



TOWN OF ORO VALLEY

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020





Prepared by: Finance Department of Town of Oro Valley

David Gephart, CPA  
Chief Financial Officer

Wendy Gomez, MPA  
Finance and Budget Administrator

Aaron VanWinkle  
Senior Accountant

Michael Dyckman, MPA  
Senior Budget Analyst

Suzy Molinar  
Accounting Specialist

Town of Oro Valley, Arizona  
11000 N. La Cañada Drive  
Oro Valley, AZ 85737  
(520)229-4700  
<https://www.orovalleyaz.gov>



**TOWN OF ORO VALLEY, ARIZONA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

---

**TABLE OF CONTENTS**

<b><u>INTRODUCTORY SECTION</u></b>	<b><u>Page</u></b>
Letter of Transmittal	1
Organizational Chart	8
List of Town Officials	9
GFOA Certificate of Achievement	10
<b><u>FINANCIAL SECTION</u></b>	
INDEPENDENT AUDITOR’S REPORT	13
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)	17
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	31
Statement of Activities	32
Fund Financial Statements:	
Balance Sheet – Governmental Funds	36
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	39
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	40
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	43
Statement of Net Position – Proprietary Funds	44

**TOWN OF ORO VALLEY, ARIZONA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

---

**TABLE OF CONTENTS**

<b><u>FINANCIAL SECTION</u></b>	<b>Page</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	45
Statement of Cash Flows – Proprietary Funds	46
Notes to Financial Statements	47
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	87
Community Center Fund	88
Pension Schedules	89
Notes to Required Supplementary Information	95
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>	
Governmental Funds:	
Combining Balance Sheet – All Non-Major Governmental Funds – By Fund Type	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Non-Major Governmental Funds – By Fund Type	102
Special Revenue Funds:	
Combining Balance Sheet	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	107
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	108

**TOWN OF ORO VALLEY, ARIZONA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

---

**TABLE OF CONTENTS**

<b><u>FINANCIAL SECTION</u></b>	<b><u>Page</u></b>
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Debt Service Fund:	
Combining Balance Sheet	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	113
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	114
Capital Projects Funds:	
Combining Balance Sheet	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	119
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	120
<b><u>STATISTICAL SECTION</u></b>	
Financial Trends:	
Net Position by Component	127
Changes in Net Position	128
Fund Balances of Governmental Funds	130
Changes in Fund Balances of Governmental Funds	131
Revenue Capacity:	
Principal Sales Taxpayers	132
Taxable Sales by Category	133

**TOWN OF ORO VALLEY, ARIZONA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

---

**TABLE OF CONTENTS**

<b><u>STATISTICAL SECTION</u></b>	<b><u>Page</u></b>
Direct and Overlapping Sales Tax Rates	134
Net Limited and Full Cash Assessed Value of Taxable Property	135
Historical and Projected Excise Tax Collections	136
Debt Capacity:	
Ratio of Outstanding Debt by Type	137
Direct and Overlapping Governmental Activities Debt	138
Legal Debt Margin Information	139
Calculation of Legal Debt Margin	140
Pledged-Revenue Coverage	141
Historical and Projected Water System Revenues, Expenses, Debt Service and Coverage	142
Demographic and Economic Information:	
Demographic and Economic Statistics	143
Principal Employers	144
Operating Information:	
Full-Time Equivalent Town Employees by Function	145
Water Utility Revenues by User Type	146
Operating Indicators by Function	147
Water Rates	148
Capital Assets Statistics by Function	149

## **INTRODUCTORY SECTION**

(This page intentionally left blank)



December 31, 2020

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 comprehensive annual financial report of the Town of Oro Valley, Arizona (Town) for the fiscal year ended June 30, 2020.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is 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 Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2020, 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, 2020, 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...*

[www.orovalleyaz.gov](http://www.orovalleyaz.gov)

11000 N. La Cañada Drive • Oro Valley, Arizona 85737

phone: (520) 229-4700 • fax: (520) 229-0428

## **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 45,848. The population of Oro Valley has increased 54% 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 as a result of 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 2019-20.

- Received an upgrade by Fitch Ratings of its long-term rating from AA- to AA for Water Revenue Bond obligations
- 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 2019-20 with a \$1.3 million increase in the General Fund ending fund balance
- Issued a Mayoral Declaration of Emergency and amendments to help ensure the community was protected from the COVID-19 pandemic
- Implemented remote Town Council meetings that still allowed for the conduct of municipal business and effective public participation while affected by the Governor's stay-at-home order
- Approved the placement of a permanent base adjustment ballot initiative on the August 2020 primary election ballot
- Approved a plan to continue operating the Town's 36-holes of golf with predictable investments, and implement course improvements on a pay-as-you-go basis
- Secured federal CARES Act funding to assist in dealing with COVID-19-related expenditures in the amount of approximately \$5.3 million for use in FY 2020-21
- Developed an updated reclaimed water cost allocation model and completed the 2019 reclaimed water cost allocation analysis
- Updated and drafted continuity of operations plans across all Town departments
- Continued and accelerated La Cholla Blvd. widening project with partners from Pima County and the Regional Transportation Authority
- Completed La Canada Drive & Moore Road roundabout construction
- Increased employee participation in foundational process improvement skills as part of the Town's Peak Performance initiative, resulting in 35 implemented improvements and an estimated \$65,000 in savings for FY19/20

## ECONOMIC CONDITIONS AND OUTLOOK

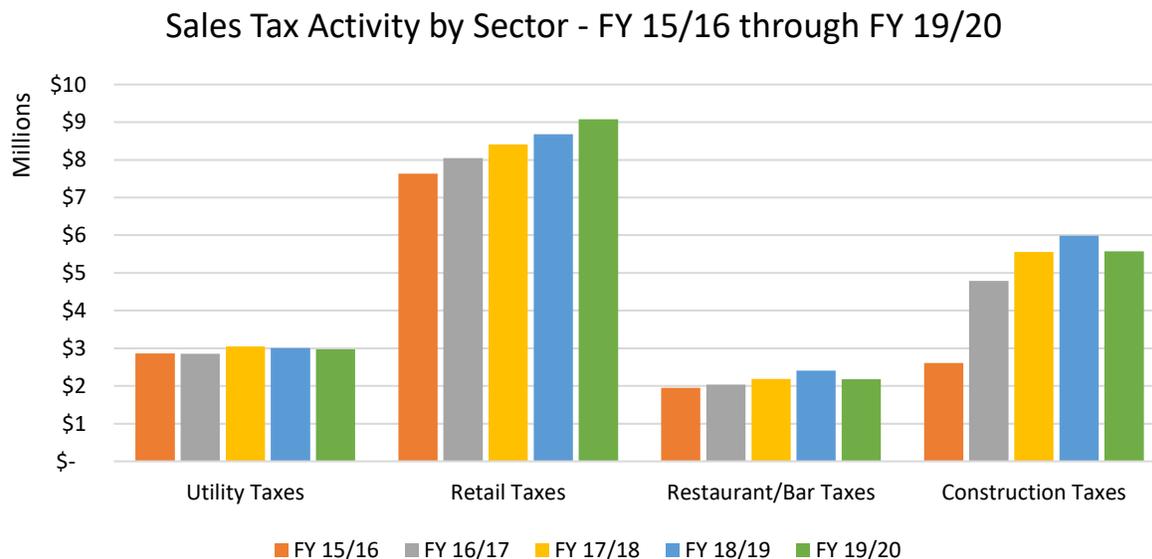
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town operates.

Healthy economic growth is being observed at both the local and state levels, which has impacted the Town’s revenue collections for FY 2019-20 and is expected to continue into FY 2020-21, despite the emergence 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 86% of total General Fund revenue for FY 2019-20.

Total local sales tax collections totaled \$22.7 million for FY 19-20, which represents only a \$518,000 or 2.2% decrease over the last fiscal year. Given the onset of the global COVID-19 pandemic beginning in the fourth quarter of FY 19-20, this reduction was far less than originally anticipated. Major local sales tax categories that experienced year-over-year increases or changes compared to amounts collected in FY 2018-19 are as discussed below:

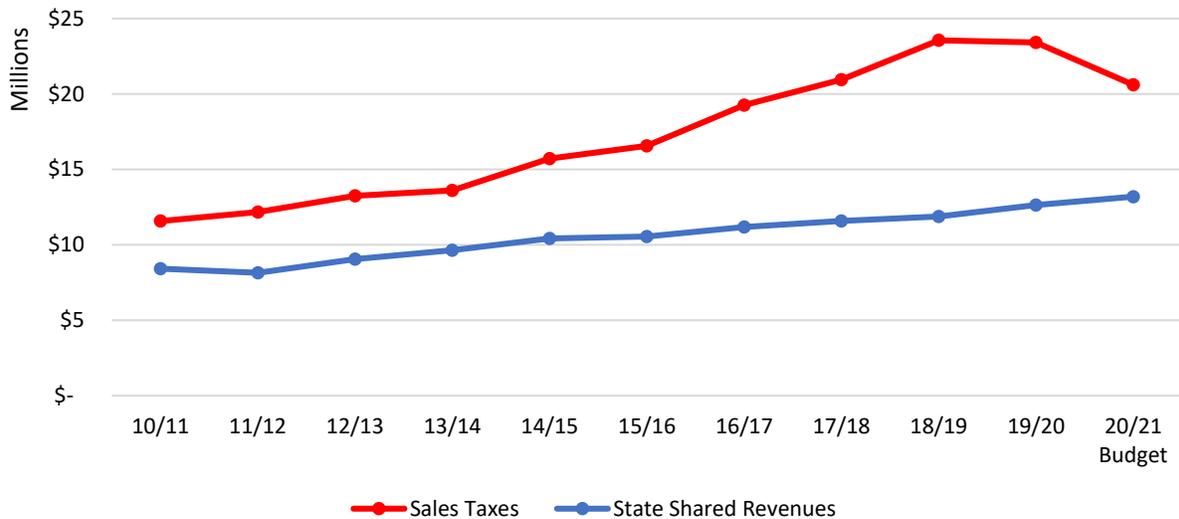
- Retail tax collections totaled \$9.1 million for FY 19-20, up 4.6%, or nearly \$397,000 over last fiscal year.
- Restaurant and bar tax collections totaled \$2.2 million for the fiscal year, down 9.4%, or \$226,000 over last fiscal year due to the onset of COVID-19.
- Construction sales tax collections totaled \$5.6 million for the fiscal year, down 6.9% or \$414,000 from last fiscal year.

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



In FY 2019-20, the Town received \$12.6 million for state shared revenues in the General Fund, up 6.4%, or \$758,000 over last fiscal year. The trend chart below depicts the performance of both of these revenue categories since FY 2010-11:

## Local Sales Tax Collections and State Shared Revenues

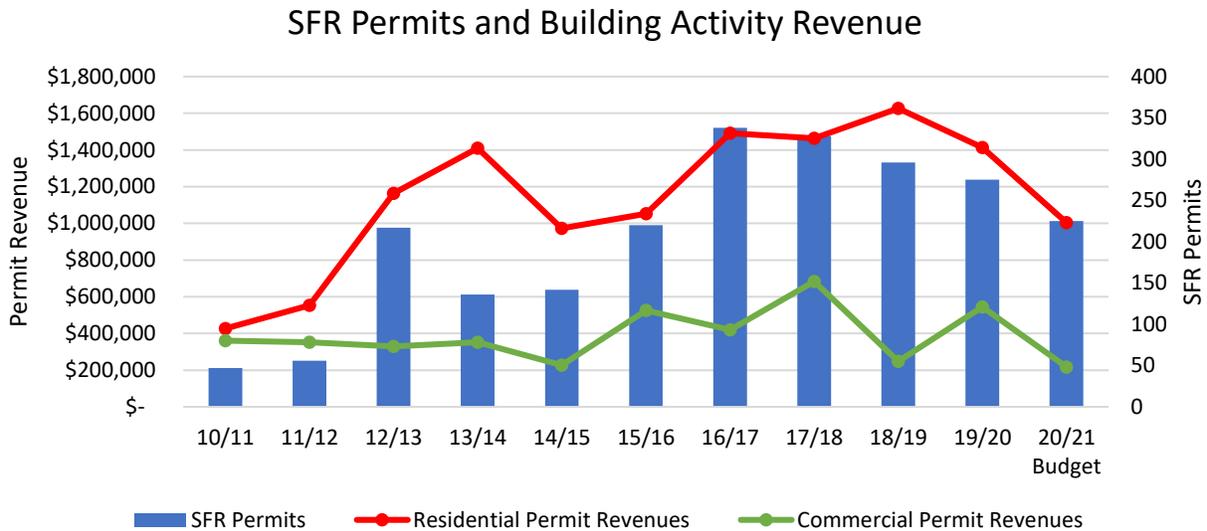


Critical to our success in this area is the preparation of realistic growth assumptions that help guide the Town’s revenue projections. There continues to be healthy economic growth in Oro Valley, the Tucson metropolitan region and State-wide. Arizona remains well-positioned to recover and outpace the nation and most states in job, income and population. The state and the Tucson Metropolitan Statistical Area (MSA-region) is forecast to return to pre-pandemic employment levels by mid-2021. 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 2020-21 state-shared revenue projections are conservative with modest growth compared to the current year.

In the near term, the projected residential development is strong over the next two to three-year period. In FY 2019-20, the Town estimated that 300 single family residential (SFR) building permits would be issued; a total of 275 were issued by year-end. The FY 2020-21 budget includes the assumption that 225 SFRs will be issued during the year as the COVID-19 pandemic would cause a slowdown of home building in the region.

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 2010-11 through FY 2020-21 budget projections.



### **Future Focus**

During FY 2020-21, 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 in the budget. With the expectation of sustained and moderately increasing 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 2020-21, the Town will focus its efforts on supporting the elements of the Town Council adopted Strategic Leadership Plan all while navigating uncertainly and likely revenue disruptions caused by COVID-19.

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

- The FY 2020-21 budget continues the \$500,000 for payment toward the Town’s Public Safety Retirement System (PSPRS) unfunded liability.
- The FY 2020-21 budget includes \$1,500,000 for the Pavement Preservation Program in the Highway Fund, which maintains the current condition of Town streets.
- The FY 2020-21 budget includes investments in Town facilities and infrastructure including funding for enhancing the overall condition of parks and recreational facilities, a new playground structure for Naranja Park, renovations at the historic Steam Pump Ranch, and investments in the Town’s water infrastructure.

