ 124,108	\$ 87,996
Contributions in relation to the actuarially determined contribution	<u>136,575</u>	<u>126,199</u>	<u>124,108</u>	<u>87,996</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	\$ 180,822	\$ 210,542	\$ 202,262	\$ 201,687
Contributions as a percentage of covered payroll	75.53%	59.94%	61.36%	43.63%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See notes to required supplementary information

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,314,421	\$ 1,286,552	\$ 1,207,362
<u>1,314,421</u>	<u>1,286,552</u>	<u>1,207,362</u>
<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
\$ 12,193,145	\$ 11,857,622	\$ 11,826,486
10.78%	10.85%	10.21%
\$ 1,679,568	\$ 1,554,131	\$ 1,354,630
<u>1,679,568</u>	<u>1,554,131</u>	<u>1,354,630</u>
<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
\$ 7,199,177	\$ 7,355,092	\$ 7,004,292
23.33%	21.13%	19.34%
\$ 77,830	\$ 54,083	\$ 64,005
<u>77,830</u>	<u>54,083</u>	<u>64,005</u>
<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
\$ 233,934	\$ 245,274	\$ 380,303
33.27%	22.05%	16.83%

TOWN OF ORO VALLEY, ARIZONA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

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

NOTE 2 – PENSION SCHEDULES

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2019, valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2017, actuarial valuation.

The actuarial assumptions used in the June 30, 2019, valuation for PSPRS were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study recommended changes which were applied to the June 30, 2018 actuarial valuation. The total liabilities as of June 30, 2020 reflect an assumed investment rate of return of 7.3 percent and updated mortality rates.

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plan's or plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date.

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

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GOVERNMENTAL FUNDS

TOWN OF ORO VALLEY, ARIZONA

COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

JUNE 30, 2021

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>				
Cash and investments	\$ 1,292,699	\$ 169,587	\$ 2,533,685	\$ 3,995,971
Accounts receivable	16,588	-	-	16,588
Interest receivable	509	43	15,743	16,295
Intergovernmental receivable	337,610	-	-	337,610
Total Assets	\$ 1,647,406	\$ 169,630	\$ 2,549,428	\$ 4,366,464
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 137,618	\$ -	\$ 21,400	\$ 159,018
Unearned revenue	-	-	46,696	46,696
Total Liabilities	137,618	-	68,096	205,714
Fund balances:				
Restricted	1,509,788	169,630	2,464,287	4,143,705
Committed	-	-	17,045	17,045
Total Fund Balances	1,509,788	169,630	2,481,332	4,160,750
Total Liabilities and Fund Balances	\$ 1,647,406	\$ 169,630	\$ 2,549,428	\$ 4,366,464

TOWN OF ORO VALLEY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2021

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
REVENUES				
Development impact fees	\$ -	\$ -	\$ 1,256,426	\$ 1,256,426
Charges for Services			713	713
Special assessments	-	172,640	-	172,640
Intergovernmental	3,731,160	43,773	-	3,774,933
Licenses, fees and permits	37,108	-	-	37,108
Fines, forfeitures and penalties	97,784	-	-	97,784
Investment income:				
Interest	15,966	253	47,166	63,385
Net decrease in fair value of investments	(12,334)	-	(60,172)	(72,506)
Other	7,542	97,923	-	105,465
<i>Total Revenues</i>	<u>3,877,226</u>	<u>314,589</u>	<u>1,244,133</u>	<u>5,435,948</u>
EXPENDITURES				
Current:				
Public safety	55,063	-	-	55,063
Highway and streets	1,795,203	-	-	1,795,203
Capital outlay	1,580,328	-	2,528,060	4,108,388
Debt service:				
Principal retirement	-	1,112,090	-	1,112,090
Interest and fiscal charges	-	285,631	-	285,631
<i>Total Expenditures</i>	<u>3,430,594</u>	<u>1,397,721</u>	<u>2,528,060</u>	<u>7,356,375</u>
REVENUES OVER/(UNDER) EXPENDITURES	446,632	(1,083,132)	(1,283,927)	(1,920,427)
OTHER FINANCING SOURCES/(USES)				
Transfers in/(out)	-	1,076,200	(100,000)	976,200
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>1,076,200</u>	<u>(100,000)</u>	<u>976,200</u>
NET CHANGE IN FUND BALANCES	446,632	(6,932)	(1,383,927)	(944,227)
FUND BALANCES, Beginning of year	<u>1,063,156</u>	<u>176,562</u>	<u>3,865,259</u>	<u>5,104,977</u>
FUND BALANCES, End of year	<u>\$ 1,509,788</u>	<u>\$ 169,630</u>	<u>\$ 2,481,332</u>	<u>\$ 4,160,750</u>

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SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted to expenditures for specified purposes.

Highway User Revenue – accounts for the Town’s share of motor fuel tax revenues.

State Seizures and Forfeitures – accounts for state police seizures and forfeitures received by the Town.

Federal Seizures and Forfeitures – accounts for federal police seizures and forfeitures received by the Town.

TOWN OF ORO VALLEY, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	<u>HURF</u>	<u>State Seizures and Forfeitures</u>	<u>Federal Seizures and Forfeitures</u>	<u>Totals</u>
<u>ASSETS</u>				
Cash and investments	\$ 1,024,982	\$ 237,235	\$ 30,482	\$ 1,292,699
Accounts receivable	16,588	-	-	16,588
Interest receivable	509	-	-	509
Intergovernmental receivable	337,610	-	-	337,610
Total Assets	\$ 1,379,689	\$ 237,235	\$ 30,482	\$ 1,647,406
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 136,711	\$ -	\$ 907	\$ 137,618
<i>Total Liabilities</i>	<u>136,711</u>	<u>-</u>	<u>907</u>	<u>137,618</u>
Fund balances:				
Restricted	1,242,978	237,235	29,575	1,509,788
<i>Total Fund Balances</i>	<u>1,242,978</u>	<u>237,235</u>	<u>29,575</u>	<u>1,509,788</u>
Total Liabilities and Fund Balances	\$ 1,379,689	\$ 237,235	\$ 30,482	\$ 1,647,406

TOWN OF ORO VALLEY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	<u>HURF</u>	<u>State Seizures and Forfeitures</u>	<u>Federal Seizures and Forfeitures</u>	<u>Totals</u>
REVENUES				
Intergovernmental	\$ 3,731,160	\$ -	\$ -	\$ 3,731,160
Licenses, fees and permits	37,108	-	-	37,108
Fines, forfeitures and penalties	-	53,798	43,986	97,784
Investment income:				
Interest	13,356	2,077	533	15,966
Net decrease in fair value of investments	(12,334)	-	-	(12,334)
Other	7,542	-	-	7,542
<i>Total Revenues</i>	<u>3,776,832</u>	<u>55,875</u>	<u>44,519</u>	<u>3,877,226</u>
EXPENDITURES				
Current:				
Public safety	-	22,142	32,921	55,063
Highway and streets	1,795,203	-	-	1,795,203
Capital outlay	1,557,613	18,955	3,760	1,580,328
<i>Total Expenditures</i>	<u>3,352,816</u>	<u>41,097</u>	<u>36,681</u>	<u>3,430,594</u>
NET CHANGE IN FUND BALANCES	424,016	14,778	7,838	446,632
FUND BALANCES, Beginning of year	<u>818,962</u>	<u>222,457</u>	<u>21,737</u>	<u>1,063,156</u>
FUND BALANCES, End of year	<u>\$ 1,242,978</u>	<u>\$ 237,235</u>	<u>\$ 29,575</u>	<u>\$ 1,509,788</u>

TOWN OF ORO VALLEY, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	<i>HURF</i>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Intergovernmental	\$ 3,668,929	\$ 3,731,160	\$ 62,231
Licenses, fees and permits	25,000	37,108	12,108
Fines, forfeitures and penalties	-	-	-
Investment income:			
Interest	5,000	13,356	8,356
Net decrease in fair value of investments	-	(12,334)	(12,334)
Other	2,000	7,542	5,542
<i>Total Revenues</i>	<u>3,700,929</u>	<u>3,776,832</u>	<u>75,903</u>
EXPENDITURES			
Current:			
Public safety	-	-	-
Highway and streets	2,035,713	1,795,203	240,510
Capital outlay	1,830,500	1,557,613	272,887
Contingency	200,000	-	200,000
<i>Total Expenditures</i>	<u>4,066,213</u>	<u>3,352,816</u>	<u>713,397</u>
NET CHANGE IN FUND BALANCE	<u>(365,284)</u>	<u>424,016</u>	<u>789,300</u>
FUND BALANCE, Beginning of year	<u>-</u>	<u>818,962</u>	<u>818,962</u>
FUND BALANCE, End of year	<u>\$ (365,284)</u>	<u>\$ 1,242,978</u>	<u>\$ 1,608,262</u>