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 \$20.9 million, or 47% of FY 20-21 adopted expenditures of \$45 million. This is well above the Council-adopted policy threshold of 25% of adopted 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 comprehensive annual financial report for the year ended June 30, 2019. This was the twenty- sixth 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 comprehensive annual 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 comprehensive annual 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 Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department who assisted and contributed in 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,



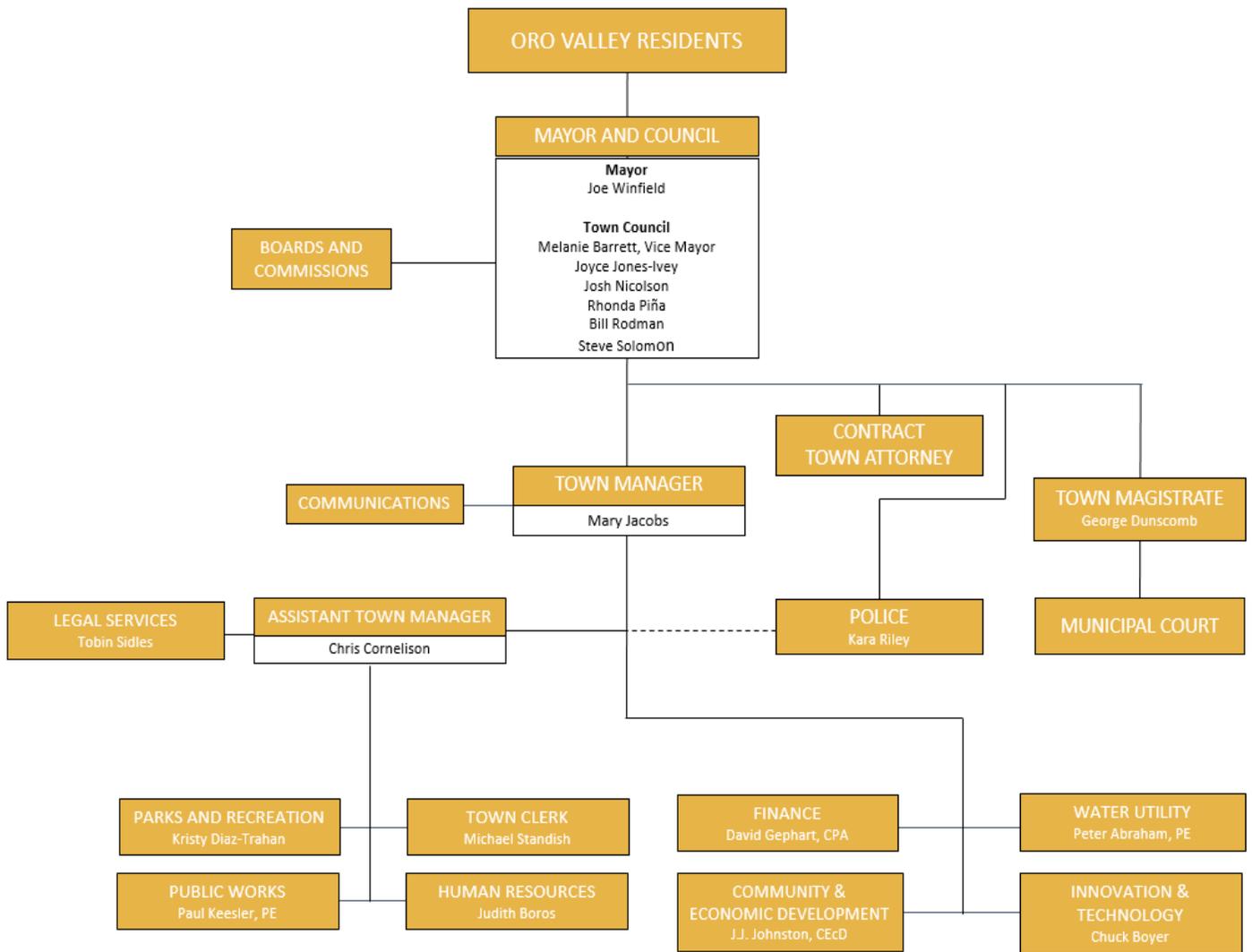
Mary Jacobs  
Town Manager



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	Ms. Joyce Jones-Ivey
Council Member	Mr. Josh Nicolson
Council Member	Ms. Rhonda Piña
Council Member	Mr. Bill Rodman
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	George Dunscomb
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	J.J. Johnston
Parks and Recreation Director	Kristy Diaz-Trahan
Information Technology Director	Chuck Boyer



Government Finance Officers Association

Certificate of  
Achievement  
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, 2019

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**

(This page intentionally left blank)

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oro Valley, Arizona (the Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oro Valley, Arizona, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2020, on our consideration of the Town of Oro Valley, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Oro Valley, Arizona's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Oro Valley, Arizona's internal control over financial reporting and compliance.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Tucson, Arizona  
December 31, 2020

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

(This page intentionally left blank)

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2020**

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, 2020. 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 those significant key financial highlights for 2019-20 as follows.

- The Town's total net position of governmental activities increased \$10.8 million to \$147.4 million and business-type activities increased \$5.3 million to \$102.0 million representing 59 percent and 41 percent respectively, of the total net position of \$249.5 million.
- General revenues from governmental activities accounted for \$37.2 million in revenue, or 54 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 \$31.5 million or 46 percent of total current fiscal year governmental activities revenues. The Town had \$21.8 million of program revenues and \$910,920 in general revenues related to business-type activities.
- The Town had \$57.8 million in expenses related to governmental activities, an increase of 3.9 percent from the prior fiscal year. The Town had \$17.4 million in expenses related to business-type activities, an increase of 6.2 percent from the prior fiscal year.
- Among major funds, the General Fund had \$41.1 million in revenues, which primarily consisted of sales taxes and intergovernmental revenues. The total expenditures of the General Fund were \$38.0 million. The General Fund's fund balance increased from \$19.6 million to \$20.9 million.
- The Community Center Fund had \$6.6 million in revenues, which consisted primarily of sales taxes and charges for services. The total expenditures of the Community Center Fund were \$5.9 million.
- The General Government CIP Fund had \$1.3 million in revenues, which consisted primarily of charges for services and intergovernmental revenues. The total expenditures of the General Government CIP Fund were \$3.6 million.
- The PAG/RTA Fund had \$13.0 million in revenues, which consisted primarily of intergovernmental revenues. The total expenditures of the PAG/RTA Fund were \$13.2 million.
- The Water Fund operating revenues of \$17.8 million exceeded operating expenses of \$15.0 million.

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2020**

**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 of the Town's 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, 2020**

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 \$249.5 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, 2020**

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, 2020 and June 30, 2019.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>2020 Total</i>	<i>2019 Total</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>		
Current and other assets	\$ 39,867,203	\$ 38,879,671	\$ 34,960,112	\$ 34,783,615	\$ 74,827,315	\$ 73,663,286
Capital assets, net	161,980,002	152,100,943	105,784,773	106,448,047	267,764,775	258,548,990
Total assets	<u>201,847,205</u>	<u>190,980,614</u>	<u>140,744,885</u>	<u>141,231,662</u>	<u>342,592,090</u>	<u>332,212,276</u>
Deferred outflows of resources	<u>8,108,517</u>	<u>8,583,039</u>	<u>1,398,832</u>	<u>1,772,104</u>	<u>9,507,349</u>	<u>10,355,143</u>
Current and other liabilities	6,817,895	7,913,936	3,392,461	4,436,971	10,210,356	12,350,907
Long-term liabilities	54,168,500	52,651,566	36,458,387	41,415,050	90,626,887	94,066,616
Total liabilities	<u>60,986,395</u>	<u>60,565,502</u>	<u>39,850,848</u>	<u>45,852,021</u>	<u>100,837,243</u>	<u>106,417,523</u>
Deferred inflows of resources	<u>1,520,632</u>	<u>2,358,904</u>	<u>282,166</u>	<u>482,647</u>	<u>1,802,798</u>	<u>2,841,551</u>
Net position						
Net investment in capital assets	152,604,355	141,506,384	76,933,346	73,170,068	229,537,701	214,676,452
Restricted	6,601,283	5,752,355	-	-	6,601,283	5,752,355
Unrestricted	(11,756,943)	(10,619,492)	25,077,357	23,499,030	13,320,414	12,879,538
Total net position	<u>\$ 147,448,695</u>	<u>\$ 136,639,247</u>	<u>\$ 102,010,703</u>	<u>\$ 96,669,098</u>	<u>\$ 249,459,398</u>	<u>\$ 233,308,345</u>

At the end of the current fiscal year the Town reported positive balances in all categories of net position, except unrestricted governmental activities. This was due to pension liabilities. The same situation held true for the prior fiscal year.

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 principal retirement of \$1,042,354 in bonds and \$2,803 in bond premium for governmental activities, and the principal retirement of \$4.3 million in bonds and \$116,678 in bond premium for business-type activities.
- The addition of \$9.5 million and \$3.7 million for governmental activities and business-type activities, respectively, in accumulated depreciation due to depreciation expense.

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2020**

- The addition of \$19.4 million and \$3.0 million for governmental activities and business-type activities, respectively, in capital assets related to buildings and improvements, infrastructure, and water systems.

**Changes in net position.** The Town's total revenues for the current fiscal year were \$91.4 million. The total cost of all programs and services was \$75.2 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2020 and June 30, 2019.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>2020 Total</i>	<i>2019 Total</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>		
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 11,540,201	\$ 11,000,151	\$ 21,662,374	\$ 18,945,404	\$ 33,202,575	\$ 29,945,555
Operating grants and contributions	3,621,830	4,669,814	-	-	3,621,830	4,669,814
Capital grants and contributions	16,338,347	8,302,441	169,194	2,899,213	16,507,541	11,201,654
General revenues						
Sales taxes	22,757,403	22,924,400	-	-	22,757,403	22,924,400
Franchise taxes	662,048	635,494	-	-	662,048	635,494
Unrestricted state shared revenues	12,638,148	11,879,950	-	-	12,638,148	11,879,950
Investment earnings						
Interest	863,822	797,754	681,901	622,073	1,545,723	1,419,827
Net increase in fair value	234,445	334,461	229,019	152,769	463,464	487,230
Total revenues	<u>68,656,244</u>	<u>60,544,465</u>	<u>22,742,488</u>	<u>22,619,459</u>	<u>91,398,732</u>	<u>83,163,924</u>
<b>Expenses</b>						
General government	17,210,855	14,727,150	-	-	17,210,855	14,727,150
Public safety	19,416,010	18,958,436	-	-	19,416,010	18,958,436
Highways and streets	10,201,832	10,791,469	-	-	10,201,832	10,791,469
Transit	1,106,750	1,125,490	-	-	1,106,750	1,125,490
Culture and recreation	9,551,170	9,699,357	-	-	9,551,170	9,699,357
Interest on long-term debt	362,651	355,545	-	-	362,651	355,545
Water	-	-	15,953,546	15,089,673	15,953,546	15,089,673
Stormwater	-	-	1,444,865	1,291,490	1,444,865	1,291,490
Total expenses	<u>57,849,268</u>	<u>55,657,447</u>	<u>17,398,411</u>	<u>16,381,163</u>	<u>75,247,679</u>	<u>72,038,610</u>
Excess/(Deficiency) before transfers	10,806,976	4,887,018	5,344,077	6,238,296	16,151,053	11,125,314
Transfers	2,472	2,581	(2,472)	(2,581)	-	-
Change in net position	<u>10,809,448</u>	<u>4,889,599</u>	<u>5,341,605</u>	<u>6,235,715</u>	<u>16,151,053</u>	<u>11,125,314</u>
Beginning net position	<u>136,639,247</u>	<u>131,749,648</u>	<u>96,669,098</u>	<u>90,433,383</u>	<u>233,308,345</u>	<u>222,183,031</u>
Ending net position	<u>\$ 147,448,695</u>	<u>\$ 136,639,247</u>	<u>\$ 102,010,703</u>	<u>\$ 96,669,098</u>	<u>\$ 249,459,398</u>	<u>\$ 233,308,345</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2020**

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

- Total expenses increased \$3.2 million, or 4.5 percent, primarily due to an increase in general government costs related to COVID-19 and increased pension expenses.
- Total revenues increased \$8.2 million, or 9.9 percent, primarily due to additional intergovernmental revenue for road construction projects.

**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 State and Town's taxpayers by each of these functions.

	<u>June 30, 2020</u>		<u>June 30, 2019</u>	
	<u>Total Expenses</u>	<u>Net (Expense) Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense) Revenue</u>
<b><u>Governmental Activities</u></b>				
General government	\$ 17,210,855	\$ (11,229,594)	\$ 14,727,150	\$ (9,092,911)
Public safety	19,416,010	(18,613,906)	18,958,436	(18,236,602)
Highways and streets	10,201,832	8,854,740	10,791,469	423,912
Transit	1,106,750	153,792	1,125,490	235,760
Culture and recreation	9,551,170	(5,151,271)	9,699,357	(4,659,655)
Interest on long-term debt	362,651	(362,651)	355,545	(355,545)
<i>Total</i>	<u>\$ 57,849,268</u>	<u>\$ (26,348,890)</u>	<u>\$ 55,657,447</u>	<u>\$ (31,685,041)</u>
<b><u>Business-type Activities</u></b>				
Water	\$ 15,953,546	\$ 4,434,406	\$ 15,089,673	\$ 5,328,698
Stormwater drainage	1,444,865	(1,249)	1,291,490	134,756
<i>Total</i>	<u>\$ 17,398,411</u>	<u>\$ 4,433,157</u>	<u>\$ 16,381,163</u>	<u>\$ 5,463,454</u>

- The cost of all governmental activities this year was \$57.8 million. The increase of \$2.2 million from the prior year was due primarily to an increase in general government expenses due to COVID-19 and pensions.
- The cost of all business-type activities this year was \$17.4 million. The increase of \$1.0 million 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 \$53.3 million.
- Net cost of governmental activities of \$26.3 million was financed by general revenues, which are made up of primarily sales taxes and state shared revenues of \$35.4 million.

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2020**

**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 \$29.7 million, an increase of \$213,883. This was primarily due to an increase in intergovernmental revenues.

The General Fund comprises 70.5 percent of the total governmental fund balance. Approximately \$10.4 million, or 50 percent of the General's Fund ending fund balance is unassigned. The General Fund is the principal operating fund of the Town. The increase in fund balance of \$1.3 million to \$20.9 million as of fiscal year end was a result of increased intergovernmental revenues. Despite the increase in intergovernmental revenue collections, General Fund revenues only increased \$141,626 as a whole. General Fund expenditures increased \$2.5 million primarily due to increased general government costs related to dealing with combatting COVID-19.

The Community Center Fund's ending fund balance increased from \$495,932 to \$862,818, due to a decrease in contracted services expenditures, as well as a decrease in operational costs and facility closures due to COVID-19.

The General Government CIP Fund's ending fund balance decreased from \$3.6 million to \$2.4 million due to a planned drawdown of fund balance to complete capital projects.

The PAG/RTA Fund's ending fund balance decreased from \$566,136 to \$382,519 due to timing of intergovernmental reimbursement agreements utilized to complete street projects.

**Proprietary funds.** Net position of the Enterprise Funds at the end of the year amounted to \$102.0 million. This increased by \$5.3 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 \$2.1 million. This increased by \$1.1 million 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, 2020**

**BUDGETARY HIGHLIGHTS**

There were no amendments to the Town of Oro Valley's fiscal year 2019-20 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 \$1.5 million in sales taxes was a result of conservative budget estimates as well as better-than-expected collections.
- The favorable variance of \$.7 million in general government expenditures was a result of personnel savings from vacancies and hiring freezes, and other operational savings throughout the year.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the Town had invested \$267.8 million in capital assets (net of accumulated depreciation), including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. This amount represents a net increase of \$9.2 million from last year. This was primarily due to road improvement projects, expansion of the Town's water system, as well as depreciation expense of \$13.2 million.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2020 and June 30, 2019.

	<i>Governmental</i>		<i>Increase/ (Decrease)</i>
	<i>Activities</i>		
	<u>2020</u>	<u>2019</u>	
Land and improvements	\$ 19,518,801	\$ 19,518,801	\$ -
Infrastructure	191,788,060	188,485,038	3,303,022
Buildings	41,732,499	40,261,741	1,470,758
Machinery, equipment, and vehicles	17,628,436	16,978,935	649,501
Construction in progress	23,119,854	9,473,241	13,646,613
Accumulated depreciation	(131,807,648)	(122,616,813)	(9,190,835)
<b>Net capital assets</b>	<u>\$ 161,980,002</u>	<u>\$ 152,100,943</u>	<u>\$ 9,879,059</u>

	<i>Business-type</i>		<i>Increase/ (Decrease)</i>
	<i>Activities</i>		
	<u>2020</u>	<u>2019</u>	
Land and improvements	\$ 2,410,660	\$ 2,410,660	\$ -
Water rights	8,534,490	8,534,490	-
Water system	139,052,402	136,565,936	2,486,466
Stormwater system	3,478,844	3,230,283	248,561
Machinery, equipment, and vehicles	5,887,424	5,752,158	135,266
Construction in progress	3,388,124	3,286,193	101,931
Accumulated depreciation	(56,967,171)	(53,331,673)	(3,635,498)
<b>Net capital assets</b>	<u>\$ 105,784,773</u>	<u>\$ 106,448,047</u>	<u>\$ (663,274)</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2020**

The estimated cost to complete current construction projects is \$36.0 million. Additional information on the Town's capital assets can be found in Note 6.

**Debt Administration.** At year end, the Town had \$40.6 million in long-term debt outstanding with \$5.3 million due within one year. Long-term debt decreased by \$6.2 million due to the normal repayment of bonds and other long-term debt. The following table presents a summary of the Town's outstanding long-term debt for the fiscal years ended June 30, 2020 and June 30, 2019.

	<i>Governmental</i>		<i>Increase/ (Decrease)</i>
	<i>Activities</i>		
	<u>2020</u>	<u>2019</u>	
Revenue bonds	\$ 9,171,710	\$ 10,049,064	\$ (877,354)
Special assessment bonds	170,000	335,000	(165,000)
Capital leases	33,937	254,070	(220,133)
	<u>\$ 9,375,647</u>	<u>\$ 10,638,134</u>	<u>\$ (1,262,487)</u>
	<i>Business-type</i>		<i>Increase/ (Decrease)</i>
	<i>Activities</i>		
	<u>2020</u>	<u>2019</u>	
Revenue bonds	\$ 24,736,288	\$ 29,084,936	\$ (4,348,648)
Loans payable	6,448,759	7,079,179	(630,420)
	<u>\$ 31,185,047</u>	<u>\$ 36,164,115</u>	<u>\$ (4,979,068)</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 \$146.1 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 \$43.8 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 11.

**TOWN OF ORO VALLEY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2020**

**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 2020-21 budget. Among them:

- The unemployment rate for the Town of Oro Valley is currently 8.6 percent. Pima County's and the State of Arizona's unemployment rates are 10.0 percent and 9.9 percent, respectively.
- The Town's net full cash assessed valuation for the current year is \$730,293,104.
- Single family residential (SFR) building permits issued in this fiscal year totaled 275, as compared to 296 SFR building permits issued last fiscal year. Projections for SFR building permits are 225 for fiscal year 2020-21.

The adopted combined operating and capital expenditure budget for fiscal year 2020-21 totals \$105.4 million, a decrease of \$5.6 million, or 5 percent over last year's budget of \$111.0 million. This decrease is primarily due to decreases in budgeted expenditures for operations and maintenance costs and capital spending. The budget for fiscal year 2020-21 continues to place emphasis on achieving the goals identified in the Town's adopted Strategic Plan, which was recently updated in fiscal year 2016-17 and includes the following focus areas: economic development, complete community, parks and recreation, public safety, Town assets, water resources and energy, cultural resources, land use and design, transportation and cost of services.

**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**

(This page intentionally left blank)

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

(This page intentionally left blank)

**TOWN OF ORO VALLEY, ARIZONA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 32,140,416	\$ 32,135,625	\$ 64,276,041
Taxes receivable	2,576,913	-	2,576,913
Accounts receivable	444,431	2,583,943	3,028,374
Interest receivable	129,468	123,586	253,054
Intergovernmental receivable	4,286,831	-	4,286,831
Special assessments	170,000	-	170,000
Inventories	61,292	-	61,292
Prepaid items	57,852	116,958	174,810
Total current assets	<u>39,867,203</u>	<u>34,960,112</u>	<u>74,827,315</u>
<b>Noncurrent assets:</b>			
Capital assets, non-depreciable	42,638,655	14,333,274	56,971,929
Capital assets, depreciable (net)	119,341,347	91,451,499	210,792,846
Total noncurrent assets	<u>161,980,002</u>	<u>105,784,773</u>	<u>267,764,775</u>
Total Assets	<u>201,847,205</u>	<u>140,744,885</u>	<u>342,592,090</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	905,765	905,765
Pension plan items	8,108,517	493,067	8,601,584
Total Deferred Outflows of Resources	<u>8,108,517</u>	<u>1,398,832</u>	<u>9,507,349</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	3,028,216	684,209	3,712,425
Accrued wages and benefits	1,107,091	162,773	1,269,864
Intergovernmental payable	124,134	1,316,149	1,440,283
Interest payable	-	486,136	486,136
Unearned revenue	768,959	-	768,959
Claims payable	251,704	-	251,704
Customer deposits payable	563,310	743,194	1,306,504
Other accrued liabilities	974,481	-	974,481
Compensated absences	1,813,015	232,778	2,045,793
Capital leases payable	33,937	-	33,937
Loans payable	-	649,731	649,731
Bonds payable	1,112,090	3,544,910	4,657,000
Total current liabilities	<u>9,776,937</u>	<u>7,819,880</u>	<u>17,596,817</u>
<b>Noncurrent liabilities:</b>			
Noncurrent portion of long-term obligations	51,209,458	32,030,968	83,240,426
Total noncurrent liabilities	<u>51,209,458</u>	<u>32,030,968</u>	<u>83,240,426</u>
Total Liabilities	<u>60,986,395</u>	<u>39,850,848</u>	<u>100,837,243</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan items	1,520,632	282,166	1,802,798
<b>NET POSITION</b>			
Net investment in capital assets	152,604,355	76,933,346	229,537,701
Restricted for:			
Capital projects	3,849,159	-	3,849,159
Debt service	176,562	-	176,562
Public safety	244,194	-	244,194
Highway and streets	2,331,368	-	2,331,368
Unrestricted	(11,756,943)	25,077,357	13,320,414
Total Net Position	<u>\$ 147,448,695</u>	<u>\$ 102,010,703</u>	<u>\$ 249,459,398</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, 2020**

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i>			<i>Revenue and Changes in Net Position</i>
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>
<b>Primary Government</b>					
Governmental activities:					
General government	\$ 17,210,855	\$ 5,205,012	\$ 90,761	\$ 685,488	\$ (11,229,594)
Public safety	19,416,010	157,312	626,399	18,393	(18,613,906)
Highway and streets	10,201,832	1,675,929	1,746,177	15,634,466	8,854,740
Transit	1,106,750	110,309	1,150,233	-	153,792
Culture and recreation	9,551,170	4,391,639	8,260	-	(5,151,271)
Interest on long-term debt	362,651	-	-	-	(362,651)
Total governmental activities	57,849,268	11,540,201	3,621,830	16,338,347	(26,348,890)
Business-type activities:					
Water	15,953,546	20,218,758	-	169,194	-
Stormwater	1,444,865	1,443,616	-	-	-
Total business-type activities	17,398,411	21,662,374	-	169,194	-
<b>Total Primary Government</b>	<b>\$ 75,247,679</b>	<b>\$ 33,202,575</b>	<b>\$ 3,621,830</b>	<b>\$ 16,507,541</b>	<b>\$ (26,348,890)</b>
<b>General revenues:</b>					
Taxes:					
Sales taxes					22,757,403
Franchise taxes					662,048
Unrestricted state shared revenues					12,638,148
Investment income:					
Interest					863,822
Net increase in fair value of investments					234,445
<b>Transfers</b>					2,472
<b>Total general revenues and transfers</b>					37,158,338
<b>Changes in net position</b>					
<b>Net position, beginning of year</b>					136,639,247
<b>Net position, end of year</b>					\$ 147,448,695

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

---

***Net (Expense) Revenue and  
Changes in Net Position***

<b><i>Business-type Activities</i></b>	<b><i>Totals</i></b>
\$ -	\$ (11,229,594)
-	(18,613,906)
-	8,854,740
-	153,792
-	(5,151,271)
-	(362,651)
-	(26,348,890)
<hr/>	
4,434,406	4,434,406
(1,249)	(1,249)
4,433,157	4,433,157
\$ 4,433,157	\$ (21,915,733)
<hr/>	
-	22,757,403
-	662,048
-	12,638,148
681,901	1,545,723
229,019	463,464
(2,472)	-
908,448	38,066,786
<hr/>	
5,341,605	16,151,053
96,669,098	233,308,345
\$ 102,010,703	\$ 249,459,398

(This page intentionally left blank)

**FUND FINANCIAL STATEMENTS**

**TOWN OF ORO VALLEY, ARIZONA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
*JUNE 30, 2020*

	<u>General</u>	<u>Community Center</u>
<b><u>ASSETS</u></b>		
Cash and investments	\$ 20,600,281	\$ 1,089,666
Taxes receivable	2,356,652	220,261
Accounts receivable	360,303	16,168
Interest receivable	75,917	3,907
Intergovernmental receivable	677,032	-
Special assessments	-	-
Inventories	-	61,292
Prepaid items	45,553	11,909
Due from other funds	675,713	-
<b>Total Assets</b>	<b>\$ 24,791,451</b>	<b>\$ 1,403,203</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>		
<b>Liabilities:</b>		
Accounts payable	\$ 991,913	\$ 110,961
Accrued payroll and related benefits	1,107,091	-
Intergovernmental payable	124,134	-
Unearned revenue	335,690	272,079
Customer deposits payable	510,739	5,200
Other accrued liabilities	822,336	152,145
Due to other funds	-	-
<b>Total Liabilities</b>	<b>3,891,903</b>	<b>540,385</b>
<b>Deferred inflows of resources:</b>		
Unavailable revenue - Special assessments	-	-
Unavailable revenue - Intergovernmental	-	-
<b>Total Deferred inflows of resources:</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>		
Nonspendable	45,553	73,201
Restricted	-	-
Committed	10,485,304	789,617
Assigned	-	-
Unassigned	10,368,691	-
<b>Total Fund Balances</b>	<b>20,899,548</b>	<b>862,818</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 24,791,451</b>	<b>\$ 1,403,203</b>

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

<i>General Government CIP</i>	<i>PAG/RTA</i>	<i>Non-Major Governmental Funds</i>	<i>Total Governmental Funds</i>
\$ 2,595,985	\$ -	\$ 5,371,987	\$ 29,657,919
-	-	-	2,576,913
6,463	-	61,497	444,431
18,399	-	24,688	122,911
-	3,338,683	271,116	4,286,831
-	-	170,000	170,000
-	-	-	61,292
-	-	-	57,462
-	-	-	675,713
<u>\$ 2,620,847</u>	<u>\$ 3,338,683</u>	<u>\$ 5,899,288</u>	<u>\$ 38,053,472</u>
\$ 210,111	\$ 1,150,564	\$ 415,750	\$ 2,879,299
-	-	-	1,107,091
-	-	-	124,134
-	-	161,190	768,959
-	-	47,371	563,310
-	-	-	974,481
-	675,713	-	675,713
<u>210,111</u>	<u>1,826,277</u>	<u>624,311</u>	<u>7,092,987</u>
-	-	170,000	170,000
-	1,129,887	-	1,129,887
-	1,129,887	170,000	1,299,887
-	-	-	118,754
-	382,519	5,088,877	5,471,396
-	-	16,100	11,291,021
2,410,736	-	-	2,410,736
-	-	-	10,368,691
<u>2,410,736</u>	<u>382,519</u>	<u>5,104,977</u>	<u>29,660,598</u>
<u>\$ 2,620,847</u>	<u>\$ 3,338,683</u>	<u>\$ 5,899,288</u>	<u>\$ 38,053,472</u>

(This page intentionally left blank)

**TOWN OF ORO VALLEY, ARIZONA**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

---

<i>Governmental Fund Balances</i>		\$ 29,660,598
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.		1,299,887
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	293,787,650	
Less accumulated depreciation	<u>(131,807,648)</u>	161,980,002
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	8,108,517	
Deferred inflows of resources related to pensions	<u>(1,520,632)</u>	6,587,885
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.		2,088,823
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable	(2,389,833)	
Capital leases	(33,937)	
Special assessment bonds	(170,000)	
Revenue bonds payable	(9,171,710)	
Net pension liability	<u>(42,403,020)</u>	<u>(54,168,500)</u>
<i>Net Position of Governmental Activities</i>		<u>\$ 147,448,695</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, 2020**

	<u>General</u>	<u>Community Center</u>	<u>General Government CIP</u>
<b>REVENUES</b>			
Sales taxes	\$ 20,172,487	\$ 2,584,916	\$ -
Franchise taxes	662,048	-	-
Development impact fees	-	-	-
Special assessments	-	-	-
Intergovernmental	14,527,210	-	199,810
Licenses, fees and permits	2,400,849	-	-
Fines, forfeitures and penalties	111,611	-	-
Charges for services	2,072,288	3,940,063	536,904
Investment income:			
Interest	585,349	19,462	92,475
Net increase/(decrease) in fair value of investments	222,231	10,697	(7,206)
Other	311,906	-	485,678
<i>Total Revenues</i>	<u>41,065,979</u>	<u>6,555,138</u>	<u>1,307,661</u>
<b>EXPENDITURES</b>			
Current:			
General government	16,531,008	-	-
Public safety	16,721,674	-	-
Highway and streets	-	-	-
Transit	1,110,444	-	-
Culture and recreation	3,189,550	5,545,844	-
Capital outlay	409,984	123,002	3,607,970
Debt service:			
Principal retirement	-	220,133	-
Interest and fiscal charges	-	30,463	-
<i>Total Expenditures</i>	<u>37,962,660</u>	<u>5,919,442</u>	<u>3,607,970</u>
<b>REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	3,103,319	635,696	(2,300,309)
<b>OTHER FINANCING SOURCES/(USES)</b>			
Transfers in/(out), net	(1,775,436)	(268,810)	1,100,000
<i>Total Other Financing Sources (Uses)</i>	<u>(1,775,436)</u>	<u>(268,810)</u>	<u>1,100,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,327,883	366,886	(1,200,309)
<b>FUND BALANCES, Beginning of year</b>	<u>19,571,665</u>	<u>495,932</u>	<u>3,611,045</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 20,899,548</u>	<u>\$ 862,818</u>	<u>\$ 2,410,736</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>
\$ -	\$ -	\$ 22,757,403
-	-	662,048
-	980,302	980,302
-	175,197	175,197
12,121,864	3,991,208	30,840,092
-	50	2,400,899
-	71,770	183,381
913,924	-	7,463,179
-	166,536	863,822
-	8,723	234,445
-	168,004	965,588
<u>13,035,788</u>	<u>5,561,790</u>	<u>67,526,356</u>
-	-	16,531,008
-	46,320	16,767,994
-	1,904,698	1,904,698
-	-	1,110,444
-	-	8,735,394
13,219,405	3,277,105	20,637,466
-	1,042,354	1,262,487
-	334,991	365,454
<u>13,219,405</u>	<u>6,605,468</u>	<u>67,314,945</u>
(183,617)	(1,043,678)	211,411
-	946,718	2,472
<u>-</u>	<u>946,718</u>	<u>2,472</u>
(183,617)	(96,960)	213,883
<u>566,136</u>	<u>5,201,937</u>	<u>29,446,715</u>
<u>\$ 382,519</u>	<u>\$ 5,104,977</u>	<u>\$ 29,660,598</u>

(This page intentionally left blank)