<i>State Seizures and Forfeitures</i>			<i>Federal Seizures and Forfeitures</i>		
<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
275,000	53,798	(221,202)	50,000	43,986	(6,014)
2,000	2,077	77	-	533	533
-	-	-	-	-	-
-	-	-	-	-	-
<u>277,000</u>	<u>55,875</u>	<u>(221,125)</u>	<u>50,000</u>	<u>44,519</u>	<u>(5,481)</u>
95,789	22,142	73,647	-	32,921	(32,921)
-	-	-	-	-	-
-	18,955	(18,955)	-	3,760	(3,760)
181,211	-	181,211	50,000	-	50,000
<u>277,000</u>	<u>41,097</u>	<u>235,903</u>	<u>50,000</u>	<u>36,681</u>	<u>13,319</u>
-	14,778	14,778	-	7,838	7,838
-	222,457	222,457	-	21,737	21,737
<u>\$ -</u>	<u>\$ 237,235</u>	<u>\$ 237,235</u>	<u>\$ -</u>	<u>\$ 29,575</u>	<u>\$ 29,575</u>

(Continued)

TOWN OF ORO VALLEY, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	<i>Totals</i>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Intergovernmental	\$ 3,668,929	\$ 3,731,160	\$ 62,231
Licenses, fees and permits	25,000	37,108	12,108
Fines, forfeitures and penalties	325,000	97,784	(227,216)
Investment income:			
Interest	7,000	15,966	8,966
Net decrease in fair value of investments	-	(12,334)	(12,334)
Other	2,000	7,542	5,542
<i>Total Revenues</i>	<u>4,027,929</u>	<u>3,877,226</u>	<u>(150,703)</u>
EXPENDITURES			
Current:			
Public safety	95,789	55,063	40,726
Highway and streets	2,035,713	1,795,203	240,510
Capital outlay	1,830,500	1,580,328	250,172
Contingency	431,211	-	431,211
<i>Total Expenditures</i>	<u>4,393,213</u>	<u>3,430,594</u>	<u>962,619</u>
NET CHANGE IN FUND BALANCE	<u>(365,284)</u>	<u>446,632</u>	<u>811,916</u>
FUND BALANCE, Beginning of year	<u>-</u>	<u>1,063,156</u>	<u>1,063,156</u>
FUND BALANCE, End of year	<u>\$ (365,284)</u>	<u>\$ 1,509,788</u>	<u>\$ 1,875,072</u>

MUNICIPAL DEBT SERVICE FUNDS

Municipal Debt Service - to account for the payments of debt service on the Series 2010 Excise Tax Revenue Obligations, the Series 2012 Excise Tax Revenue Obligations, the Series 2015 Excise Tax Revenue Refunding Obligations, the Series 2016 Excise Tax Revenue Obligations, the Series 2017 Refunding Excise Tax Revenue Obligations, and the Series 2018 Excise Tax Revenue Obligations.

Oracle Road Debt Service – to account for the special assessment collections and payment of the outstanding Oracle Road bond issue.

TOWN OF ORO VALLEY, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR DEBT SERVICE FUNDS
JUNE 30, 2021

	<u>Municipal</u> <u>Debt Service</u>	<u>Oracle Road</u> <u>Debt Service</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and investments	\$ 165,436	\$ 4,151	\$ 169,587
Interest receivable	-	43	43
Total Assets	<u>\$ 165,436</u>	<u>\$ 4,194</u>	<u>\$ 169,630</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balances:			
Restricted	165,436	4,194	169,630
<i>Total Fund Balances</i>	<u>165,436</u>	<u>4,194</u>	<u>169,630</u>
Total Liabilities and Fund Balances	<u>\$ 165,436</u>	<u>\$ 4,194</u>	<u>\$ 169,630</u>

TOWN OF ORO VALLEY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2021

	<i>Municipal</i> <i>Debt Service</i>	<i>Oracle Road</i> <i>Debt Service</i>	Totals
REVENUES			
Special assessments	\$ -	\$ 172,640	\$ 172,640
Intergovernmental	43,773	-	43,773
Investment income:			
Interest	89	164	253
Other	97,536	387	97,923
<i>Total Revenues</i>	<u>141,398</u>	<u>173,191</u>	<u>314,589</u>
EXPENDITURES			
Debt service:			
Principal retirement	942,090	170,000	1,112,090
Interest and fiscal charges	279,793	5,838	285,631
<i>Total Expenditures</i>	<u>1,221,883</u>	<u>175,838</u>	<u>1,397,721</u>
REVENUES OVER (UNDER)			
EXPENDITURES	<u>(1,080,485)</u>	<u>(2,647)</u>	<u>(1,083,132)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>1,076,200</u>	<u>-</u>	<u>1,076,200</u>
NET CHANGE IN FUND BALANCE	(4,285)	(2,647)	(6,932)
FUND BALANCE, Beginning of year	<u>169,721</u>	<u>6,841</u>	<u>176,562</u>
FUND BALANCE, End of year	<u>\$ 165,436</u>	<u>\$ 4,194</u>	<u>\$ 169,630</u>

TOWN OF ORO VALLEY, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2021

	<i>Municipal Debt Service</i>		
	Budget	Actual	Variance with Budget
REVENUES			
Special assessments	\$ -	\$ -	\$ -
Intergovernmental	39,245	43,773	4,528
Investment income:			
Interest	5,000	89	(4,911)
Other	100,000	97,536	(2,464)
<i>Total Revenues</i>	<u>144,245</u>	<u>141,398</u>	<u>(2,847)</u>
EXPENDITURES			
Debt service:			
Principal retirement	942,090	942,090	-
Interest and fiscal charges	283,355	279,793	3,562
Contingency	100,000	-	100,000
<i>Total Expenditures</i>	<u>1,325,445</u>	<u>1,221,883</u>	<u>103,562</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,181,200)</u>	<u>(1,080,485)</u>	<u>100,715</u>
OTHER FINANCING SOURCES			
Transfers in	1,076,200	1,076,200	-
NET CHANGE IN FUND BALANCE	(105,000)	(4,285)	100,715
FUND BALANCE, Beginning of year	-	169,721	169,721
FUND BALANCE, End of year	<u>\$ (105,000)</u>	<u>\$ 165,436</u>	<u>\$ 270,436</u>

<i>Oracle Road Debt Service</i>			<i>Totals</i>		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
\$ 174,038	172,640	\$ (1,398)	\$ 174,038	\$ 172,640	\$ (1,398)
-	-	-	39,245	43,773	4,528
-	164	164	5,000	253	(4,747)
-	387	387	100,000	97,923	(2,077)
<u>174,038</u>	<u>173,191</u>	<u>(847)</u>	<u>318,283</u>	<u>314,589</u>	<u>(3,694)</u>
170,000	170,000	-	1,112,090	1,112,090	-
7,038	5,838	1,200	290,393	285,631	4,762
2,678	-	2,678	102,678	-	102,678
<u>179,716</u>	<u>175,838</u>	<u>3,878</u>	<u>1,505,161</u>	<u>1,397,721</u>	<u>107,440</u>
<u>(5,678)</u>	<u>(2,647)</u>	<u>3,031</u>	<u>(1,186,878)</u>	<u>(1,083,132)</u>	<u>103,746</u>
<u>3,000</u>	<u>-</u>	<u>-</u>	<u>1,079,200</u>	<u>1,076,200</u>	<u>-</u>
(2,678)	(2,647)	3,031	(107,678)	(6,932)	103,746
-	6,841	6,841	-	176,562	176,562
<u>\$ (2,678)</u>	<u>\$ 4,194</u>	<u>\$ 9,872</u>	<u>\$ (107,678)</u>	<u>\$ 169,630</u>	<u>\$ 280,308</u>

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CAPITAL PROJECTS FUNDS

Capital Projects Funds are created to account for the purchase or construction of major capital facilities which are not financed by the general, enterprise, or special revenue funds.

Townwide Roadway Development Impact Fees – to account for the collection and capital expenditures of the Townwide Roadway Development Impact Fees.

General Impact Fees – accounts for the collection of development impact fees charged for new residential and nonresidential growth to be used for future general government facilities, vehicles, equipment, and other necessary general government infrastructure needed as a result of new growth.

Townwide Facilities Projects – accounts for revenues dedicated to improvements to Town parks.

General Government CIP – to account for governmental capital asset projects.

PAG/RTA - to account for revenues dedicated to Town improvements funded through Pima Association of Governments and the Regional Transportation Authority.

Energy Efficiency Project – to account for bond proceeds to fund energy improvements at the Oro Valley Community Center.