**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, 2020**

---

<i>Net change in fund balances - total governmental funds</i>	\$	213,883
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Some revenues in the Statement of Activities do not provide current financial resources and therefore are not reported as revenues in the governmental funds.</p>		964,887
<p>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.</p>		
Expenditures for capital assets	\$ 19,370,055	
Less current year depreciation	<u>(9,470,832)</u>	9,899,223
<p>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.</p>		(2,550,182)
<p>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.</p>		
Loss on disposal of assets	\$ (20,164)	
Amortization of deferred bond items	2,803	
Compensated absences	<u>(65,455)</u>	(82,816)
<p>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.</p>		1,101,966
<p>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.</p>		
Capital lease principal retirement	\$ 220,133	
Revenue bond principal retirement	877,354	
Special assessment bond principal retirement	<u>165,000</u>	<u>1,262,487</u>
<i>Change in net position of governmental activities.</i>	\$	<u><u>10,809,448</u></u>

**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, 2020**

	<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>
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and investments	\$ 31,507,599	\$ 628,026	\$ 32,135,625	\$ 2,482,497
Accounts receivable	2,391,212	192,731	2,583,943	-
Interest receivable	119,457	4,129	123,586	6,557
Prepaid items	116,958	-	116,958	390
Total current assets	34,135,226	824,886	34,960,112	2,489,444
<i>Noncurrent assets:</i>				
Capital assets, non-depreciable	14,333,274	-	14,333,274	-
Capital assets, depreciable (net)	88,115,181	3,336,318	91,451,499	-
Total noncurrent assets	102,448,455	3,336,318	105,784,773	-
<i>Total Assets</i>	136,583,681	4,161,204	140,744,885	2,489,444
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	905,765	-	905,765	-
Pension and other postemployment plan items	398,726	94,341	493,067	-
<i>Total Deferred Outflows of Resources</i>	1,304,491	94,341	1,398,832	-
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable and accrued expenses	613,405	70,804	684,209	148,917
Accrued wages and benefits	129,881	32,892	162,773	-
Intergovernmental payable	1,316,149	-	1,316,149	-
Interest payable	486,136	-	486,136	-
Claims payable	-	-	-	251,704
Customer deposits payable	743,194	-	743,194	-
Compensated absences	216,169	16,609	232,778	-
Loans payable	649,731	-	649,731	-
Bonds payable	3,544,910	-	3,544,910	-
Total current liabilities	7,699,575	120,305	7,819,880	400,621
<i>Noncurrent liabilities:</i>				
Noncurrent portion of long-term obligations	31,606,070	424,898	32,030,968	-
Total noncurrent liabilities	31,606,070	424,898	32,030,968	-
<i>Total Liabilities</i>	39,305,645	545,203	39,850,848	400,621
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension and other postemployment plan items	228,178	53,988	282,166	-
<b>NET POSITION</b>				
Net investment in capital assets	73,597,028	3,336,318	76,933,346	-
Unrestricted	24,757,321	320,036	25,077,357	2,088,823
<i>Total Net Position</i>	\$ 98,354,349	\$ 3,656,354	\$ 102,010,703	\$ 2,088,823

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, 2020**

	<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>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 17,008,766	\$ 1,443,576	\$ 18,452,342	\$ -
Other	771,868	40	771,908	-
Self insurance premiums	-	-	-	3,839,359
<i>Total Operating Revenues</i>	<u>17,780,634</u>	<u>1,443,616</u>	<u>19,224,250</u>	<u>3,839,359</u>
<b>OPERATING EXPENSES:</b>				
Costs of sales and services	11,089,103	1,003,295	12,092,398	-
Contractual services	325,496	271,570	597,066	-
Depreciation and amortization	3,566,675	170,000	3,736,675	-
Claims payments	-	-	-	2,174,893
Administrative	-	-	-	103,651
Reinsurance premiums	-	-	-	524,363
<i>Total Operating Expenses</i>	<u>14,981,274</u>	<u>1,444,865</u>	<u>16,426,139</u>	<u>2,802,907</u>
<b>OPERATING INCOME (LOSS)</b>	<u>2,799,360</u>	<u>(1,249)</u>	<u>2,798,111</u>	<u>1,036,452</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Development impact fees	1,627,435	-	1,627,435	-
Connection fees	810,689	-	810,689	-
Investment income:				
Interest	660,927	20,974	681,901	43,104
Net increase in fair value of investments	226,845	2,174	229,019	22,410
Interest expense	(972,272)	-	(972,272)	-
<i>Total Nonoperating Revenues (Expenses)</i>	<u>2,353,624</u>	<u>23,148</u>	<u>2,376,772</u>	<u>65,514</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>5,152,984</u>	<u>21,899</u>	<u>5,174,883</u>	<u>1,101,966</u>
<b>CAPITAL CONTRIBUTIONS</b>	169,194	-	169,194	-
<b>TRANSFERS OUT</b>	(2,472)	-	(2,472)	-
<b>NET CHANGE IN NET POSITION</b>	<u>5,319,706</u>	<u>21,899</u>	<u>5,341,605</u>	<u>1,101,966</u>
<b>NET POSITION, Beginning of year</b>	<u>93,034,643</u>	<u>3,634,455</u>	<u>96,669,098</u>	<u>986,857</u>
<b>NET POSITION, End of year</b>	<u>\$ 98,354,349</u>	<u>\$ 3,656,354</u>	<u>\$ 102,010,703</u>	<u>\$ 2,088,823</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, 2020**

	<i>Enterprise Funds</i>			<i>Governmental</i>
	<i>Water</i>	<i>Non-major Enterprise Fund</i>	<i>Total</i>	<i>Internal Service Fund</i>
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>				
<i>Cash flows from operating activities:</i>				
Cash received from customers	\$ 17,901,228	\$ 1,448,078	\$ 19,349,306	\$ -
Cash received from premiums	-	-	-	3,839,359
Cash payments to suppliers for goods and services	(8,116,035)	(720,796)	(8,836,831)	(518,593)
Cash payments to employees for services	(3,204,971)	(727,580)	(3,932,551)	-
Cash payments for claims	-	-	-	(2,256,612)
<b>Net cash provided by (used for) operating activities</b>	<b>6,580,222</b>	<b>(298)</b>	<b>6,579,924</b>	<b>1,064,154</b>
<i>Cash flows from noncapital and related financing activities:</i>				
Interfund transfers	(2,472)	-	(2,472)	-
Connection fees	810,689	-	810,689	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>808,217</b>	<b>-</b>	<b>808,217</b>	<b>-</b>
<i>Cash flows from capital and related financing activities:</i>				
Development impact fees	1,627,435	-	1,627,435	-
Acquisition of capital assets	(2,515,113)	(354,592)	(2,869,705)	-
Principal paid on long-term debt	(4,979,066)	-	(4,979,066)	-
Interest on long-term debt	(1,077,574)	-	(1,077,574)	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(6,944,318)</b>	<b>(354,592)</b>	<b>(7,298,910)</b>	<b>-</b>
<i>Cash flows from investing activities:</i>				
Investment income	768,315	19,019	787,334	58,957
<b>Net cash provided by (used for) investing activities</b>	<b>768,315</b>	<b>19,019</b>	<b>787,334</b>	<b>58,957</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,212,436</b>	<b>(335,871)</b>	<b>876,565</b>	<b>1,123,111</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>30,295,163</b>	<b>963,897</b>	<b>31,259,060</b>	<b>1,359,386</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 31,507,599</b>	<b>\$ 628,026</b>	<b>\$ 32,135,625</b>	<b>\$ 2,482,497</b>
<b><u>Reconciliation of Operating Income (Loss) to</u></b>				
<b><u>Net Cash Provided by (Used for) Operating Activities</u></b>				
<b>Operating income (loss)</b>	<b>\$ 2,799,360</b>	<b>\$ (1,249)</b>	<b>\$ 2,798,111</b>	<b>\$ 1,036,452</b>
<i>Adjustments to reconcile operating income (loss)</i>				
<i>to net cash provided by (used for) operating activities:</i>				
Depreciation and amortization	3,566,675	170,000	3,736,675	-
<i>Change in assets and liabilities:</i>				
Accounts receivable	96,562	4,462	101,024	-
Prepaid items	(42,452)	-	(42,452)	(390)
Accounts payable	(51,466)	(209,578)	(261,044)	109,811
Claims payable	-	-	-	(81,719)
Accrued wages and benefits	72,086	8,838	80,924	-
Customer deposits payable	24,032	-	24,032	-
Pension/OPEB items	115,425	27,229	142,654	-
<b>Total adjustments</b>	<b>3,780,862</b>	<b>951</b>	<b>3,781,813</b>	<b>27,702</b>
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 6,580,222</b>	<b>\$ (298)</b>	<b>\$ 6,579,924</b>	<b>\$ 1,064,154</b>
<b><u>Non-cash capital and financing activities</u></b>				
Contribution of assets from developers	\$ 169,194	\$ -	\$ 169,194	\$ -

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 \$146.1 million, and for all other purposes is \$43.8 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)11-30, 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, 2020**

**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	\$ -	\$ 61,292	\$ -	\$ -	\$ -
Prepaid items	45,553	11,909	-	-	-
Restricted:					
Roadway maintenance	-	-	-	-	818,962
Debt service	-	-	-	-	176,562
Capital projects	-	-	-	382,519	3,849,159
Public safety	-	-	-	-	244,194
Committed:					
Contingency reserve	10,485,304	-	-	-	-
Culture & recreation	-	789,617	-	-	-
Park improvements	-	-	-	-	16,100
Assigned:					
Townwide capital	-	-	2,410,736	-	-
Unassigned:	10,368,691	-	-	-	-
<b>Total Fund Balances</b>	<b>\$ 20,899,548</b>	<b>\$ 862,818</b>	<b>\$ 2,410,736</b>	<b>\$ 382,519</b>	<b>\$ 5,104,977</b>

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Excess Expenditures Over Budget** – At year end, the Town had expenditures in the Federal Seizures and Forfeitures and PAG/RTA 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 \$2,898,462 and the bank balance was \$3,019,656. At year end, all of the Town’s deposits were 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 \$11,951.

**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 techniques. 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 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, 2020**

**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	1,962,882	Level 2	1,962,882		N/A	AAAm
Money Market - Wells Fargo	250,773	Level 2	250,773		N/A	N/A
Money Market - Zion Bank	164,175	Level 2	164,175		N/A	N/A
Money Market - US Bank	5,173,438	Level 2	5,173,438		N/A	N/A
Money Market - BNY Mellon	2,135,652	Level 2	2,135,652		N/A	N/A
Certificates of Deposit	1,821,874	Level 2	1,821,874		A1	A+
U.S. Treasuries	18,420,630	Level 1	6,511,785	11,908,845	Aaa	AA+
Supra-National Agency:						
International Bank of Reconstruction and Dev.	1,048,065	Level 1	375,821	672,244	Aaa	AAA
Inter-American Development Bank	856,244	Level 1	856,244		Aaa	AAA
Asian Development Bank	308,305	Level 1	308,305		Aaa	AAA
International Finance Corporation	609,568	Level 1	609,568		Aaa	AAA
African Development Bank	386,431	Level 1	386,431		Aaa	AAA
Collateralized Mortgage Obligation						
FHMS	302,566	Level 1		302,566	Aaa	AA+
FNA	163,476	Level 1		163,476	Aaa	AA+
Federal Home Loan Mortgage Corporation	468,017	Level 1		468,017	Aaa	AA+
Asset-Backed Security						
Credit Rating - Aaa and AAA	3,305,558	Level 1	72,634	3,232,924	Aaa	AAA
Credit Rating - N/A and AAA	1,191,449	Level 1		1,191,449	N/A	AAA
Credit Rating - Aaa and N/A	2,181,706	Level 1		2,181,706	Aaa	N/A
U.S. Agencies:						
Fannie Mae	1,360,558	Level 1	432,695	927,863	Aaa	AA+
Freddie Mac	887,015	Level 1	887,015		Aaa	AA+
Federal Home Loan Banks	906,244	Level 1		906,244	Aaa	AA+
Federal National Mortgage Association	475,511	Level 1	475,511		Aaa	AA+
Corporate Notes:						
Credit Rating - Baa2 and BBB-	228,456	Level 1		228,456	Baa2	BBB-
Credit Rating - A3 and A	386,860	Level 1	247,636	139,224	A3	A
Credit Rating - A3 and A-	931,944	Level 1		931,944	A3	A-
Credit Rating - A2 and A	1,537,372	Level 1	685,381	851,991	A2	A
Credit Rating - A2 and A-	1,587,177	Level 1		1,587,177	A2	A-
Credit Rating - A1 and A	144,209	Level 1		144,209	A1	A
Credit Rating - A1 and A+	1,719,829	Level 1	228,912	1,490,917	A1	A+
Credit Rating - A1 and AA-	424,093	Level 1		424,093	A1	AA-
Credit Rating - Aa3 and A+	230,045	Level 1	230,045		Aa3	A+
Credit Rating - Aa3 and AA-	231,749	Level 1		231,749	Aa3	AA-
Credit Rating - Aa2 and AA	318,552	Level 1	318,552		Aa2	AA
Credit Rating - Aa1 and AA+	234,563	Level 1		234,563	Aa1	AA+
Credit Rating - Aa1 and AA	334,229	Level 1		334,229	Aa1	AA
	<u>52,689,215</u>		<u>24,135,329</u>	<u>28,553,886</u>		
County Treasurer's Investment Pool	340,207	Not applicable	202 days average maturities			N/A
State Treasurer's Investment Pool 5	<u>8,336,206</u>	Not applicable	47 days average maturities			AAA/S1+
Total	<u>61,365,628</u>					

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

---

**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-Back Securities, U.S. Agencies, Corporate Securities, County Treasurer's Investment Pool, and State Treasurer's Investment Pool 5, represent 16%, 3%, 30%, 5%, 2%, 11%, 6%, 14%, 1%, and 14% 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>PAG/RTA Fund</i>	<i>Non-Major Governmental Funds</i>
	<u>          </u>	<u>          </u>	<u>          </u>
Intergovernmental receivables:			
Due from federal government	\$ 159,270	\$ -	\$ -
Due from state government	517,762	-	271,116
Due from other governments	-	3,338,683	-
Net intergovernmental receivables	<u>\$ 677,032</u>	<u>\$ 3,338,683</u>	<u>\$ 271,116</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**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>
<b>NON-DEPRECIABLE</b>				
Land	\$ 19,518,801	\$ -	\$ -	\$ 19,518,801
Construction in progress	9,473,241	14,826,883	(1,180,270)	23,119,854
<i>Total non-depreciable</i>	28,992,042	14,826,883	(1,180,270)	42,638,655
<b>DEPRECIABLE</b>				
Infrastructure	188,485,038	3,303,022	-	191,788,060
Buildings & improvements	40,261,741	1,470,758	-	41,732,499
Machinery, equipment & vehicles	16,978,935	949,662	(300,161)	17,628,436
<i>Total depreciable</i>	245,725,714	5,723,442	(300,161)	251,148,995
<b>ACCUMULATED DEPRECIATION</b>				
Infrastructure	(100,854,013)	(7,131,615)	-	(107,985,628)
Buildings & improvements	(9,005,008)	(1,052,644)	-	(10,057,652)
Machinery, equipment & vehicles	(12,757,792)	(1,286,573)	279,997	(13,764,368)
<i>Total accumulated depreciation</i>	(122,616,813)	(9,470,832)	279,997	(131,807,648)
<i>Total capital assets being depreciated</i>	123,108,901	(3,747,390)	(20,164)	119,341,347
<i>Capital assets, net of depreciation</i>	\$ 152,100,943	\$ 11,079,493	\$ (1,200,434)	\$ 161,980,002
<i>Business-type Activities:</i>	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<b>NON-DEPRECIABLE</b>				
Land	\$ 2,410,660	\$ -	\$ -	\$ 2,410,660
Water rights	8,534,490	-	-	8,534,490
Construction in progress	3,286,193	1,843,758	(1,741,827)	3,388,124
<i>Total non-depreciable</i>	14,231,343	1,843,758	(1,741,827)	14,333,274
<b>DEPRECIABLE</b>				
Water system	136,565,936	2,486,466	-	139,052,402
Stormwater system	3,230,283	248,561	-	3,478,844
Machinery, equipment & vehicles	5,752,158	208,289	(73,023)	5,887,424
<i>Total depreciable</i>	145,548,377	2,943,316	(73,023)	148,418,670
<b>ACCUMULATED DEPRECIATION</b>				
Water system	(48,386,433)	(3,317,665)	-	(51,704,098)
Stormwater system	(556,709)	(73,287)	-	(629,996)
Machinery, equipment & vehicles	(4,388,531)	(311,219)	66,673	(4,633,077)
<i>Total accumulated depreciation</i>	(53,331,673)	(3,702,171)	66,673	(56,967,171)
<i>Total capital assets being depreciated</i>	92,216,704	(758,855)	(6,350)	91,451,499
<i>Capital assets, net of depreciation</i>	\$ 106,448,047	\$ 1,084,903	\$ (1,748,177)	\$ 105,784,773

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

---

**NOTE 6 – CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs as follows:

***Governmental activities:***

General government	\$ 605,591
Public safety	725,154
Highways & streets	7,262,635
Culture & recreation	877,452
Total depreciation expense - governmental activities	<u><u>\$ 9,470,832</u></u>

***Business-type activities:***

Water	\$ 3,532,171
Stormwater	170,000
Total depreciation expense - business-type activities	<u><u>\$ 3,702,171</u></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 \$26.5 million on the projects and had estimated remaining contractual commitments of \$36.0 million.

**NOTE 7 – LOANS PAYABLE**

The Town has loans from the Water Infrastructure Finance Authority of Arizona for water system projects. The loans payable at current fiscal year end are presented below.

<b><i>Business-type activities:</i></b>	<b><i>Interest Rate (Including Fees)</i></b>	<b><i>Remaining Maturities</i></b>	<b><i>Outstanding Principal June 30, 2020</i></b>	<b><i>Due Within One Year</i></b>
WIFA Loan, 2007	2.04%	7/1/20-27	\$ 2,160,663	\$ 238,397
WIFA Loan, 2009	2.75%	7/1/20-29	1,274,073	110,419
WIFA Loan, 2014	2.65%	7/1/20-28	3,014,023	300,915
<i>Total</i>			<u><u>\$ 6,448,759</u></u>	<u><u>\$ 649,731</u></u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

---

**NOTE 7 – LOANS PAYABLE (Continued)**

Principal and interest payments on the business-type activities loans payable at June 30, 2020 are summarized as follows:

Year ending June 30:	<i>Principal</i>	<i>Interest</i>
2021	\$ 649,731	\$ 186,780
2022	669,642	166,557
2023	690,175	145,705
2024	711,347	124,202
2025	733,180	102,027
2026-2030	2,994,684	180,040
<i>Total</i>	<u>\$ 6,448,759</u>	<u>\$ 905,311</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, 2020</i>	<i>Due Within One Year</i>
<b>Governmental activities:</b>					
Revenue bonds:					
Excise Tax Revenue Obligations, 2010	\$ 2,445,000	5.49-6.59%	7/1/20-27	\$ 1,230,000	\$ 145,000
Revenue Bonds, 2012	2,580,000	3.50-4.00%	7/1/20-27	1,560,000	170,000
Private placement revenue bonds:					
Refunding Excise Tax Revenue Obligations, 2015	2,529,250	1.91%	7/1/20-25	1,729,940	274,030
Excise Tax Revenue Obligations, 2016	2,000,000	2.20%	7/1/20-31	1,801,000	120,000
Refunding Excise Tax Revenue Obligations, 2017	1,115,556	2.43%	7/1/20-26	893,020	118,560
Excise Tax Revenue Obligations, 2018	2,035,000	3.02%	7/1/20-33	1,957,750	114,500
<i>Total</i>				<u>\$ 9,171,710</u>	<u>\$ 942,090</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**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
2021	\$ 315,000	\$ 126,972	\$ 627,090	\$ 146,382
2022	320,000	111,967	651,585	131,891
2023	335,000	96,224	670,660	116,900
2024	340,000	79,739	688,241	101,489
2025	355,000	63,036	702,974	85,704
2026-2030	1,125,000	83,776	2,059,410	242,173
2031-2034	-	-	981,750	47,117
<i>Total</i>	<u>\$ 2,790,000</u>	<u>\$ 561,714</u>	<u>\$ 6,381,710</u>	<u>\$ 871,656</u>

<i>Purpose</i>	<i>Original Amount Issued</i>	<i>Interest Rates</i>	<i>Remaining Maturities</i>	<i>Outstanding Principal June 30, 2020</i>	<i>Due Within One Year</i>
<b>Business-type activities:</b>					
Revenue bonds:					
Refunding Revenue Bonds, 2012	\$ 16,595,000	3.00-5.00%	7/1/20-28	\$ 7,455,000	\$ 1,665,000
Private placement revenue bonds:					
Refunding Revenue Bonds, 2015	1,245,750	1.91%	7/1/20-25	852,060	134,970
Refunding Revenue Bonds, 2017	13,186,444	2.43%	7/1/20-26	10,555,978	1,401,440
Excise Tax Revenue Obligations, 2018	6,105,000	3.02%	7/1/20-33	5,873,250	343,500
<i>Total</i>				<u>\$ 24,736,288</u>	<u>\$ 3,544,910</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
2021	\$ 1,665,000	\$ 258,782	\$ 1,879,910	\$ 403,150
2022	1,730,000	172,282	1,926,414	354,970
2023	1,815,000	81,532	1,975,340	305,548
2024	560,000	59,132	2,025,758	254,858
2025	310,000	46,732	2,076,026	202,890
2026-2030	1,375,000	69,582	5,463,590	463,010
2031-2034	-	-	1,934,250	89,808
<i>Total</i>	<u>\$ 7,455,000</u>	<u>\$ 688,042</u>	<u>\$ 17,281,288</u>	<u>\$ 2,074,234</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 \$9.2 million as of June 30, 2020. 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 \$10.6 million. The current total sales tax revenues were \$22.8 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 \$24.7 million as of June 30, 2020. 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 \$27.5 million. The current total customer gross revenues were \$20.2 million, and the total principal and interest paid on the bonds was \$5.1 million or 25 percent of gross revenues.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

---

**NOTE 9 – SPECIAL ASSESSMENT BONDS**

Special assessment bonds at year end consisted of the following outstanding bonds. The bonds are both callable and noncallable with interest payable semiannually. Special assessments from the Oracle Road Debt Service Fund are used to pay bonded debt.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rate</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2020</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Revenue bonds:					
Special assessments debt	\$ 3,945,000	4.75%	1/1/21	\$ 170,000	\$ 170,000

Annual debt service requirements to maturity on special assessment bonds at year end are summarized as follows:

Year ending June 30:	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 170,000	\$ 4,038

**NOTE 10 – OBLIGATIONS UNDER LEASES**

**Capital Leases** – The governmental activities of the Town have acquired community center utility vehicles under the provisions of long-term lease agreements classified as capital leases. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the Community Center Fund are used to pay the capital lease obligations. Amortization of assets recorded under capital leases is included with depreciation expense.

	<u>Governmental Activities</u>
Asset:	
Machinery, equipment, & vehicles	\$ 1,128,663
Less: Accumulated depreciation	(767,615)
<i>Total</i>	<u>\$ 361,048</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

---

**NOTE 10 – OBLIGATIONS UNDER LEASES (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments at year end were as follows:

Year ending June 30:	
2021	\$ 34,531
Total minimum lease payments	<u>\$ 34,531</u>
Less: amount representing interest	594
Present value of minimum lease payments	<u><u>\$ 33,937</u></u>
Due within one year	<u><u>\$ 33,937</u></u>

**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 \$190,678 for the current fiscal year. The operating leases have a remaining noncancelable lease term of 1.6 years. The future minimum rental payments required under the operating leases at year end were as follows:

Year ending June 30:	
2021	\$ 156,492
2022	91,287
Total minimum payments required	<u><u>\$ 247,779</u></u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 11 – CHANGES IN LONG-TERM LIABILITIES**

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

	<i>Outstanding July 1, 2019</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2020</i>	<i>Due Within One Year</i>
<b><i>Governmental activities</i></b>					
Revenue bonds	\$ 3,095,000	\$ -	\$ (305,000)	\$ 2,790,000	\$ 315,000
Private placement revenue bonds	6,954,064	-	(572,354)	6,381,710	627,090
Premium	2,803	-	(2,803)	-	-
Special assessment bonds	335,000	-	(165,000)	170,000	170,000
Total bonds payable	<u>10,386,867</u>	<u>-</u>	<u>(1,045,157)</u>	<u>9,341,710</u>	<u>1,112,090</u>
Capital leases payable	254,070	-	(220,133)	33,937	33,937
Net pension liability	39,632,234	2,770,786	-	42,403,020	-
Net OPEB liability	54,017	-	(54,017)	-	-
Compensated absences payable	2,324,378	1,859,697	(1,794,242)	2,389,833	1,813,015
Governmental activities long-term liabilities	<u>\$ 52,651,566</u>	<u>\$ 4,630,483</u>	<u>\$ (3,113,549)</u>	<u>\$ 54,168,500</u>	<u>\$ 2,959,042</u>
	<i>Outstanding July 1, 2019</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2020</i>	<i>Due Within One Year</i>
<b><i>Business-type activities</i></b>					
Revenue bonds	\$ 9,060,000	\$ -	\$ (1,605,000)	\$ 7,455,000	\$ 1,665,000
Private placement revenue bonds	20,024,936	-	(2,743,648)	17,281,288	1,879,910
Premium	1,050,098	-	(116,678)	933,420	-
Total bonds payable	<u>30,135,034</u>	<u>-</u>	<u>(4,465,326)</u>	<u>25,669,708</u>	<u>3,544,910</u>
Loan payable	7,079,179	-	(630,420)	6,448,759	649,731
Net pension liability	3,833,712	125,389	-	3,959,101	-
Net OPEB liability	14,431	-	(14,431)	-	-
Compensated absences payable	352,694	282,017	(253,892)	380,819	232,778
Business-type activities long-term liabilities	<u>\$ 41,415,050</u>	<u>\$ 407,406</u>	<u>\$ (5,364,069)</u>	<u>\$ 36,458,387</u>	<u>\$ 4,427,419</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

---

**NOTE 12 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At year end, interfund balances were as follows:

**Due to/from other funds:** At year end, the PAG/RTA Fund had a negative cash balance of \$675,713. Negative cash on deposit was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

**Interfund transfers:**

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 1,895,436
General Fund	120,000	-
Community Center Fund	-	268,810
General Government CIP	1,100,000	-
Non-Major Governmental Funds	1,046,718	100,000
Water Fund	-	2,472
	<u>\$ 2,266,718</u>	<u>\$ 2,266,718</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. Transfers were made from the Community Center Fund to the General Fund to repay loaned amounts.

**NOTE 13 – 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 14 – 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.

	<i>Claims Payable Beginning of Year</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claim Payments</i>	<i>Claims Payable at End of Year</i>
2019-20	\$ 333,423	\$ 2,239,893	\$ 2,321,612	\$ 251,704
2018-19	287,329	2,763,160	2,717,066	333,423

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

---

**NOTE 15 – PENSIONS**

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

**Aggregate Amounts.** At June 30, 2020, the Town reported the following aggregate amounts related to pensions for all plans to which it contributes.

	<i>Governmental</i> <i>Activities</i>	<i>Business-type</i> <i>Activities</i>	<i>Total</i>
Net pension liability	\$ 42,403,020	\$ 3,959,101	\$ 46,362,121
Pension deferred outflows of resources	8,108,517	493,067	8,601,584
Pension deferred inflows of resources	1,520,632	282,166	1,802,798
Pension expense	6,471,944	479,295	6,951,239

The Town reported \$3.9 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](http://www.azasrs.gov).

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

---

**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 12.11 percent (11.94 percent for retirement and 0.17 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 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium benefit, and 0.17 percent for long-term disability) of the active members’ annual covered payroll. The Town’s contributions for the year ended June 30, 2020 were as follows:

	<u>Contributions</u>
Pension	\$ 1,579,300

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 10.41 percent (10.29 for retirement, 0.05 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.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

---

**NOTE 15 – PENSIONS (Continued)**

**Pension Liability.** The net pension liability was measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019. 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, 2019.

At June 30, 2020, the Town reported the following amounts for its proportionate share of the ASRS plans net assets/liability. In addition, at June 30, 2019, the Town’s percentage proportion for each plan and the related change from its proportion measured as of June 30, 2018 was:

	<u><i>Net (Asset)/ Liability</i></u>	<u><i>Town % Proportion</i></u>	<u><i>Increase (Decrease)</i></u>
Pension	\$ 18,808,834	0.129	(0.002)

**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, 2020, the Town recognized pension expense as follows:

	<u><i>Expense</i></u>
Pension	\$ 2,248,800

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

---

**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	\$ 339,787
Changes of assumptions or other inputs	79,506
Changes in proportion and differences between contributions and proportionate share of contributions	314,551
Contributions subsequent to the measurement date	1,579,300
<i>Total</i>	<u><u>\$ 2,313,144</u></u>

<i>Deferred Inflows of Resources</i>	<u><i>Pension</i></u>
Differences between expected and actual experience	\$ 3,536
Changes of assumptions or other inputs	749,005
Net difference between projected and actual earnings on pension investments	422,758
Changes in proportion and differences between contributions and proportionate share of contributions	148,441
<i>Total</i>	<u><u>\$ 1,323,740</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, 2021. 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>
2021	\$ (50,569)
2022	(571,366)
2023	(81,187)
2024	113,226
2025	-
Thereafter	-

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

---

**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, 2018
Actuarial roll forward date	June 30, 2019
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, 2018 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, 2017, 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 Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	50%	6.09%
Credit	20%	5.36%
Interest rate sensitivity bonds	10%	1.62%
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 Discount Rate</i>	<i>1% Increase</i>
Rate	6.5%	7.5%	8.5%
Pension	\$ 26,769,327	\$ 18,808,834	\$ 12,155,910

**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](http://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](http://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.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

---

**NOTE 15 – PENSIONS (Continued)**

**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.

<b>Retirement and disability</b>	<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	
<b>Survivor benefit</b>		
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, 2020**

---

**NOTE 15 – PENSIONS (Continued)**

**Employees Covered by Benefit Terms.** At June 30, 2020, the following employees were covered by the agent plan’s benefit terms:

	<u><i>Police</i></u>	<u><i>CORP-Dispatchers</i></u>
Retirees & beneficiaries	40	5
Inactive, non-retired members	16	4
Active members	84	3
<i>Total</i>	<u>140</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, 2020, 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%
<b>Town:</b>		
Pension	38.26%	59.94%
Health insurance	0.33%	

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 24.11 percent for the PSPRS and 53.52 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, 2020**

---

**NOTE 15 – PENSIONS (Continued)**

The contributions to the pension plans for the year ended June 30, 2020 were:

	<i>Contributions</i>	
	<u><i>PSPRS-Police</i></u>	<u><i>CORP-Dispatchers</i></u>
Pension	\$ 2,552,903	\$ 126,199

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.** At June 30, 2020, the Town reported the following liabilities.