TOWN OF ORO VALLEY, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	<i>Townwide Roadway Development Impact Fees</i>	<i>General Impact Fees</i>	<i>Townwide Facilities Projects</i>	<i>Totals</i>
<u>ASSETS</u>				
Cash and investments	\$ 1,980,925	\$ 535,748	\$ 17,012	\$ 2,533,685
Interest receivable	13,873	1,837	33	15,743
Total Assets	\$ 1,994,798	\$ 537,585	\$ 17,045	\$ 2,549,428
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ 21,400	\$ -	\$ 21,400
Unearned revenue	15,920	30,776	-	46,696
Total Liabilities	15,920	52,176	-	68,096
Fund balances:				
Restricted	1,978,878	485,409	-	2,464,287
Committed	-	-	17,045	17,045
Total Fund Balances	1,978,878	485,409	17,045	2,481,332
Total Liabilities and Fund Balances	\$ 1,994,798	\$ 537,585	\$ 17,045	\$ 2,549,428

TOWN OF ORO VALLEY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2021

	<i>Townwide Roadway Development Impact Fees</i>	<i>General Impact Fees</i>	<i>Townwide Facilities Projects</i>	<i>Totals</i>
REVENUES				
Development impact fees	\$ 667,111	\$ 589,315	\$ -	\$ 1,256,426
Charges for Services	-	-	713	713
Investment income:				
Interest	38,993	7,941	232	47,166
Net decrease in fair value of investments	(46,062)	(14,110)	-	(60,172)
<i>Total Revenues</i>	<u>660,042</u>	<u>583,146</u>	<u>945</u>	<u>1,244,133</u>
EXPENDITURES				
Capital outlay	1,647,352	880,708	-	2,528,060
<i>Total Expenditures</i>	<u>1,647,352</u>	<u>880,708</u>	<u>-</u>	<u>2,528,060</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(987,310)</u>	<u>(297,562)</u>	<u>945</u>	<u>(1,283,927)</u>
OTHER FINANCING USES				
Transfers out	-	(100,000)	-	(100,000)
NET CHANGE IN FUND BALANCES	(987,310)	(397,562)	945	(1,383,927)
FUND BALANCES, Beginning of year	<u>2,966,188</u>	<u>882,971</u>	<u>16,100</u>	<u>3,865,259</u>
FUND BALANCES, End of year	<u>\$ 1,978,878</u>	<u>\$ 485,409</u>	<u>\$ 17,045</u>	<u>\$ 2,481,332</u>

TOWN OF ORO VALLEY, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2021

	<i>Townwide Roadway Development Impact Fees</i>		
	Budget	Actual	Variance with Budget
REVENUES			
Development impact fees	\$ 314,320	\$ 667,111	\$ 352,791
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment income:			
Interest	30,000	38,993	8,993
Net decrease in fair value of investments	-	(46,062)	(46,062)
Other	-	-	-
<i>Total Revenues</i>	<u>344,320</u>	<u>660,042</u>	<u>315,722</u>
EXPENDITURES			
Capital outlay	1,810,000	1,647,352	162,648
Contingency	300,000	-	300,000
<i>Total Expenditures</i>	<u>2,110,000</u>	<u>1,647,352</u>	<u>462,648</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,765,680)</u>	<u>(987,310)</u>	<u>778,370</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
NET CHANGE IN FUND BALANCE	(1,765,680)	(987,310)	778,370
FUND BALANCE, Beginning of year	-	2,966,188	2,966,188
FUND BALANCE, End of year	<u>\$ (1,765,680)</u>	<u>\$ 1,978,878</u>	<u>\$ 3,744,558</u>

<i>General Impact Fees</i>			<i>Townwide Facilities Projects</i>		
<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
\$ 405,579	\$ 589,315	\$ 183,736	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	713	713
5,000	7,941	2,941	-	232	232
-	(14,110)	(14,110)	-	-	-
-	-	-	-	-	-
<u>410,579</u>	<u>583,146</u>	<u>172,567</u>	<u>-</u>	<u>945</u>	<u>945</u>
705,000	880,708	(175,708)	-	-	-
391,035	-	391,035	16,004	-	16,004
<u>1,096,035</u>	<u>880,708</u>	<u>215,327</u>	<u>16,004</u>	<u>-</u>	<u>16,004</u>
<u>(685,456)</u>	<u>(297,562)</u>	<u>387,894</u>	<u>(16,004)</u>	<u>945</u>	<u>16,949</u>
<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(785,456)</u>	<u>(397,562)</u>	<u>387,894</u>	<u>(16,004)</u>	<u>945</u>	<u>16,949</u>
<u>-</u>	<u>882,971</u>	<u>882,971</u>	<u>-</u>	<u>16,100</u>	<u>16,100</u>
<u>\$ (785,456)</u>	<u>\$ 485,409</u>	<u>\$ 1,270,865</u>	<u>\$ (16,004)</u>	<u>\$ 17,045</u>	<u>\$ 33,049</u>

(Continued)

TOWN OF ORO VALLEY, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ALL CAPITAL PROJECTS FUNDS (Continued)
YEAR ENDED JUNE 30, 2021

	<i>General Government CIP</i>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Development impact fees	\$ -	\$ -	\$ -
Intergovernmental	117,000	119,868	2,868
Charges for services	-	633,012	633,012
Investment income:			
Interest	-	36,174	36,174
Net increase/(decrease) in fair value of investments	-	(34,730)	(34,730)
Other	883,010	293,507	(589,503)
<i>Total Revenues</i>	<u>1,000,010</u>	<u>1,047,831</u>	<u>47,821</u>
EXPENDITURES			
Capital outlay	4,744,666	2,725,682	2,018,984
Contingency	-	-	-
<i>Total Expenditures</i>	<u>4,744,666</u>	<u>2,725,682</u>	<u>2,018,984</u>
REVENUES OVER (UNDER)			
EXPENDITURES	<u>(3,744,656)</u>	<u>(1,677,851)</u>	<u>2,066,805</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>1,771,143</u>	<u>1,771,143</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,973,513)	93,292	2,066,805
FUND BALANCE, Beginning of year	<u>-</u>	<u>2,410,736</u>	<u>2,410,736</u>
FUND BALANCE, End of year	<u>\$ (1,973,513)</u>	<u>\$ 2,504,028</u>	<u>\$ 4,477,541</u>

<i>PAG/RTA</i>			<i>Totals</i>		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
\$ -	\$ -	\$ -	\$ 719,899	\$ 1,256,426	\$ 536,527
1,875,000	1,947,977	72,977	1,992,000	2,067,845	75,845
28,125	28,125	-	28,125	661,850	633,725
-	9,245	9,245	35,000	92,585	57,585
-	3,311	3,311	-	(91,591)	(91,591)
-	216,069	216,069	883,010	509,576	(373,434)
<u>1,903,125</u>	<u>2,204,727</u>	<u>301,602</u>	<u>3,658,034</u>	<u>4,496,691</u>	<u>838,657</u>
2,365,000	1,338,628	1,026,372	9,624,666	6,592,370	3,032,296
132,386	-	132,386	839,425	-	839,425
<u>2,497,386</u>	<u>1,338,628</u>	<u>1,158,758</u>	<u>10,464,091</u>	<u>6,592,370</u>	<u>3,871,721</u>
<u>(594,261)</u>	<u>866,099</u>	<u>1,460,360</u>	<u>(6,806,057)</u>	<u>(2,095,679)</u>	<u>4,710,378</u>
-	-	-	1,671,143	1,671,143	-
(594,261)	866,099	1,460,360	(5,134,914)	(424,536)	4,710,378
-	382,519	382,519	-	6,658,514	6,658,514
<u>\$ (594,261)</u>	<u>\$ 1,248,618</u>	<u>\$ 1,842,879</u>	<u>\$ (5,134,914)</u>	<u>\$ 6,233,978</u>	<u>\$ 11,368,892</u>

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STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends

These schedules contain information on financial trends to help the reader understand how the Town's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Town's ability to generate property revenue.

Debt Capacity

These schedules present information to help the reader evaluate the Town's current levels of outstanding debt as well as assess the Town's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the Town's financial activities take place and to help make comparisons with other municipalities.

Operating Information

These schedules contain information about the Town's operations and various resources to help the reader draw conclusions as to how the Town's financial information relates to the services provided by the Town.

Note: For locally assessed property (i.e., excluding mines, utilities, etc.) Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to five percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

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TOWN OF ORO VALLEY, ARIZONA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Governmental Activities:					
Net investment in capital assets	\$ 184,355,212	\$ 152,604,355	\$ 141,506,384	\$ 137,311,856	\$ 133,414,691
Restricted	5,392,323	6,601,283	5,752,355	4,424,244	6,006,584
Unrestricted	335,300	(11,756,943)	(10,619,492)	(11,583,669)	(15,397,688)
<i>Total governmental activities net position</i>	<u>\$ 190,082,835</u>	<u>\$ 147,448,695</u>	<u>\$ 136,639,247</u>	<u>\$ 130,152,431</u>	<u>\$ 124,023,587</u>
Business-type Activities:					
Net investment in capital assets	\$ 84,049,866	\$ 76,933,346	\$ 73,170,068	\$ 69,036,006	\$ 66,755,370
Unrestricted	27,721,215	25,077,357	23,499,030	21,397,377	18,721,247
<i>Total business-type activities net position</i>	<u>\$ 111,771,081</u>	<u>\$ 102,010,703</u>	<u>\$ 96,669,098</u>	<u>\$ 90,433,383</u>	<u>\$ 85,476,617</u>
Primary Government:					
Net investment in capital assets	\$ 268,405,078	\$ 229,537,701	\$ 214,676,452	\$ 206,347,862	\$ 200,170,061
Restricted	5,392,323	6,601,283	5,752,355	4,424,244	6,006,584
Unrestricted	28,056,515	13,320,414	12,879,538	9,813,708	3,323,559
<i>Total primary government net position</i>	<u>\$ 301,853,916</u>	<u>\$ 249,459,398</u>	<u>\$ 233,308,345</u>	<u>\$ 220,585,814</u>	<u>\$ 209,500,204</u>
Governmental Activities:					
Net investment in capital assets	\$ 132,419,826	\$ 133,800,218	\$ 133,714,821	\$ 134,512,094	\$ 135,336,862
Restricted	4,653,905	3,599,966	4,555,138	3,730,312	11,454,390
Unrestricted	(10,883,206)	(9,493,907)	18,430,146	18,901,112	10,808,596
<i>Total governmental activities net position</i>	<u>\$ 126,190,525</u>	<u>\$ 127,906,277</u>	<u>\$ 156,700,105</u>	<u>\$ 157,143,518</u>	<u>\$ 157,599,848</u>
Business-type Activities:					
Net investment in capital assets	\$ 61,261,271	\$ 54,858,448	\$ 52,775,561	\$ 48,802,267	\$ 45,669,488
Unrestricted	19,504,748	20,092,694	21,541,202	19,501,676	19,067,780
<i>Total business-type activities net position</i>	<u>\$ 80,766,019</u>	<u>\$ 74,951,142</u>	<u>\$ 74,316,763</u>	<u>\$ 68,303,943</u>	<u>\$ 64,737,268</u>
Primary Government:					
Net investment in capital assets	\$ 193,681,097	\$ 188,658,666	\$ 186,490,382	\$ 183,314,361	\$ 181,006,350
Restricted	4,653,905	3,599,966	4,555,138	3,730,312	11,454,390
Unrestricted	8,621,542	10,598,787	39,971,348	38,402,788	29,876,376
<i>Total primary government net position</i>	<u>\$ 206,956,544</u>	<u>\$ 202,857,419</u>	<u>\$ 231,016,868</u>	<u>\$ 225,447,461</u>	<u>\$ 222,337,116</u>