	<i>Net Liability</i>	
	<u><i>PSPRS-Police</i></u>	<u><i>CORP-Dispatchers</i></u>
Pension	\$ 25,691,511	\$ 1,861,776

The net pension liability was measured as of June 30, 2019. 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, 2019, reflect changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the mortality rates.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

---

**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, 2019
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-2020 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

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>
Short-term investments	2%	0.25%
Risk parity	4%	4.01%
Fixed income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Private credit	16%	5.36%
Real estate	10%	4.50%
Private equity	12%	8.40%
Non-U.S. equity	14%	5.00%
U.S. equity	16%	4.75%
<i>Total</i>	<u>100%</u>	

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 15 – PENSIONS (Continued)**

**Changes in Net Liability**

	Pension Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>PSPRS - Police</b>			
Balances at June 30, 2019	\$ 57,022,056	\$ 33,429,558	\$ 23,592,498
Changes for the year:			
Service cost	1,552,240	-	1,552,240
Interest on the total liability	4,264,774	-	4,264,774
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total liability	(303,721)	-	(303,721)
Changes of assumptions or other inputs	1,627,934	-	1,627,934
Contributions - employer	-	2,624,761	(2,624,761)
Contributions - employee	-	575,136	(575,136)
Net investment income	-	1,843,370	(1,843,370)
Benefit payments, including refunds of employee contributions	(1,884,430)	(1,884,430)	-
Administrative expense	-	(33,037)	33,037
Other	-	31,984	(31,984)
Net changes	5,256,797	3,157,784	2,099,013
Balances at June 30, 2020	<u>\$ 62,278,853</u>	<u>\$ 36,587,342</u>	<u>\$ 25,691,511</u>

	Pension Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>CORP - Dispatchers</b>			
Balances at June 30, 2019	\$ 2,945,307	\$ 1,309,672	\$ 1,635,635
Changes for the year:			
Service cost	30,922	-	30,922
Interest on the total liability	215,182	-	215,182
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total liability	124,217	-	124,217
Changes of assumptions or other inputs	61,495	-	61,495
Contributions - employer	-	120,338	(120,338)
Contributions - employee	-	16,099	(16,099)
Net investment income	-	71,209	(71,209)
Benefit payments, including refunds of employee contributions	(136,724)	(136,724)	-
Administrative expense	-	(1,971)	1,971
Other	-	-	-
Net changes	295,092	68,951	226,141
Balances at June 30, 2020	<u>\$ 3,240,399</u>	<u>\$ 1,378,623</u>	<u>\$ 1,861,776</u>

**NOTE 15 – PENSIONS (Continued)**

**Discount Rate.** At June 30, 2019, the discount rate used to measure the total pension liability was 7.3 percent, which was one percent lower than the discount rate used as of June 30, 2018.

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>
<b>PSPRS-Police:</b>			
Net Pension Liability	\$ 35,100,619	\$ 25,691,511	\$ 18,105,135
<b>CORP-Dispatchers:</b>			
Net Pension Liability	\$ 2,240,327	\$ 1,861,776	\$ 1,546,439

**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](http://www.psprs.com).

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

---

**NOTE 15 – PENSIONS (Continued)**

**Expense.** For the year ended June 30, 2020, the Town recognized the following as pension expense:

	<u><i>PSPRS-Police</i></u>	<u><i>CORP-Dispatchers</i></u>
Pension Expense	\$ 4,433,421	\$ 269,017

**Deferred Outflows/Inflows of Resources.** At June 30, 2020, 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>
<b>PSPRS-Police:</b>		
Differences between expected and actual experience	\$ 452,285	\$ 458,455
Changes of assumptions or other inputs	2,509,357	-
Net difference between projected and actual earnings on plan investments	535,876	-
Contributions subsequent to the measurement date	2,552,903	-
<i>Total</i>	<u>\$ 6,050,421</u>	<u>\$ 458,455</u>
<b>CORP-Dispatchers:</b>		
Differences between expected and actual experience	\$ 62,109	\$ 20,603
Changes of assumptions or other inputs	30,748	-
Net difference between projected and actual earnings on plan investments	18,962	-
Contributions subsequent to the measurement date	126,199	-
<i>Total</i>	<u>\$ 238,018</u>	<u>\$ 20,603</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

---

**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, 2021. 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:	<i>PSPRS-Police</i> <u>Pension</u>	<i>CORP-Dispatchers</i> <u>Pension</u>
2021	\$ 1,253,737	\$ 84,905
2022	567,746	(4,437)
2023	482,223	5,623
2024	345,497	5,125
2025	200,687	-
Thereafter	189,173	-

**PSPDCRP Plan.** Public safety employee who are not members of PSPRS or CORP participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2020, active PSPDCRP members were required by statute to contribute at five-nine percent of the members’ annual covered payroll, and the Town was required by statute to contribute five-nine percent of active members’ annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the Town’s contributions each year as set forth in statute. The plan retains nonvested Town contributions when forfeited because of employment terminations. For the year ended June 30, 2020, the Town recognized pension expense of \$117,985.

**NOTE 16 – TAX ABATEMENTS**

The Town enters into sales tax abatement agreements with local businesses under A.R.S. §9-500.11. Under the statute, a city or town may enter into a retail development tax incentive agreement for the purpose of economic development activities. To be eligible, the tax incentive agreement must be expected to raise more revenue than the amount of the incentive within the duration of the agreement, and in the absence of a tax incentive, the retail business facility would not locate in the city or town in the same time, place or manner. As of June 30, 2020, the Town had no tax abatement agreements in place.

**REQUIRED SUPPLEMENTARY INFORMATION**

(This page intentionally left blank)

**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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Sales taxes	\$ 18,686,206	\$ 18,686,206	\$ 20,172,487	\$ 1,486,281
Franchise taxes	625,000	625,000	662,048	37,048
Intergovernmental	14,830,258	14,830,258	14,527,210	(303,048)
Licenses, fees and permits	1,984,118	1,984,118	2,400,849	416,731
Fines, forfeitures and penalties	120,000	120,000	111,611	(8,389)
Charges for services	2,552,639	2,552,639	2,072,288	(480,351)
Investment income:				
Interest	150,000	150,000	585,349	435,349
Net increase in fair value of investments	-	-	222,231	222,231
Other	288,000	288,000	311,906	23,906
<i>Total Revenues</i>	<u>39,236,221</u>	<u>39,236,221</u>	<u>41,065,979</u>	<u>1,829,758</u>
<b>EXPENDITURES</b>				
Current:				
General government	17,264,916	17,264,916	16,531,008	733,908
Public safety	17,145,165	17,145,165	16,721,674	423,491
Transit	1,233,382	1,233,382	1,110,444	122,938
Culture and recreation	3,696,266	3,696,266	3,189,550	506,716
Capital outlay	706,050	706,050	409,984	296,066
<i>Total Expenditures</i>	<u>40,045,779</u>	<u>40,045,779</u>	<u>37,962,660</u>	<u>2,083,119</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(809,558)	(809,558)	3,103,319	3,912,877
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	120,000	120,000	120,000	-
Transfers out	(1,895,436)	(1,895,436)	(1,895,436)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(1,775,436)</u>	<u>(1,775,436)</u>	<u>(1,775,436)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,584,994)	(2,584,994)	1,327,883	3,912,877
<b>FUND BALANCE, Beginning of year</b>	-	-	19,571,665	19,571,665
<b>FUND BALANCE, End of year</b>	<u>\$ (2,584,994)</u>	<u>\$ (2,584,994)</u>	<u>\$ 20,899,548</u>	<u>\$ 23,484,542</u>

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Sales taxes	\$ 2,478,552	\$ 2,478,552	\$ 2,584,916	\$ 106,364
Charges for services	4,270,053	4,270,053	3,940,063	(329,990)
Investment income:				
Interest	-	-	19,462	19,462
Net increase in fair value of investments	-	-	10,697	10,697
<i>Total Revenues</i>	<u>6,748,605</u>	<u>6,748,605</u>	<u>6,555,138</u>	<u>(193,467)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	5,825,291	5,825,291	5,545,844	279,447
Capital outlay	106,500	106,500	123,002	(16,502)
Debt service:				
Principal retirement	225,539	225,539	220,133	5,406
Interest and fiscal charges	25,057	25,057	30,463	(5,406)
Contingency	545,531	545,531	-	545,531
<i>Total Expenditures</i>	<u>6,727,918</u>	<u>6,727,918</u>	<u>5,919,442</u>	<u>808,476</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	20,687	20,687	635,696	615,009
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(268,810)	(268,810)	(268,810)	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>(248,123)</u>	<u>(248,123)</u>	<u>366,886</u>	<u>615,009</u>
<b>FUND BALANCE, Beginning of year</b>	<u>-</u>	<u>-</u>	<u>495,932</u>	<u>495,932</u>
<b>FUND BALANCE, End of year</b>	<u>\$ (248,123)</u>	<u>\$ (248,123)</u>	<u>\$ 862,818</u>	<u>\$ 1,110,941</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 SIX FISCAL YEARS**

---

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Town's proportion of the net pension (assets) liability	0.13%	0.13%	0.12%	0.12%	0.12%
Town's proportionate share of the net pension (assets) liability	\$ 18,808,834	\$ 18,237,813	\$ 19,453,870	\$ 20,050,356	\$ 18,575,537
Town's covered payroll	\$ 13,630,224	\$ 13,018,275	\$ 12,193,145	\$ 11,857,622	\$ 11,826,486
Town's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	137.99%	140.09%	159.55%	169.09%	157.07%
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%	68.35%

**2015**

Measurement date	June 30, 2014
Town's proportion of the net pension (assets) liability	0.11%
Town's proportionate share of the net pension (assets) liability	\$ 16,642,712
Town's covered payroll	\$ 11,086,887
Town's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	150.11%
Plan fiduciary net position as a percentage of the total pension liability	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 SIX FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
<b>Total pension liability</b>				
Service cost	\$ 1,552,240	\$ 1,515,028	\$ 1,638,736	\$ 1,363,768
Interest	4,264,774	3,922,057	3,615,210	3,185,633
Changes of benefit terms			435,327	3,164,555
Differences between expected and actual experience	(303,721)	136,020	247,905	(548,533)
Changes of assumptions or other inputs	1,627,934		747,786	1,902,904
Benefit payments, including refunds of employee contributions	(1,884,430)	(1,588,615)	(2,061,668)	(1,106,968)
<b>Net change in total pension liability</b>	<u>5,256,797</u>	<u>3,984,490</u>	<u>4,623,296</u>	<u>7,961,359</u>
<b>Total pension liability—beginning</b>	<u>57,022,056</u>	<u>53,037,566</u>	<u>48,414,270</u>	<u>40,452,911</u>
<b>Total pension liability—ending</b>	<u>\$ 62,278,853</u>	<u>\$ 57,022,056</u>	<u>\$ 53,037,566</u>	<u>\$ 48,414,270</u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 2,624,761	\$ 1,278,293	\$ 1,811,735	\$ 1,505,274
Contributions—employee	575,136	622,233	905,024	840,020
Net investment income	1,843,370	2,159,685	3,228,386	154,181
Benefit payments, including refunds of employee contributions	(1,884,430)	(1,588,615)	(2,061,668)	(1,106,968)
Administrative expense	(33,037)	(33,570)	(28,966)	(22,586)
Other	31,984	107,852	19,066	38,225
<b>Net change in plan fiduciary net position</b>	<u>3,157,784</u>	<u>2,545,878</u>	<u>3,873,577</u>	<u>1,408,146</u>
<b>Plan fiduciary net position—beginning</b>	<u>33,429,558</u>	<u>30,883,680</u>	<u>27,010,103</u>	<u>25,601,957</u>
<b>Plan fiduciary net position—ending</b>	<u>\$ 36,587,342</u>	<u>\$ 33,429,558</u>	<u>\$ 30,883,680</u>	<u>\$ 27,010,103</u>
<b>Net pension (assets) liability—ending</b>	<u>\$ 25,691,511</u>	<u>\$ 23,592,498</u>	<u>\$ 22,153,886</u>	<u>\$ 21,404,167</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	58.75%	58.63%	58.23%	55.79%
<b>Covered payroll</b>	\$ 6,942,593	\$ 7,209,721	\$ 7,199,177	\$ 7,355,092
<b>Net pension (assets) liability as a percentage of covered payroll</b>	370.06%	327.23%	307.73%	291.01%

**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>2016</u>	<u>2015</u>
June 30, 2015	June 30, 2014
\$ 1,224,807	\$ 1,157,832
2,842,514	2,408,825
	444,387
1,312,293	(356,776)
	3,014,125
<u>(1,049,346)</u>	<u>(1,304,993)</u>
4,330,268	5,363,400
36,122,643	30,759,243
<u>\$ 40,452,911</u>	<u>\$ 36,122,643</u>
\$ 1,669,125	\$ 1,211,218
794,478	698,036
874,562	2,774,126
(1,049,346)	(1,304,993)
(21,722)	(22,342)
93,803	(93,142)
<u>2,360,900</u>	<u>3,262,903</u>
<u>23,241,057</u>	<u>19,978,154</u>
<u>\$ 25,601,957</u>	<u>\$ 23,241,057</u>
<u>\$ 14,850,954</u>	<u>\$ 12,881,586</u>
63.29%	64.34%
\$ 7,004,292	\$ 6,021,786
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 SIX FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
<b>Total pension liability</b>				
Service cost	\$ 30,922	\$ 34,542	\$ 32,541	\$ 32,257
Interest	215,182	223,773	185,568	182,053
Changes of benefit terms		(175,686)	395,457	14,504
Differences between expected and actual experience	124,217	(73,061)	(12,524)	(12,392)
Changes of assumptions or other inputs	61,495		85,035	64,514
Benefit payments, including refunds of employee contributions	(136,724)	(141,910)	(132,788)	(119,180)
<b>Net change in total pension liability</b>	295,092	(132,342)	553,289	161,756
<b>Total pension liability—beginning</b>	2,945,307	3,077,649	2,524,360	2,362,604
<b>Total pension liability—ending</b>	<u>\$ 3,240,399</u>	<u>\$ 2,945,307</u>	<u>\$ 3,077,649</u>	<u>\$ 2,524,360</u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 120,338	\$ 87,566	\$ 77,331	\$ 52,583
Contributions—employee	16,099	15,976	18,502	18,982
Net investment income	71,209	89,317	136,094	7,237
Benefit payments, including refunds of employee contributions	(136,724)	(141,910)	(132,788)	(119,180)
Administrative expense	(1,971)	(2,051)	(1,591)	(1,423)
Other		(24)	(8)	(8)
<b>Net change in plan fiduciary net position</b>	68,951	48,874	97,540	(41,809)
<b>Plan fiduciary net position—beginning</b>	1,309,672	1,260,798	1,163,258	1,205,067
<b>Plan fiduciary net position—ending</b>	<u>\$ 1,378,623</u>	<u>\$ 1,309,672</u>	<u>\$ 1,260,798</u>	<u>\$ 1,163,258</u>
<b>Net pension (assets) liability—ending</b>	<u>\$ 1,861,776</u>	<u>\$ 1,635,635</u>	<u>\$ 1,816,851</u>	<u>\$ 1,361,102</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	42.54%	44.47%	40.97%	46.08%
<b>Covered payroll</b>	\$ 202,262	\$ 201,687	\$ 233,934	\$ 245,274
<b>Net pension (assets) liability as a percentage of covered payroll</b>	920.48%	810.98%	776.65%	554.93%