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses										
Governmental activities:										
General government	\$ 19,633,975	\$ 17,210,855	\$ 14,727,150	\$ 12,639,867	\$ 12,130,905	\$ 11,888,794	\$ 11,533,702	\$ 10,990,007	\$ 9,861,131	\$ 9,961,376
Public safety	18,291,873	19,416,010	18,958,436	17,683,197	22,251,172	16,123,500	16,587,168	13,814,914	12,770,224	12,349,948
Highways and streets	11,629,477	10,201,832	10,791,469	7,505,589	9,417,459	9,089,318	9,400,140	8,754,110	9,255,004	9,339,062
Transit	939,341	1,106,750	1,125,490	1,505,341	1,533,258	1,432,910	1,404,646	1,275,093	-	-
Culture and recreation	9,396,975	9,551,170	9,699,357	10,111,731	10,204,276	9,695,639	4,572,490	3,399,623	2,783,633	3,227,895
Interest on long-term debt	290,251	362,651	355,545	350,404	511,502	494,732	439,027	656,260	522,917	654,262
Total governmental activities expenses	<u>60,181,892</u>	<u>57,849,268</u>	<u>55,657,447</u>	<u>49,796,129</u>	<u>56,048,572</u>	<u>48,724,893</u>	<u>43,937,173</u>	<u>38,890,007</u>	<u>35,192,909</u>	<u>35,532,543</u>
Business-type activities:										
Water	16,157,523	15,953,546	15,089,673	15,568,288	14,753,418	14,406,074	13,608,931	13,572,677	13,047,373	11,984,829
Stormwater	1,368,001	1,444,865	1,291,490	1,190,898	1,115,494	917,898	854,510	749,038	983,975	636,966
Total business-type activities expenses	<u>17,525,524</u>	<u>17,398,411</u>	<u>16,381,163</u>	<u>16,759,186</u>	<u>15,868,912</u>	<u>15,323,972</u>	<u>14,463,441</u>	<u>14,321,715</u>	<u>14,031,348</u>	<u>12,621,795</u>
Total primary government expenses	<u>\$ 77,707,416</u>	<u>\$ 75,247,679</u>	<u>\$ 72,038,610</u>	<u>\$ 66,555,315</u>	<u>\$ 71,917,484</u>	<u>\$ 64,048,865</u>	<u>\$ 58,400,614</u>	<u>\$ 53,211,722</u>	<u>\$ 49,224,257</u>	<u>\$ 48,154,338</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 6,305,121	\$ 5,205,012	\$ 4,920,132	\$ 5,084,396	\$ 4,901,504	\$ 4,096,927	\$ 3,516,359	\$ 3,978,117	\$ 3,740,046	\$ 3,079,526
Public safety	340,430	157,312	173,488	128,651	138,075	168,808	29,097	35,976	45,346	33,109
Highways and streets	739,936	1,675,929	754,388	1,039,542	1,052,167	764,397	496,098	546,066	1,052,581	329,420
Transit	463	110,309	138,125	119,536	100,052	88,684	72,783	71,078	-	-
Culture and recreation	5,236,021	4,391,639	5,014,018	5,096,804	4,611,576	4,373,693	1,108,734	435,354	169,965	82,832
Operating grants and contributions	<u>8,171,190</u>	<u>3,621,830</u>	<u>4,669,814</u>	<u>4,949,928</u>	<u>4,664,197</u>	<u>5,503,530</u>	<u>5,070,396</u>	<u>4,706,844</u>	<u>5,318,097</u>	<u>5,247,844</u>
Capital grants and contributions	<u>25,566,365</u>	<u>16,338,347</u>	<u>8,302,441</u>	<u>5,529,831</u>	<u>6,749,407</u>	<u>3,602,656</u>	<u>2,456,727</u>	<u>2,919,641</u>	<u>2,920,335</u>	<u>7,107,063</u>
Total governmental activities program revenues	<u>46,359,527</u>	<u>31,500,378</u>	<u>23,972,406</u>	<u>21,948,688</u>	<u>22,216,978</u>	<u>18,598,695</u>	<u>12,750,194</u>	<u>12,693,076</u>	<u>13,246,370</u>	<u>15,879,794</u>
Business-type activities:										
Charges for services										
Water	18,199,075	20,218,758	17,519,158	19,455,685	18,158,385	16,739,580	16,088,681	19,286,794	16,732,600	15,817,345
Stormwater	1,472,363	1,443,616	1,426,246	1,386,278	1,314,787	828,258	771,594	759,428	813,400	752,212
Operating grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital grants and contributions	<u>7,603,672</u>	<u>169,194</u>	<u>2,899,213</u>	<u>870,920</u>	<u>1,097,285</u>	<u>3,334,372</u>	<u>1,979,037</u>	<u>179,675</u>	<u>48,871</u>	<u>245,607</u>
Total business-type activities program revenues	<u>27,275,110</u>	<u>21,831,568</u>	<u>21,844,617</u>	<u>21,712,883</u>	<u>20,570,457</u>	<u>20,937,210</u>	<u>18,839,312</u>	<u>20,225,897</u>	<u>17,594,871</u>	<u>16,815,164</u>
Total primary government program revenues	<u>\$ 73,634,637</u>	<u>\$ 53,331,946</u>	<u>\$ 45,817,023</u>	<u>\$ 43,661,571</u>	<u>\$ 42,787,435</u>	<u>\$ 39,535,905</u>	<u>\$ 31,589,506</u>	<u>\$ 32,918,973</u>	<u>\$ 30,841,241</u>	<u>\$ 32,694,958</u>
Net (expense)/revenue:										
Governmental activities	\$ (13,822,365)	\$ (26,348,890)	\$ (31,685,041)	\$ (27,847,441)	\$ (33,831,594)	\$ (30,126,198)	\$ (31,186,979)	\$ (26,196,931)	\$ (21,946,539)	\$ (19,652,749)
Business-type activities	9,749,586	4,433,157	5,463,454	4,953,697	4,701,545	5,613,238	4,375,871	5,904,182	3,563,523	4,193,369
Total primary government net expense	<u>\$ (4,072,779)</u>	<u>\$ (21,915,733)</u>	<u>\$ (26,221,587)</u>	<u>\$ (22,893,744)</u>	<u>\$ (29,130,049)</u>	<u>\$ (24,512,960)</u>	<u>\$ (26,811,108)</u>	<u>\$ (20,292,749)</u>	<u>\$ (18,383,016)</u>	<u>\$ (15,459,380)</u>

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes:											
Sales	\$ 24,056,793	\$ 22,757,403	\$ 22,924,400	\$ 21,664,398	\$ 19,767,720	\$ 16,998,464	\$ 16,132,159	\$ 15,286,001	\$ 14,241,065	\$ 12,799,678	
Franchise	722,700	662,048	635,494	656,664	647,830	621,546	582,064	571,731	539,477	525,427	
Unrestricted state revenue sharing	14,435,336	12,638,148	11,879,950	11,577,834	11,177,729	10,549,196	10,413,464	9,636,906	9,048,365	3,461,359	
Unrestricted state sales tax revenue sharing	-	-	-	-	-	-	-	-	-	3,204,612	
Unrestricted auto lieu tax revenue sharing	-	-	-	-	-	-	-	-	-	1,479,094	
Investment earnings	136,789	1,098,267	1,132,215	74,542	68,435	238,210	216,175	255,702	265,787	189,606	
Special item - Capital asset conveyance	-	-	-	-	-	-	-	-	(2,606,804)	-	
Transfers	2,522	2,472	2,581	2,847	2,942	3,030	3,119	3,178	2,319.00	-	
Total governmental activities	39,354,140	37,158,338	36,574,640	33,976,285	31,664,656	28,410,446	27,346,981	25,753,518	21,490,209	21,659,776	
Business-type activities:											
Investment earnings	59	910,920	774,842	5,916	11,995	204,669	124,887	111,816	5,471	167,106	
Miscellaneous	13,255	-	-	-	-	-	-	-	-	-	
Transfers	(2,522)	(2,472)	(2,581)	(2,847)	(2,942)	(3,030)	(3,119)	(3,178)	(2,319)	-	
Total business-type activities	10,792	908,448	772,261	3,069	9,053	201,639	121,768	108,638	3,152	167,106	
Total primary government	\$ 39,364,932	\$ 38,066,786	\$ 37,346,901	\$ 33,979,354	\$ 31,673,709	\$ 28,612,085	\$ 27,468,749	\$ 25,862,156	\$ 21,493,361	\$ 21,826,882	
Change in Net Position											
Governmental activities	25,531,775	10,809,448	4,889,599	6,128,844	(2,166,938)	(1,715,752)	(3,839,998)	(443,413)	(456,330)	2,007,027	
Business-type activities	9,760,378	5,341,605	6,235,715	4,956,766	4,710,598	5,814,877	4,497,639	6,012,820	3,566,675	4,360,475	
Total primary government	\$ 35,292,153	\$ 16,151,053	\$ 11,125,314	\$ 11,085,610	\$ 2,543,660	\$ 4,099,125	\$ 657,641	\$ 5,569,407	\$ 3,110,345	\$ 6,367,502	

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>General fund</i>										
Nonspendable	\$ 204,193	\$ 45,553	\$ 129,504	\$ 141,676	\$ 130,030	\$ 97,269	\$ 31,278	\$ -	\$ -	\$ -
Committed	9,883,194	10,485,304	13,608,565	-	-	-	-	-	-	-
Assigned	-	-	2,584,994	1,441,862	1,441,862	1,441,862	1,553,999	1,608,035	1,608,035	1,608,035
Unassigned	22,321,155	10,368,691	3,248,602	14,384,104	11,831,322	8,985,422	8,566,598	9,925,988	11,529,070	9,793,614
<i>Total general fund</i>	<u>\$ 32,408,542</u>	<u>\$ 20,899,548</u>	<u>\$ 19,571,665</u>	<u>\$ 15,967,642</u>	<u>\$ 13,403,214</u>	<u>\$ 10,524,553</u>	<u>\$ 10,151,875</u>	<u>\$ 11,534,023</u>	<u>\$ 13,137,105</u>	<u>\$ 11,401,649</u>
<i>All other governmental funds</i>										
Nonspendable	\$ 157,497	\$ 73,201	\$ 105,403	\$ 130,202	\$ 132,538	\$ 127,600	\$ 149,348	\$ -	\$ -	\$ -
Restricted	5,392,323	5,471,396	5,752,355	4,424,244	6,006,584	4,031,923	3,599,966	4,555,138	3,730,312	11,454,390
Committed	2,602,097	805,717	406,247	1,594,293	1,829,232	2,617,856	4,637,773	5,343,506	4,166,818	622,919
Assigned	2,438,272	2,410,736	3,611,045	2,209,618	1,716,361	1,340,991	1,421,593	1,500,000	-	-
Unassigned	-	-	-	(201,765)	(237,769)	(29,198)	-	-	-	-
<i>Total all other governmental funds</i>	<u>\$ 10,590,189</u>	<u>\$ 8,761,050</u>	<u>\$ 9,875,050</u>	<u>\$ 8,156,592</u>	<u>\$ 9,446,946</u>	<u>\$ 8,089,172</u>	<u>\$ 9,808,680</u>	<u>\$ 11,398,644</u>	<u>\$ 7,897,130</u>	<u>\$ 12,077,309</u>

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues										
Taxes	\$ 24,779,493	\$ 23,419,451	\$ 23,559,894	\$ 22,321,062	\$ 20,415,550	\$ 17,620,010	\$ 16,714,223	\$ 15,857,732	\$ 14,780,542	\$ 13,325,105
Intergovernmental	31,780,507	30,840,092	24,375,992	21,634,143	22,118,633	19,488,066	17,714,991	16,732,631	16,817,756	19,723,086
Fines, forfeitures, & penalties	233,331	183,381	247,283	529,687	558,692	283,470	221,571	673,336	551,962	895,820
Licenses, fees, & permits	3,362,933	2,400,899	2,387,832	2,679,690	2,388,951	1,915,992	1,605,937	2,116,700	1,813,947	1,185,862
Charges for services	7,162,259	7,463,179	7,206,705	6,599,847	6,226,578	5,956,058	2,991,826	1,850,181	1,630,238	1,209,814
Contributions & donations	-	-	-	133,928	150,000	149,513	-	-	27,229	995
Special assessments	172,640	175,197	174,066	175,854	175,539	189,525	178,078	1,462,307	365,935	366,028
Development impact fees	1,256,426	980,302	1,039,763	1,346,402	1,348,528	795,471	439,637	569,338	988,342	417,742
Investment income	132,373	1,098,267	1,132,215	74,542	68,435	238,210	216,175	255,702	265,787	189,606
Other revenues	1,024,290	965,588	841,111	576,970	572,886	504,796	141,618	305,489	349,326	460,512
Total revenues	\$ 69,904,252	\$ 67,526,356	\$ 60,964,861	\$ 56,072,125	\$ 54,023,792	\$ 47,141,111	\$ 40,224,056	\$ 39,823,416	\$ 37,591,064	\$ 37,774,570
Expenditures										
General government	\$ 17,610,897	\$ 16,531,008	\$ 14,424,463	\$ 11,998,586	\$ 11,098,844	\$ 11,426,687	\$ 10,862,553	\$ 10,610,673	\$ 9,289,771	\$ 9,212,866
Public safety	16,438,199	16,767,994	16,250,498	16,731,963	15,725,029	15,494,532	15,071,396	13,539,322	12,342,349	11,993,864
Highways & streets	1,795,203	1,904,698	2,999,923	3,092,143	2,993,402	2,754,413	2,602,321	3,710,577	3,513,479	3,191,654
Transit	930,687	1,110,444	1,150,322	1,536,294	1,528,654	1,432,910	1,404,646	-	-	-
Culture & recreation	8,363,664	8,735,394	8,880,611	9,399,598	9,433,339	9,097,752	4,078,817	2,445,131	2,468,129	2,954,549
Capital outlay	9,993,713	20,637,466	15,293,326	10,081,427	9,196,801	7,995,340	8,093,704	5,495,185	11,053,739	6,929,834
Debt service										
Principal	1,146,027	1,262,487	1,124,885	1,304,226	1,075,466	897,637	649,840	1,867,901	571,910	3,052,953
Interest	290,251	365,454	327,421	356,661	314,914	336,510	436,010	472,268	498,729	554,274
Issuance cost on bonds	-	-	35,000	-	67,959	104,533	-	-	-	75,800
Total expenditures	\$ 56,568,641	\$ 67,314,945	\$ 60,486,449	\$ 54,500,898	\$ 51,434,408	\$ 49,540,314	\$ 43,199,287	\$ 38,141,057	\$ 39,738,106	\$ 37,965,794
Excess of revenues over (under) expenditures	\$ 13,335,611	\$ 211,411	\$ 478,412	\$ 1,571,227	\$ 2,589,384	\$ (2,399,203)	\$ (2,975,231)	\$ 1,682,359	\$ (2,147,042)	\$ (191,224)
Other financing sources (uses)										
Premium on bonds issued	-	-	-	-	-	-	-	-	-	113,835
Proceeds from capital lease agreements	-	-	-	-	-	1,043,214	-	212,895	-	-
Payment to bond escrow agent	-	-	-	-	(1,171,447)	(2,523,121)	-	-	-	-
Issuance of long-term debt	-	-	2,035,000	-	3,115,556	2,529,250	-	-	-	2,580,000
Transfers in	2,747,343	2,046,718	4,407,180	3,342,890	2,953,072	1,872,026	4,326,627	4,115,152	1,704,272	1,003,666
Transfers out	(2,744,821)	(2,044,246)	(4,404,599)	(3,640,043)	(3,250,130)	(1,868,996)	(4,323,508)	(4,111,974)	(2,001,953)	(1,003,666)
Total other financing sources (uses)	2,522	2,472	2,037,581	(297,153)	1,647,051	1,052,373	3,119	216,073	(297,681)	2,693,835
Net change in fund balances	\$ 13,338,133	\$ 213,883	\$ 2,515,993	\$ 1,274,074	\$ 4,236,435	\$ (1,346,830)	\$ (2,972,112)	\$ 1,898,432	\$ (2,444,723)	\$ 2,502,611
Debt service as a percentage of noncapital expenditures	3.06%	3.40%	3.16%	3.66%	3.32%	3.00%	3.17%	7.30%	3.76%	11.55%

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
PRINCIPAL SALES TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS PRIOR

<i>June 30, 2021</i>					<i>June 30, 2012</i>				
<i>Taxpayer</i>	<i>Business Type</i>	<i>Sales Tax Payments</i>	<i>Rank</i>	<i>% of Total Sales Tax Payments</i>	<i>Taxpayer</i>	<i>Business Type</i>	<i>Sales Tax Payments</i>	<i>Rank</i>	<i>% of Total Sales Tax Payments</i>
Taxpayer A	Utility	\$ 2,201,559	1	8.88%	Taxpayer A	Utility	\$ 1,440,824	1	11.36%
Taxpayer B	Retail	1,540,861	2	6.22%	Taxpayer B	Accomodation	1,059,593	2	8.35%
Taxpayer C	Retail	1,270,222	3	5.13%	Taxpayer C	Retail	812,589	3	6.41%
Taxpayer D	Retail	1,248,273	4	5.04%	Taxpayer D	Retail	533,191	4	4.20%
Taxpayer E	Construction	886,049	5	3.58%	Taxpayer E	Retail	399,395	5	3.15%
Taxpayer F	Accomodation	832,376	6	3.36%	Taxpayer F	Utility	397,916	6	3.14%
Taxpayer G	Construction	737,130	7	2.97%	Taxpayer G	Retail	330,603	7	2.61%
Taxpayer H	Utility	656,279	8	2.65%	Taxpayer H	Retail	286,884	8	2.26%
Taxpayer I	Retail	568,172	9	2.29%	Taxpayer I	Retail	250,360	9	1.97%
Taxpayer J	Retail	547,008	10	2.21%	Taxpayer J	Utility	240,906	10	1.90%
		<u>\$ 10,487,929</u>		<u>42.33%</u>			<u>\$ 5,752,261</u>		<u>45.35%</u>