**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>2016</u>	<u>2015</u>
June 30, 2015	June 30, 2014
\$ 52,754	\$ 53,985
174,403	154,443
	29,545
14,554	(48,767)
	174,536
(148,851)	(68,874)
<u>92,860</u>	<u>294,868</u>
<u>2,269,744</u>	<u>1,974,876</u>
<u>\$ 2,362,604</u>	<u>\$ 2,269,744</u>

\$ 64,005	\$ 63,179
30,272	32,699
45,101	146,441
(148,851)	(68,874)
(1,490)	(1,151)
(926)	
<u>(11,889)</u>	<u>172,294</u>
<u>1,216,956</u>	<u>1,044,662</u>
<u>\$ 1,205,067</u>	<u>\$ 1,216,956</u>

<u>\$ 1,157,537</u>	<u>\$ 1,052,788</u>
---------------------	---------------------

51.01%	53.62%
--------	--------

\$ 380,303	\$ 387,839
------------	------------

304.37%	271.45%
---------	---------

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Arizona State Retirement System:</b>						
Actuarially determined contribution	\$ 1,579,300	\$ 1,523,859	\$ 1,418,992	\$ 1,314,421	\$ 1,286,552	\$ 1,207,362
Contributions in relation to the actuarially determined contribution	<u>1,579,300</u>	<u>1,523,859</u>	<u>1,418,992</u>	<u>1,314,421</u>	<u>1,286,552</u>	<u>1,207,362</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	\$ 13,793,013	\$ 13,630,224	\$ 13,018,275	\$ 12,193,145	\$ 11,857,622	\$ 11,826,486
Contributions as a percentage of covered payroll	11.45%	11.18%	10.90%	10.78%	10.85%	10.21%
<b>Public Safety Personnel Retirement System - Police:</b>						
Actuarially determined contribution	\$ 2,552,903	\$ 2,548,626	\$ 2,485,191	\$ 1,679,568	\$ 1,554,131	\$ 1,354,630
Contributions in relation to the actuarially determined contribution	<u>2,552,903</u>	<u>2,548,626</u>	<u>2,485,191</u>	<u>1,679,568</u>	<u>1,554,131</u>	<u>1,354,630</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	\$ 6,672,512	\$ 6,942,593	\$ 7,209,721	\$ 7,199,177	\$ 7,355,092	\$ 7,004,292
Contributions as a percentage of covered payroll	38.26%	36.71%	34.47%	23.33%	21.13%	19.34%
<b>Public Safety Personnel Retirement System - Dispatchers</b>						
Actuarially determined contribution	\$ 126,199	\$ 124,108	\$ 87,996	\$ 77,830	\$ 54,083	\$ 64,005
Contributions in relation to the actuarially determined contribution	<u>126,199</u>	<u>124,108</u>	<u>87,996</u>	<u>77,830</u>	<u>54,083</u>	<u>64,005</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	\$ 210,542	\$ 202,262	\$ 201,687	\$ 233,934	\$ 245,274	\$ 380,303
Contributions as a percentage of covered payroll	59.94%	61.36%	43.63%	33.27%	22.05%	16.83%

**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**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
*FOR THE YEAR ENDED JUNE 30, 2020*

---

**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, 2018, 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, 2016. 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, 2017 actuarial valuation. The total liabilities as of June 30, 2019 reflect changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the 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.

(This page intentionally left blank)

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

(This page intentionally left blank)

**GOVERNMENTAL FUNDS**

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2020**

---

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,191,808	\$ 176,512	\$ 4,003,667
Accounts receivable	61,497	-	-
Interest receivable	1,856	50	22,782
Intergovernmental receivable	271,116	-	-
Special assessments	-	170,000	-
<b>Total Assets</b>	<b><u>\$ 1,526,277</u></b>	<b><u>\$ 346,562</u></b>	<b><u>\$ 4,026,449</u></b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u></b>			
<b><u>AND FUND BALANCES</u></b>			
<b>Liabilities:</b>			
Accounts payable	\$ 415,750	\$ -	\$ -
Customer deposits payable	47,371	-	-
Unearned revenue	-	-	161,190
<b>Total Liabilities</b>	<b><u>463,121</u></b>	<b><u>-</u></b>	<b><u>161,190</u></b>
 <b>Deferred inflows of resources:</b>			
Unavailable revenue - special assessments	-	170,000	-
 <b>Fund balances:</b>			
Restricted	1,063,156	176,562	3,849,159
Committed	-	-	16,100
<b>Total Fund Balances</b>	<b><u>1,063,156</u></b>	<b><u>176,562</u></b>	<b><u>3,865,259</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 1,526,277</u></b>	<b><u>\$ 346,562</u></b>	<b><u>\$ 4,026,449</u></b>

---

*Total Non-Major  
Governmental  
Funds*

\$ 5,371,987  
61,497  
24,688  
271,116  
170,000  

---

\$ 5,899,288

\$ 415,750  
47,371  
161,190  

---

624,311

---

170,000

5,088,877  
16,100  

---

5,104,977

---

\$ 5,899,288

**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, 2020**

---

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>REVENUES</b>			
Development impact fees	\$ -	\$ -	\$ 980,302
Special assessments	-	175,197	-
Intergovernmental	3,953,165	38,043	-
Licenses, fees and permits	50	-	-
Fines, forfeitures and penalties	71,770	-	-
Investment income:			
Interest	40,963	20,804	104,769
Net increase/(decrease) in fair value of investments	(9,630)	-	18,353
Other	86,968	81,036	-
	<u>4,143,286</u>	<u>315,080</u>	<u>1,103,424</u>
<i>Total Revenues</i>			
<b>EXPENDITURES</b>			
Current:			
Public safety	46,320	-	-
Highway and streets	1,904,698	-	-
Capital outlay	2,225,381	-	1,051,724
Debt service:			
Principal retirement	-	1,042,354	-
Interest and fiscal charges	-	334,991	-
	<u>4,176,399</u>	<u>1,377,345</u>	<u>1,051,724</u>
<i>Total Expenditures</i>			
<b>REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	(33,113)	(1,062,265)	51,700
<b>OTHER FINANCING SOURCES/(USES)</b>			
Transfers in/(out)	-	1,046,718	(100,000)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>1,046,718</u>	<u>(100,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(33,113)	(15,547)	(48,300)
<b>FUND BALANCES, Beginning of year</b>	<u>1,096,269</u>	<u>192,109</u>	<u>3,913,559</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 1,063,156</u>	<u>\$ 176,562</u>	<u>\$ 3,865,259</u>

---

**Total Non-Major  
Governmental  
Funds**

---

\$ 980,302  
175,197  
3,991,208  
50  
71,770  
  
166,536  
8,723  
168,004  

---

5,561,790

46,320  
1,904,698  
3,277,105  
  
1,042,354  
334,991  

---

6,605,468

(1,043,678)

946,718  

---

946,718

(96,960)

5,201,937  

---

\$ 5,104,977

(This page intentionally left blank)

## **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, 2020**

	<u>HURF</u>	<u>State Seizures and Forfeitures</u>	<u>Federal Seizures and Forfeitures</u>	<u>Totals</u>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 935,241	\$ 222,457	\$ 34,110	\$ 1,191,808
Accounts receivable	61,497	-	-	61,497
Interest receivable	1,856	-	-	1,856
Intergovernmental receivable	271,116	-	-	271,116
<b>Total Assets</b>	<b>\$ 1,269,710</b>	<b>\$ 222,457</b>	<b>\$ 34,110</b>	<b>\$ 1,526,277</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities:</b>				
Accounts payable	\$ 403,377	\$ -	\$ 12,373	\$ 415,750
Customer deposits payable	47,371	-	-	47,371
<b>Total Liabilities</b>	<b>450,748</b>	<b>-</b>	<b>12,373</b>	<b>463,121</b>
 <b>Fund balances:</b>				
Restricted	818,962	222,457	21,737	1,063,156
<b>Total Fund Balances</b>	<b>818,962</b>	<b>222,457</b>	<b>21,737</b>	<b>1,063,156</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,269,710</b>	<b>\$ 222,457</b>	<b>\$ 34,110</b>	<b>\$ 1,526,277</b>

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**- NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	<u>HURF</u>	<u>State Seizures and Forfeitures</u>	<u>Federal Seizures and Forfeitures</u>	<u>Totals</u>
<b>REVENUES</b>				
Intergovernmental	\$ 3,953,165	\$ -	\$ -	\$ 3,953,165
Licenses, fees and permits	50	-	-	50
Fines, forfeitures and penalties	-	48,017	23,753	71,770
Investment income:				
Interest	33,189	5,454	2,320	40,963
Net decrease in fair value of investments	(9,630)	-	-	(9,630)
Other	86,968	-	-	86,968
<i>Total Revenues</i>	<u>4,063,742</u>	<u>53,471</u>	<u>26,073</u>	<u>4,143,286</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	7,295	39,025	46,320
Highway and streets	1,904,698	-	-	1,904,698
Capital outlay	2,206,988	16,513	1,880	2,225,381
<i>Total Expenditures</i>	<u>4,111,686</u>	<u>23,808</u>	<u>40,905</u>	<u>4,176,399</u>
<b>NET CHANGE IN FUND BALANCES</b>	(47,944)	29,663	(14,832)	(33,113)
<b>FUND BALANCES, Beginning of year</b>	<u>866,906</u>	<u>192,794</u>	<u>36,569</u>	<u>1,096,269</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 818,962</u>	<u>\$ 222,457</u>	<u>\$ 21,737</u>	<u>\$ 1,063,156</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, 2020**

	<i>HURF</i>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
<b>REVENUES</b>			
Intergovernmental	\$ 3,784,407	\$ 3,953,165	\$ 168,758
Licenses, fees and permits	-	50	50
Fines, forfeitures and penalties	-	-	-
Investment income:			
Interest	-	33,189	33,189
Net increase/(decrease) in fair value of investments	-	(9,630)	(9,630)
Other	1,500	86,968	85,468
<i>Total Revenues</i>	<u>3,785,907</u>	<u>4,063,742</u>	<u>277,835</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	-	-	-
Highway and streets	1,962,648	1,904,698	57,950
Capital outlay	2,160,500	2,206,988	(46,488)
Contingency	90,591	-	90,591
<i>Total Expenditures</i>	<u>4,213,739</u>	<u>4,111,686</u>	<u>102,053</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(427,832)</u>	<u>(47,944)</u>	<u>379,888</u>
<b>FUND BALANCE, Beginning of year</b>	<u>-</u>	<u>866,906</u>	<u>866,906</u>
<b>FUND BALANCE, End of year</b>	<u>\$ (427,832)</u>	<u>\$ 818,962</u>	<u>\$ 1,246,794</u>

<i>State Seizures and Forfeitures</i>			<i>Federal Seizures and Forfeitures</i>		
<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
275,000	48,017	(226,983)	50,000	23,753	(26,247)
-	5,454	5,454	-	2,320	2,320
-	-	-	-	-	-
-	-	-	-	-	-
<u>275,000</u>	<u>53,471</u>	<u>(221,529)</u>	<u>50,000</u>	<u>26,073</u>	<u>(23,927)</u>
82,846	7,295	75,551	-	39,025	(39,025)
-	-	-	-	-	-
-	16,513	(16,513)	-	1,880	(1,880)
290,037	-	290,037	-	-	-
<u>372,883</u>	<u>23,808</u>	<u>349,075</u>	<u>-</u>	<u>40,905</u>	<u>(40,905)</u>
<u>(97,883)</u>	<u>29,663</u>	<u>127,546</u>	<u>50,000</u>	<u>(14,832)</u>	<u>(64,832)</u>
-	192,794	192,794	-	36,569	36,569
<u>\$ (97,883)</u>	<u>\$ 222,457</u>	<u>\$ 320,340</u>	<u>\$ 50,000</u>	<u>\$ 21,737</u>	<u>\$ (28,263)</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, 2020**

	<i>Totals</i>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
<b>REVENUES</b>			
Intergovernmental	\$ 3,784,407	\$ 3,953,165	\$ 168,758
Licenses, fees and permits	-	50	50
Fines, forfeitures and penalties	325,000	71,770	(253,230)
Investment income:			
Interest	-	40,963	40,963
Net increase/(decrease) in fair value of investments	-	(9,630)	(9,630)
Other	1,500	86,968	85,468
<i>Total Revenues</i>	<u>4,110,907</u>	<u>4,143,286</u>	<u>32,379</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	82,846	46,320	36,526
Highway and streets	1,962,648	1,904,698	57,950
Capital outlay	2,160,500	2,225,381	(64,881)
Contingency	380,628	-	380,628
<i>Total Expenditures</i>	<u>4,586,622</u>	<u>4,176,399</u>	<u>410,223</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(475,715)</u>	<u>(33,113)</u>	<u>442,602</u>
<b>FUND BALANCE, Beginning of year</b>	<u>-</u>	<u>1,096,269</u>	<u>1,096,269</u>
<b>FUND BALANCE, End of year</b>	<u>\$ (475,715)</u>	<u>\$ 1,063,156</u>	<u>\$ 1,538,871</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, 2020**

	<i>Municipal</i>	<i>Oracle Road</i>	<i>Totals</i>
	<i>Debt Service</i>	<i>Debt Service</i>	
<b><u>ASSETS</u></b>			
Cash and investments	\$ 169,721	\$ 6,791	\$ 176,512
Interest receivable	-	50	50
Special assessments	-	170,000	170,000
<b><i>Total Assets</i></b>	<b><u>\$ 169,721</u></b>	<b><u>\$ 176,841</u></b>	<b><u>\$ 346,562</u></b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u></b>			
<b><u>AND FUND BALANCES</u></b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
<b><i>Total Liabilities</i></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue - special assessments	-	170,000	170,000
<b>Fund balances:</b>			
Restricted	169,721	6,841	176,562
<b><i>Total Fund Balances</i></b>	<b><u>169,721</u></b>	<b><u>6,841</u></b>	<b><u>176,562</u></b>
<b><i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i></b>	<b><u>\$ 169,721</u></b>	<b><u>\$ 176,841</u></b>	<b><u>\$ 346,562</u></b>

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR DEBT SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	<i>Municipal</i> <i>Debt Service</i>	<i>Oracle Road</i> <i>Debt Service</i>	<b>Totals</b>
<b>REVENUES</b>			
Special assessments	\$ -	\$ 175,197	\$ 175,197
Intergovernmental	38,043	-	38,043
Investment income:			
Interest	20,651	153	20,804
Net increase in fair value of investments	-	-	-
Other	80,506	530	81,036
<i>Total Revenues</i>	<u>139,200</u>	<u>175,880</u>	<u>315,080</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement	877,354	165,000	1,042,354
Interest and fiscal charges	321,030	13,961	334,991
<i>Total Expenditures</i>	<u>1,198,384</u>	<u>178,961</u>	<u>1,377,345</u>
<b>REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<u>(1,059,184)</u>	<u>(3,081)</u>	<u>(1,062,265)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	1,046,718	-	1,046,718
<b>NET CHANGE IN FUND BALANCE</b>	(12,466)	(3,081)	(15,547)
<b>FUND BALANCE, Beginning of year</b>	<u>182,187</u>	<u>9,922</u>	<u>192,109</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 169,721</u>	<u>\$ 6,841</u>	<u>\$ 176,562</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, 2020**