Source: Arizona Department of Revenue

TOWN OF ORO VALLEY, ARIZONA
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS (\$000's)

	<i>Fiscal Year</i>									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Construction	\$ 3,893	\$ 4,363	\$ 4,191	\$ 4,653	\$ 4,295	\$ 2,131	\$ 3,199	\$ 3,338	\$ 2,842	\$ 1,738
Manufacturing	283	198	173	140	137	156	141	257	258	258
Transportation, Warehousing, Communications & Utilities	3,593	3,288	3,335	3,384	3,171	3,133	3,068	2,959	2,785	2,450
Wholesale Trade	228	211	183	154	136	131	125	103	110	106
Retail Trade	10,890	9,830	8,430	7,733	7,086	6,844	5,808	5,243	5,153	4,925
Restaurants, Bars & Lodging	3,374	3,011	4,299	3,907	3,473	3,295	2,803	2,761	2,164	2,314
Finance, Insurance & Real Estate Services	313	442	1,114	646	562	443	270	75	335	333
All Other	1,276	1,004	963	840	702	672	599	529	456	456
Cable Franchise	206	409	237	206	202	190	115	60	75	103
	723	662	635	657	648	622	582	572	540	525
Total	<u>\$ 24,779</u>	<u>\$ 23,418</u>	<u>\$ 23,560</u>	<u>\$ 22,320</u>	<u>\$ 20,412</u>	<u>\$ 17,617</u>	<u>\$ 16,710</u>	<u>\$ 15,897</u>	<u>\$ 14,718</u>	<u>\$ 13,208</u>
Town Sales Tax Rate*	2.50%	2.50%	2.50%	2.50%	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%

Source: Arizona Department of Revenue

* Note:
2% Additional Utility Sales Tax Effective August 1, 2011
.5% Additional Sales Tax Effective March 1, 2015

TOWN OF ORO VALLEY, ARIZONA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS

<i>Fiscal Year</i> <i>Ended</i> <i>June 30,</i>	<i>Town of Oro Valley</i>				<i>Pima County</i>
	<i>Sales Tax</i>	<i>Bed Tax</i>	<i>Construction</i>	<i>Utility</i>	<i>Sales</i>
			<i>Sales Tax</i>	<i>Sales Tax</i>	
2012	2.00%	6.00%	4.00%	4.00%	7.10%
2013	2.00%	6.00%	4.00%	4.00%	6.10%
2014	2.00%	6.00%	4.00%	4.00%	6.10%
2015*	2.50%	6.00%	4.00%	4.00%	6.10%
2016	2.50%	6.00%	4.00%	4.00%	6.10%
2017	2.50%	6.00%	4.00%	4.00%	6.10%
2018	2.50%	6.00%	4.00%	4.00%	6.10%
2019	2.50%	6.00%	4.00%	4.00%	6.10%
2020	2.50%	6.00%	4.00%	4.00%	6.10%
2021	2.50%	6.00%	4.00%	4.00%	6.10%

Source: Arizona Department of Revenue

TOWN OF ORO VALLEY, ARIZONA
NET LIMITED & FULL CASH ASSESSED VALUE OF PROPERTY
LAST TEN FISCAL YEARS

<i>Fiscal Year Ended June 30,</i>	<i>Net Limited Assessed Value</i>	<i>Net Full Cash Assessed Value</i>	<i>Estimated Full Cash Value</i>	<i>Total Outstanding General Obligation Bond Debt</i>
2012	\$ 618,976,953	\$ 629,340,548	\$ 5,716,229,517	\$ -
2013	589,160,533	592,761,968	5,461,131,133	-
2014	553,366,744	556,259,856	5,175,406,955	-
2015	556,566,167	560,863,509	5,252,917,489	-
2016	572,696,599	593,299,222	5,616,655,680	-
2017	593,580,247	616,216,705	5,688,443,027	-
2018	612,684,205	633,479,221	6,058,189,523	-
2019	645,311,769	683,985,966	6,456,152,108	-
2020	678,873,768	730,293,104	6,937,292,543	-
2021	758,352,130	813,753,982	7,742,926,046	-

Source: State of Arizona Department of Revenue Abstract of the Assessment Roll

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the Town's bonding capacity and as the ceiling for net limited assessed value.

TOWN OF ORO VALLEY, ARIZONA
HISTORICAL AND PROJECTED EXCISE TAX COLLECTIONS
JUNE 30, 2021

<i>Revenue Source</i>	<i>Projected</i>		<i>Actual</i>							
	<i>Fiscal Year 2023</i>	<i>Fiscal Year 2022</i>	<i>Fiscal Year 2021</i>	<i>Fiscal Year 2020</i>	<i>Fiscal Year 2019</i>	<i>Fiscal Year 2018</i>	<i>Fiscal Year 2017</i>	<i>Fiscal Year 2016</i>	<i>Fiscal Year 2015</i>	<i>Fiscal Year 2014</i>
Town Sales & Franchise Fees	\$ 25,794,432	\$ 24,090,505	\$ 24,779,493	\$ 23,418,101	\$ 23,559,894	\$ 22,321,148	\$ 20,415,550	\$ 17,620,010	\$ 16,714,223	\$ 15,857,732
Licenses & Permits	2,569,700	1,874,000	3,362,933	2,400,899	2,387,832	2,679,690	2,313,504	1,915,992	1,605,937	2,116,700
Fines	128,125	125,000	135,547	111,611	165,669	131,393	131,637	159,154	148,050	172,232
State-shared Sales Tax	5,711,710	5,406,272	5,462,343	4,694,491	4,469,774	4,210,168	3,989,179	3,887,673	3,747,944	3,569,711
State-shared Income Tax	6,908,781	6,007,636	6,580,331	5,870,231	5,370,779	5,422,693	5,329,864	4,937,719	4,964,635	4,571,196
<i>Total</i>	<u>\$ 41,112,748</u>	<u>\$ 36,667,505</u>	<u>\$ 40,320,647</u>	<u>\$ 36,495,333</u>	<u>\$ 35,953,948</u>	<u>\$ 34,765,092</u>	<u>\$ 32,179,734</u>	<u>\$ 28,520,548</u>	<u>\$ 27,180,789</u>	<u>\$ 26,287,571</u>

(a) All revenue sources are presented on a modified accrual basis of accounting except for Town sales taxes which are presented on the cash basis of accounting per the Arizona Department of Revenue Standard Industry Summary Local Taxes Collection Reports

Source: Oro Valley Finance Department

Note: The above information is provided for bond requirements only and the bond does not require ten years of data.

TOWN OF ORO VALLEY, ARIZONA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

<i>Fiscal Year</i>	<i>Governmental Activities</i>					<i>Business-Type Activities</i>			<i>Total Primary Government</i>	<i>Percentage of Personal Income</i>	<i>Per Capita</i>
	<i>Capital Leases</i>	<i>Note Payable</i>	<i>Loan Payable</i>	<i>Excise Tax Bonds</i>	<i>Special Assessment Bonds</i>	<i>Revenue Bonds</i>	<i>Capital Leases</i>	<i>Loan Payable</i>			
2012	\$ -	\$ -	\$ -	\$ 9,485,968	\$ 2,685,000	\$ 45,988,331	\$ -	\$ 5,893,122	\$ 64,052,421	3.85%	1,550
2013	-	-	-	9,155,743	2,435,000	43,349,121	185,307	5,575,041	60,700,212	3.59%	1,409
2014	168,994	-	-	8,703,428	1,055,000	40,811,243	93,593	6,371,529	57,203,787	3.41%	1,366
2015	128,594	1,000,000	-	8,215,673	925,000	37,683,805	118,862	8,169,765	56,241,699	3.25%	1,331
2016	966,962	700,000	-	7,716,638	780,000	34,517,647	80,423	8,879,907	53,641,577	2.95%	1,231
2017	716,622	350,000	-	9,341,559	640,000	30,804,327	40,814	8,284,407	50,177,729	2.69%	1,146
2018	458,744	-	-	8,788,954	490,000	28,079,939	-	7,690,874	45,508,511	2.35%	1,022
2019	254,070	-	-	10,051,867	335,000	30,135,034	-	7,079,179	47,855,150	2.37%	1,059
2020	33,937	-	-	9,171,710	170,000	25,669,708	-	6,448,759	41,494,114	1.95%	901
2021	-	-	-	8,229,620	-	24,909,835	-	2,713,108	35,852,563	1.62%	762

Source: Town of Oro Valley Finance Department and U.S. Census Bureau

TOWN OF ORO VALLEY, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2021

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Pima County	\$ 138,191,000	7.60%	\$ 10,496,884
Amphitheater Unified School District	82,255,000	42.47%	34,931,696
Golder Ranch Fire District	54,100,838	69.95%	37,845,903
Subtotal, overlapping debt			83,274,483
Town of Oro Valley	8,229,620	100.00%	8,229,620
<i>Total estimated direct and overlapping debt</i>			<u>\$ 91,504,103</u>

Source: Pima County, Golder Ranch Fire District and Amphitheater Unified School District No. 10.

(1) Estimated percentage of debt outstanding applicable to the Town is calculated based on a portion of the Town's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.

TOWN OF ORO VALLEY, ARIZONA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Debt Limit</i>	\$ 211,576,035	\$ 189,876,207	\$ 177,836,351	\$ 164,704,598	\$ 160,216,343
<i>Total net debt applicable to limit</i>	-	-	-	-	-
<i>Legal debt margin</i>	<u>\$ 211,576,035</u>	<u>\$ 189,876,207</u>	<u>\$ 177,836,351</u>	<u>\$ 164,704,598</u>	<u>\$ 160,216,343</u>
<i>Total net debt applicable to the limit as a percentage of debt limit</i>	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>Debt Limit</i>	\$ 154,257,798	\$ 145,824,512	\$ 144,627,563	\$ 154,118,112	\$ 163,628,543
<i>Total net debt applicable to limit</i>	-	-	-	-	-
<i>Legal debt margin</i>	<u>\$ 154,257,798</u>	<u>\$ 145,824,512</u>	<u>\$ 144,627,563</u>	<u>\$ 154,118,112</u>	<u>\$ 163,628,543</u>
<i>Total net debt applicable to the limit as a percentage of debt limit</i>	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Water Utility Revenue Bonds

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2012	\$ 15,983,999	\$ 2,370,180	\$ 2,190,894	\$ 4,561,074	3.50
2013	16,732,600	2,536,840	1,732,008	4,268,848	3.92
2014	19,397,409	2,406,000	1,429,538	3,835,538	5.06
2015	16,213,273	2,995,560	1,372,024	4,367,584	3.71
2016	16,943,615	3,054,080	1,239,488	4,293,568	3.95
2017	18,169,402	3,054,060	870,547	3,924,607	4.63
2018	19,455,685	2,607,710	897,871	3,505,581	5.55
2019	17,519,158	3,933,228	839,823	4,773,051	3.67
2020	20,218,758	4,348,648	775,538	5,124,186	3.95
2021	22,304,186	5,789,910	661,932	6,451,842	3.46

Governmental Revenue Bonds

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2012	\$ 25,085,767	\$ 304,820	\$ 314,703	\$ 619,523	40.49
2013	28,135,868	321,910	371,951	693,861	40.55
2014	29,512,099	444,000	382,639	826,639	35.70
2015	31,739,256	479,440	367,991	847,431	37.45
2016	31,883,978	530,920	289,630	820,550	38.86
2017	31,739,256	334,940	281,475	616,415	51.49
2018	34,262,128	544,290	280,170	824,460	41.56
2019	36,414,803	763,772	284,213	1,047,985	34.75
2020	36,511,067	877,352	312,875	1,190,227	30.68
2021	37,951,105	942,090	273,354	1,215,444	31.22

Special Assessment

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2012	\$ 366,028	\$ 235,000	\$ 132,423	\$ 367,423	1.00
2013	365,935	250,000	117,576	367,576	1.00
2014	1,462,307	1,380,000	80,020	1,460,020	1.00
2015	178,078	130,000	45,917	175,917	1.01
2016	189,525	145,000	58,189	203,189	0.93
2017	175,539	140,000	33,203	173,203	1.01
2018	175,854	150,000	26,290	176,290	1.00
2019	174,066	155,000	21,363	176,363	0.99
2020	175,197	165,000	11,911	176,911	0.99
2021	172,640	170,000	4,038	174,038	0.99

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
HISTORICAL AND PROJECTED WATER SYSTEM REVENUES, EXPENSES, DEBT SERVICE AND COVERAGE
LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues:										
Water revenues	\$ 14,679,253	\$ 13,764,702	\$ 12,413,502	\$ 13,586,667	\$ 12,493,557	\$ 12,018,429	\$ 11,280,269	\$ 12,169,375	\$ 11,585,181	\$ 11,578,981
Water connection fees	-	810,689	621,106	816,045	816,353	544,852	591,045	1,413,047	706,159	462,762
Alternative water connection fees	4,100,556	1,627,435	1,246,838	1,638,175	1,638,792	1,094,460	1,172,170	2,376,682	1,253,055	759,958
Groundwater preservation fees	2,617,452	2,389,953	2,213,303	2,611,075	2,440,045	2,371,100	2,330,231	2,599,718	2,527,524	2,315,277
Other revenues	906,925	1,625,979	1,024,407	803,723	769,638	710,740	714,965	727,972	660,681	557,222
Interest income	(1,211)	887,772	758,457	-	11,020	203,857	124,593	110,615	-	166,654
Total Revenues	22,302,975	21,106,530	18,277,613	19,455,685	18,169,405	16,943,438	16,213,273	19,397,409	16,732,600	15,840,854
Expenses:										
Personnel	3,480,942	3,392,481	3,236,682	3,155,109	3,021,915	2,952,249	2,767,143	2,659,895	2,537,150	2,497,865
Operations & maintenance	4,133,238	4,288,975	3,445,511	3,838,409	4,719,579	5,059,998	4,530,436	4,303,230	4,564,894	3,559,807
CAP water costs	3,736,489	3,696,131	3,393,317	3,523,052	2,892,392	1,952,117	1,570,793	1,499,594	1,093,105	636,519
Total Expenses	11,350,669	11,377,587	10,075,510	10,516,570	10,633,886	9,964,364	8,868,372	8,462,719	8,195,149	6,694,191
Net water system revenues	10,952,306	9,728,943	8,202,103	8,939,115	7,535,519	6,979,074	7,344,901	10,934,690	8,537,451	9,146,663
Water supported debt service										
2007 WIFA Loan	2,198,236	306,657	310,866	311,000	311,130	311,256	311,377	311,494	316,763	316,875
2009 WIFA Loan	1,310,973	147,425	149,175	149,226	149,275	149,322	149,367	150,471	186,817	182,268
2014 WIFA Loan	372,867	373,072	377,060	377,158	395,534	361,059	296,972	-	-	-
2003 Revenue bonds	-	-	-	-	-	-	-	-	980,000	2,545,435
2003 Refunding revenue bonds	-	-	-	-	-	-	-	-	1,243,058	1,238,996
2005 Excise tax bonds	-	-	-	-	-	-	152,516	152,565	151,245	152,099
2007 Excise tax bonds	-	-	-	-	1,245,403	1,197,678	1,255,948	790,822	791,111	791,203
2012 Refunding bonds	4,168,782	1,930,382	1,996,381	1,963,731	1,980,781	1,995,481	1,971,082	1,968,281	956,975	-
2013 Refunding bonds	-	1,010,000	1,024,645	1,024,073	1,033,428	1,022,420	1,046,558	1,513,427	-	-
2015 Refunding revenue obligations	148,666	149,924	152,339	150,259	25,101	17,116	-	-	-	-
2017 Refunding revenue obligations	1,623,896	1,624,758	1,658,306	235,873	-	-	-	-	-	-
2018 Excise tax revenue obligations	510,498	409,122	-	-	-	-	-	-	-	-
2021 Refunding revenue bonds	18,838	-	-	-	-	-	-	-	-	-
2021 Refunding revenue bonds	11,081	-	-	-	-	-	-	-	-	-
Total water supported debt service	\$ 10,363,837	\$ 5,951,340	\$ 5,668,772	\$ 4,211,320	\$ 5,140,652	\$ 5,054,332	\$ 5,183,820	\$ 4,887,060	\$ 4,625,969	\$ 5,226,876
Debt service coverage	1.06	1.63	1.45	2.12	1.47	1.38	1.42	2.24	1.85	1.75

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<i>Fiscal Year Ended June 30,</i>	<i>Population</i>	<i>Personal Income</i>	<i>Per Capita Personal Income</i>	<i>Unemployment Rate</i>
2012	41,335	1,661,839,665	40,204	6.4%
2013	43,070	1,692,780,210	39,303	6.4%
2014	41,887	1,679,965,408	40,107	6.2%
2015	42,259	1,728,773,431	40,909	5.2%
2016	43,565	1,817,844,597	41,727	5.3%
2017	43,781	1,863,394,821	42,562	4.6%
2018	44,517	1,932,614,654	43,413	4.8%
2019	45,184	2,014,980,480	44,595	4.9%
2020	46,044	2,128,752,252	46,233	8.6%
2021	47,070	2,213,843,310	47,033	5.5%

Source: US Census Bureau, Arizona Employment statistics, and Pima Association of Governments

TOWN OF ORO VALLEY, ARIZONA

PRINCIPAL EMPLOYERS

CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR

<i>June 30, 2021</i>				<i>June 30, 2012</i>			
<i>Employer</i>	<i>Employees</i>	<i>Rank</i>	<i>% of Total Town Employment</i>	<i>Employer</i>	<i>Employees</i>	<i>Rank</i>	<i>% of Total Town Employment</i>
Roche Tissue Diagnostics	1,400	1	7.41%	Ventana Medical Systems	1,350	1	7.83%
Town of Oro Valley	520	2	2.75%	Amphitheater Public Schools	733	2	4.25%
Oro Valley Hospital	421	3	2.23%	Oro Valley Hospital	600	3	3.48%
Amphitheater Public Schools	395	4	2.09%	Hilton El Conquistador Resort	458	4	2.66%
Walmart	325	5	1.72%	Town of Oro Valley	404	5	2.34%
Casa De la Luz Hospice	264	6	1.40%	Wal-Mart Supercenter	330	6	1.91%
Simple View	234	7	1.24%	Fry's Food & Drug	244	7	1.42%
Splendido at Rancho Vistoso	203	8	1.07%	Splendido at Rancho Vistoso	190	8	1.10%
Hilton El Conquistador Resort	135	9	0.71%	Target	170	9	0.99%
Meggitt Securaplane	128	10	0.68%	Kohls	100	10	0.58%
	<u>4,025</u>		<u>21.30%</u>	<i>Total</i>	<u>4,579</u>		<u>26.56%</u>

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

<i>Function/Program</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>
<i>Administration</i>										
Town Clerk	4.73	4.73	4.73	4.69	4.54	4.56	4.56	4.90	4.54	4.44
Town Manager	8.38	10.38	10.38	7.38	7.38	7.38	8.00	7.00	7.00	7.10
Human Resources	4.00	4.00	4.00	3.48	3.48	3.50	3.50	2.00	5.00	5.00
Economic Development	1.00	1.00	1.00	3.00	3.00	3.00	2.00	2.00	3.00	1.00
Finance	7.20	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Information Systems	13.80	9.00	9.00	8.00	7.00	7.00	7.00	7.30	6.50	6.50
Legal	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	8.00
<i>Development & Infrastructure Services</i>	26.78	27.38	27.38	26.88	103.63	83.76	81.45	78.84	77.22	73.38
<i>Parks & Recreation</i>	63.10	63.10	63.10	60.78	48.02	49.36	36.20	37.61	27.26	20.62
<i>Cultural Resources</i>	-	-	-	-	-	0.20	-	-	1.35	1.30
<i>Library</i>	-	-	-	-	-	-	-	-	-	18.55
<i>Police</i>										
Civilians	30.25	31.25	31.25	30.25	31.25	30.25	30.25	25.93	30.25	30.25
Officers	106.88	106.88	101.88	104.88	101.88	102.88	102.88	101.91	101.44	97.96
<i>Magistrate Court</i>	8.48	8.48	8.00	8.00	8.00	8.00	8.00	8.70	8.00	8.00
<i>Public Works</i>	70.89	70.29	70.29	65.79	-	-	-	-	-	-
<i>Water Utility</i>	40.48	39.48	39.48	39.48	39.48	38.48	37.48	37.00	36.00	36.00
Total	391.97	389.97	384.49	375.61	370.66	351.37	334.32	326.19	320.56	325.10

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
WATER UTILITY REVENUES BY USER TYPE
LAST TEN FISCAL YEARS

<i>Fiscal Year</i> <i>Ended</i> <i>June 30,</i>	<i>Residential</i>	<i>Commercial</i>	<i>Irrigation</i>	<i>Irrigation Reclaimed</i>	<i>Construction</i>	<i>Construction Reclaimed</i>	<i>Turf</i>	<i>Turf Reclaimed</i>	<i>Total</i>
2012	\$ 7,761,639	\$ 954,472	\$ 1,050,602	\$ 13,466	\$ 120,830	\$ 653	\$ 115,568	\$ 1,561,750	\$ 11,578,980
2013	7,752,934	962,824	1,040,793	19,000	196,354	884	135,720	1,507,574	11,616,083
2014	7,881,436	886,712	1,169,067	187,622	283,632	816	121,108	1,638,981	12,169,374
2015	7,649,136	779,877	981,545	214,848	271,815	-	115,955	1,267,093	11,280,269
2016	8,103,644	778,915	1,129,741	50,479	310,609	-	114,427	1,530,107	12,017,922
2017	8,416,714	814,041	1,170,946	51,373	224,532	8,733	104,880	1,702,338	12,493,557
2018	8,990,121	860,124	1,371,555	61,504	520,324	13,735	103,126	1,666,178	13,586,667
2019	8,849,732	856,941	1,087,648	69,363	302,780	9,627	69,091	1,168,322	12,413,504
2020	9,798,411	925,233	1,193,423	65,007	345,149	8,787	85,600	1,343,092	13,764,702
2021	10,394,919	902,536	1,513,518	65,537	228,950	8,575	65,356	1,499,862	14,679,253

Source: Town of Oro Valley Water Utility Department

TOWN OF ORO VALLEY, ARIZONA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

<i>Function/Program</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>
<i>Police</i>										
Burglaries	41	42	50	77	71	85	77	75	105	134
Citations (traffic)	3,516	2,681	3,117	2,992	3,446	3,890	4,486	4,668	5,456	5,084
Investigations	1,164	932	963	915	818	824	832	765	681	711
Total arrests	1,438	1,251	1,488	1,786	1,458	1,598	1,721	1,679	1,564	1,716
Thefts	534	501	504	567	493	586	500	561	563	571
<i>Development & Infrastructure Services</i>										
Street resurfacing (miles)	54	51	88	44	89	92	101	73	31	22
<i>Parks & Recreation</i>										
Recreation programs held annually	45	105	96	73	55	52	38	30	35	37
Months of public pool operations	11	12	12	12	12	12	12	12	10	12
Parks maintenance man-hours worked	18,720	18,220	18,311	17,842	15,463	15,083	16,255	20,000	17,000	16,016
<i>Library</i>										
Collection volume	-	-	-	-	-	-	-	-	-	97,364
<i>Water</i>										
New connections	505	273	264	331	340	176	202	165	213	97
Total connections	20,966	20,461	20,188	19,924	19,588	19,355	19,179	18,977	18,812	18,599
<i>Transit</i>										
Total route miles	350,248	455,777	454,277	468,346	568,657	529,170	392,071	439,512	353,936	200,058
Passengers	28,686	39,902	47,847	49,474	51,131	45,202	39,102	39,196	32,442	20,119

Source: Town of Oro Valley Finance Department

Note: Oro Valley Library was transferred to Pima County Library District on January 1, 2013.

TOWN OF ORO VALLEY, ARIZONA
WATER RATES
LAST TEN FISCAL YEARS

<i>Fiscal Year</i> <i>Ended</i> <i>June 30,</i>	<i>Potable Water</i>						<i>Reclaimed</i> <i>Water</i>
	<i>Base Rate</i> <i>Monthly</i>	<i>Tier 1</i> <i>Per 1,000</i>	<i>Tier 2</i> <i>Per 1,000</i>	<i>Tier 3</i> <i>Per 1,000</i>	<i>Tier 4</i> <i>Per 1,000</i>	<i>GPF</i> <i>Per 1,000</i>	<i>Base Rate</i> <i>Monthly</i>
2012	\$ 14.19	\$ 2.20	\$ 2.99	\$ 4.03	\$ 5.38	\$ 0.95	\$ 14.19
2013	14.19	2.20	2.99	4.03	5.38	0.95	14.19
2014	14.19	2.23	3.01	4.07	5.49	0.95	14.19
2015	14.19	2.27	3.10	4.23	5.76	0.90	14.19
2016	14.19	2.32	3.19	4.40	6.05	0.90	14.19
2017	14.62	2.34	3.25	4.53	6.29	0.90	14.62
2018	16.45	2.34	3.25	4.53	6.29	0.90	14.62
2019	18.26	2.34	3.25	4.53	6.29	0.90	14.62
2020	18.26	2.34	3.25	4.53	6.29	0.90	14.62
2021	18.26	2.34	3.25	4.53	6.29	0.90	14.62

Source: Town of Oro Valley Water Utility

Note: The rate for all reclaimed water is \$2.27 per 1,000 gallons.

TOWN OF ORO VALLEY, ARIZONA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

<i>Function/Program</i>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	3	3	3	3	3	3	3
Patrol units	84	84	78	78	72	77	74	64	66	67
Other fleet	41	42	46	65	67	44	45	42	43	42
<i>Development & Infrastructure Services</i>										
Streets (miles)	421	421	421	421	421	421	421	421	205	204
Streetlights	95	95	95	95	95	95	95	95	95	93
Traffic signals	22	22	22	22	19	19	19	19	19	17
<i>Parks & Recreation</i>										
Acreage	449	449	449	449	448	448	448	457	436	436
Playgrounds	3	3	2	2	2	2	2	2	2	2
Baseball/softball diamonds	7	7	7	7	7	7	7	7	7	7
Community centers	1	1	1	1	1	1	1	-	-	-
Golf course holes	36	45	45	45	45	45	45	-	-	-
Tennis courts	31	32	32	32	32	32	32	1	1	1
Swimming pools	2	2	3	4	4	4	4	2	2	2
<i>Water</i>										
Number of Wells	18	18	19	20	20	20	20	18	22	22
Reservoir Storage Capacity	11	11	11	11	11	12	12	13	20	20
Number of Booster Stations	26	26	26	26	26	27	27	26	25	25
<i>Transit</i>										
Transit vans	6	7	7	7	4	4	7	9	5	5
Transit mini buses	23	21	21	21	22	22	19	17	12	10

Source: Town of Oro Valley Finance Department

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