	<i>Municipal Debt Service</i>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
<b>REVENUES</b>			
Special assessments	\$ -	\$ -	\$ -
Intergovernmental	43,509	38,043	(5,466)
Investment income:			
Interest	5,000	20,651	15,651
Net increase in fair value of investments	-	-	-
Other	100,000	80,506	(19,494)
<i>Total Revenues</i>	<u>148,509</u>	<u>139,200</u>	<u>(9,309)</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement	877,352	877,354	(2)
Interest and fiscal charges	322,876	321,030	1,846
Contingency	81,821	-	81,821
<i>Total Expenditures</i>	<u>1,282,049</u>	<u>1,198,384</u>	<u>83,665</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,133,540)</u>	<u>(1,059,184)</u>	<u>74,356</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	<u>1,046,718</u>	<u>1,046,718</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(86,822)	(12,466)	74,356
<b>FUND BALANCE, Beginning of year</b>	<u>-</u>	<u>182,187</u>	<u>182,187</u>
<b>FUND BALANCE, End of year</b>	<u>\$ (86,822)</u>	<u>\$ 169,721</u>	<u>\$ 256,543</u>

<i>Oracle Road Debt Service</i>			<i>Totals</i>		
<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
\$ 176,912	\$ 175,197	\$ (1,715)	\$ 176,912	\$ 175,197	\$ (1,715)
-	-	-	43,509	38,043	(5,466)
-	153	153	5,000	20,804	15,804
-	-	-	-	-	-
-	530	530	100,000	81,036	(18,964)
<u>176,912</u>	<u>175,880</u>	<u>(1,032)</u>	<u>325,421</u>	<u>315,080</u>	<u>(10,341)</u>
165,000	165,000	-	1,042,352	1,042,354	(2)
14,912	13,961	951	337,788	334,991	2,797
6,240	-	6,240	88,061	-	88,061
<u>186,152</u>	<u>178,961</u>	<u>7,191</u>	<u>1,468,201</u>	<u>1,377,345</u>	<u>90,856</u>
<u>(9,240)</u>	<u>(3,081)</u>	<u>6,159</u>	<u>(1,142,780)</u>	<u>(1,062,265)</u>	<u>80,515</u>
-	-	-	1,046,718	1,046,718	-
(9,240)	(3,081)	6,159	(96,062)	(15,547)	80,515
-	9,922	9,922	-	192,109	192,109
<u>\$ (9,240)</u>	<u>\$ 6,841</u>	<u>\$ 16,081</u>	<u>\$ (96,062)</u>	<u>\$ 176,562</u>	<u>\$ 272,624</u>

(This page intentionally left blank)

## 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, 2020**

	<i>Townwide Roadway Development Impact Fees</i>	<i>General Impact Fees</i>	<i>Townwide Facilities Projects</i>	<i>Totals</i>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 3,107,747	\$ 879,887	\$ 16,033	\$ 4,003,667
Interest receivable	19,631	3,084	67	22,782
<b><i>Total Assets</i></b>	<b><u>\$ 3,127,378</u></b>	<b><u>\$ 882,971</u></b>	<b><u>\$ 16,100</u></b>	<b><u>\$ 4,026,449</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities:</b>				
Unearned revenue	\$ 161,190	\$ -	\$ -	\$ 161,190
<b><i>Total Liabilities</i></b>	<b><u>161,190</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>161,190</u></b>
<b>Fund balances:</b>				
Restricted	2,966,188	882,971	-	3,849,159
Committed	-	-	16,100	16,100
<b><i>Total Fund Balances</i></b>	<b><u>2,966,188</u></b>	<b><u>882,971</u></b>	<b><u>16,100</u></b>	<b><u>3,865,259</u></b>
<b><i>Total Liabilities and Fund Balances</i></b>	<b><u>\$ 3,127,378</u></b>	<b><u>\$ 882,971</u></b>	<b><u>\$ 16,100</u></b>	<b><u>\$ 4,026,449</u></b>

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	<i>Townwide Roadway Development Impact Fees</i>	<i>General Impact Fees</i>	<i>Townwide Facilities Projects</i>	<i>Totals</i>
<b>REVENUES</b>				
Development impact fees	\$ 644,186	\$ 336,116	\$ -	\$ 980,302
Investment income:				
Interest	86,180	18,207	382	104,769
Net increase in fair value of investments	11,360	6,993	-	18,353
<i>Total Revenues</i>	<u>741,726</u>	<u>361,316</u>	<u>382</u>	<u>1,103,424</u>
<b>EXPENDITURES</b>				
Capital outlay	1,033,482	18,242	-	1,051,724
<i>Total Expenditures</i>	<u>1,033,482</u>	<u>18,242</u>	<u>-</u>	<u>1,051,724</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>(291,756)</u>	<u>343,074</u>	<u>382</u>	<u>51,700</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	-	(100,000)	-	(100,000)
<b>NET CHANGE IN FUND BALANCES</b>	(291,756)	243,074	382	(48,300)
<b>FUND BALANCES, Beginning of year</b>	<u>3,257,944</u>	<u>639,897</u>	<u>15,718</u>	<u>3,913,559</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 2,966,188</u>	<u>\$ 882,971</u>	<u>\$ 16,100</u>	<u>\$ 3,865,259</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, 2020**

	<i>Townwide Roadway Development Impact Fees</i>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
<b>REVENUES</b>			
Development impact fees	\$ 541,430	\$ 644,186	\$ 102,756
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment income:			
Interest	30,000	86,180	56,180
Net increase in fair value of investments	-	11,360	11,360
Other	-	-	-
<i>Total Revenues</i>	<u>571,430</u>	<u>741,726</u>	<u>170,296</u>
<b>EXPENDITURES</b>			
Capital outlay	2,710,000	1,033,482	1,676,518
Contingency	300,000	-	300,000
<i>Total Expenditures</i>	<u>3,010,000</u>	<u>1,033,482</u>	<u>1,976,518</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,438,570)</u>	<u>(291,756)</u>	<u>2,146,814</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	(2,438,570)	(291,756)	2,146,814
<b>FUND BALANCE, Beginning of year</b>	-	3,257,944	3,257,944
<b>FUND BALANCE, End of year</b>	<u>\$ (2,438,570)</u>	<u>\$ 2,966,188</u>	<u>\$ 5,404,758</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>
\$ 355,890	\$ 336,116	\$ (19,774)	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	18,207	18,207	-	382	382
-	6,993	6,993	-	-	-
-	-	-	-	-	-
<u>355,890</u>	<u>361,316</u>	<u>5,426</u>	<u>-</u>	<u>382</u>	<u>382</u>
420,000	18,242	401,758	-	-	-
479,535	-	479,535	15,718	-	15,718
<u>899,535</u>	<u>18,242</u>	<u>881,293</u>	<u>15,718</u>	<u>-</u>	<u>15,718</u>
<u>(543,645)</u>	<u>343,074</u>	<u>886,719</u>	<u>(15,718)</u>	<u>382</u>	<u>16,100</u>
<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(643,645)</u>	<u>243,074</u>	<u>886,719</u>	<u>(15,718)</u>	<u>382</u>	<u>16,100</u>
<u>-</u>	<u>639,897</u>	<u>639,897</u>	<u>-</u>	<u>15,718</u>	<u>15,718</u>
<u>\$ (643,645)</u>	<u>\$ 882,971</u>	<u>\$ 1,526,616</u>	<u>\$ (15,718)</u>	<u>\$ 16,100</u>	<u>\$ 31,818</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, 2020**

	<i>General Government CIP</i>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
<b>REVENUES</b>			
Development impact fees	\$ -	\$ -	\$ -
Intergovernmental	329,500	199,810	(129,690)
Charges for services	-	536,904	536,904
Investment income:			
Interest	-	92,475	92,475
Net increase/(decrease) in fair value of investments	-	(7,206)	(7,206)
Other	536,900	485,678	(51,222)
<i>Total Revenues</i>	<u>866,400</u>	<u>1,307,661</u>	<u>441,261</u>
<b>EXPENDITURES</b>			
Capital outlay	4,139,438	3,607,970	531,468
Contingency	6,000	-	6,000
<i>Total Expenditures</i>	<u>4,145,438</u>	<u>3,607,970</u>	<u>537,468</u>
<b>REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<u>(3,279,038)</u>	<u>(2,300,309)</u>	<u>978,729</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	<u>1,100,000</u>	<u>1,100,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,179,038)	(1,200,309)	978,729
<b>FUND BALANCE, Beginning of year</b>	<u>-</u>	<u>3,611,045</u>	<u>3,611,045</u>
<b>FUND BALANCE, End of year</b>	<u>\$ (2,179,038)</u>	<u>\$ 2,410,736</u>	<u>\$ 4,589,774</u>

<i>PAG/RTA</i>			<i>Totals</i>		
<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
\$ -	\$ -	\$ -	\$ 897,320	\$ 980,302	\$ 82,982
10,300,000	12,121,864	1,821,864	10,629,500	12,321,674	1,692,174
28,125	913,924	885,799	28,125	1,450,828	1,422,703
-	-	-	30,000	197,244	167,244
-	-	-	-	11,147	11,147
-	-	-	536,900	485,678	(51,222)
<u>10,328,125</u>	<u>13,035,788</u>	<u>2,707,663</u>	<u>12,121,845</u>	<u>15,446,873</u>	<u>3,325,028</u>
10,300,000	13,219,405	(2,919,405)	17,569,438	17,879,099	(309,661)
490,268	-	490,268	1,291,521	-	1,291,521
<u>10,790,268</u>	<u>13,219,405</u>	<u>(2,429,137)</u>	<u>18,860,959</u>	<u>17,879,099</u>	<u>981,860</u>
(462,143)	(183,617)	278,526	(6,739,114)	(2,432,226)	4,306,888
-	-	-	1,000,000	1,000,000	-
(462,143)	(183,617)	278,526	(5,739,114)	(1,432,226)	4,306,888
-	566,136	566,136	-	8,090,740	8,090,740
<u>\$ (462,143)</u>	<u>\$ 382,519</u>	<u>\$ 844,662</u>	<u>\$ (5,739,114)</u>	<u>\$ 6,658,514</u>	<u>\$ 12,397,628</u>

(This page intentionally left blank)

## 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.

(This page intentionally left blank)

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 152,604,355	\$ 141,506,384	\$ 137,311,856	\$ 133,414,691	\$ 132,419,826
Restricted	6,601,283	5,752,355	4,424,244	6,006,584	4,653,905
Unrestricted	<u>(11,756,943)</u>	<u>(10,619,492)</u>	<u>(11,583,669)</u>	<u>(15,397,688)</u>	<u>(10,883,206)</u>
<i>Total governmental activities net position</i>	<u>\$ 147,448,695</u>	<u>\$ 136,639,247</u>	<u>\$ 130,152,431</u>	<u>\$ 124,023,587</u>	<u>\$ 126,190,525</u>
<b>Business-type Activities:</b>					
Net investment in capital assets	\$ 76,933,346	\$ 73,170,068	\$ 69,036,006	\$ 66,755,370	\$ 61,261,271
Unrestricted	<u>25,077,357</u>	<u>23,499,030</u>	<u>21,397,377</u>	<u>18,721,247</u>	<u>19,504,748</u>
<i>Total governmental activities net position</i>	<u>\$ 102,010,703</u>	<u>\$ 96,669,098</u>	<u>\$ 90,433,383</u>	<u>\$ 85,476,617</u>	<u>\$ 80,766,019</u>
<b>Primary Government:</b>					
Net investment in capital assets	\$ 229,537,701	\$ 214,676,452	\$ 206,347,862	\$ 200,170,061	\$ 193,681,097
Restricted	6,601,283	5,752,355	4,424,244	6,006,584	4,653,905
Unrestricted	<u>13,320,414</u>	<u>12,879,538</u>	<u>9,813,708</u>	<u>3,323,559</u>	<u>8,621,542</u>
<i>Total primary government net position</i>	<u>\$ 249,459,398</u>	<u>\$ 233,308,345</u>	<u>\$ 220,585,814</u>	<u>\$ 209,500,204</u>	<u>\$ 206,956,544</u>
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 133,800,218	\$ 133,714,821	\$ 134,512,094	\$ 135,336,862	\$ 132,956,156
Restricted	3,599,966	4,555,138	3,730,312	11,454,390	9,048,505
Unrestricted	<u>(9,493,907)</u>	<u>18,430,146</u>	<u>18,901,112</u>	<u>10,808,596</u>	<u>10,588,160</u>
<i>Total governmental activities net position</i>	<u>\$ 127,906,277</u>	<u>\$ 156,700,105</u>	<u>\$ 157,143,518</u>	<u>\$ 157,599,848</u>	<u>\$ 152,592,821</u>
<b>Business-type Activities:</b>					
Net investment in capital assets	\$ 54,858,448	\$ 52,775,561	\$ 48,802,267	\$ 45,669,488	\$ 40,005,568
Unrestricted	<u>20,092,694</u>	<u>21,541,202</u>	<u>19,501,676</u>	<u>19,067,780</u>	<u>20,371,225</u>
<i>Total governmental activities net position</i>	<u>\$ 74,951,142</u>	<u>\$ 74,316,763</u>	<u>\$ 68,303,943</u>	<u>\$ 64,737,268</u>	<u>\$ 60,376,793</u>
<b>Primary Government:</b>					
Net investment in capital assets	\$ 188,658,666	\$ 186,490,382	\$ 183,314,361	\$ 181,006,350	\$ 172,961,724
Restricted	3,599,966	4,555,138	3,730,312	11,454,390	9,048,505
Unrestricted	<u>10,598,787</u>	<u>39,971,348</u>	<u>38,402,788</u>	<u>29,876,376</u>	<u>30,959,385</u>
<i>Total primary government net position</i>	<u>\$ 202,857,419</u>	<u>\$ 231,016,868</u>	<u>\$ 225,447,461</u>	<u>\$ 222,337,116</u>	<u>\$ 212,969,614</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)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 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	\$ 9,887,523
Public safety	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	12,509,201
Highways and streets	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	8,895,987
Transit	1,106,750	1,125,490	1,505,341	1,533,258	1,432,910	1,404,646	1,275,093	-	-	-
Culture and recreation	9,551,170	9,699,357	10,111,731	10,204,276	9,695,639	4,572,490	3,399,623	2,783,633	3,227,895	3,375,281
Interest on long-term debt	362,651	355,545	350,404	511,502	494,732	439,027	656,260	522,917	654,262	430,570
<b>Total governmental activities expenses</b>	<b>57,849,268</b>	<b>55,657,447</b>	<b>49,796,129</b>	<b>56,048,572</b>	<b>48,724,893</b>	<b>43,937,173</b>	<b>38,890,007</b>	<b>35,192,909</b>	<b>35,532,543</b>	<b>35,098,562</b>
<b>Business-type activities:</b>										
Water	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	12,527,851
Stormwater	1,444,865	1,291,490	1,190,898	1,115,494	917,898	854,510	749,038	983,975	636,966	586,006
<b>Total business-type activities expenses</b>	<b>17,398,411</b>	<b>16,381,163</b>	<b>16,759,186</b>	<b>15,868,912</b>	<b>15,323,972</b>	<b>14,463,441</b>	<b>14,321,715</b>	<b>14,031,348</b>	<b>12,621,795</b>	<b>13,113,857</b>
<b>Total primary government expenses</b>	<b>\$ 75,247,679</b>	<b>\$ 72,038,610</b>	<b>\$ 66,555,315</b>	<b>\$ 71,917,484</b>	<b>\$ 64,048,865</b>	<b>\$ 58,400,614</b>	<b>\$ 53,211,722</b>	<b>\$ 49,224,257</b>	<b>\$ 48,154,338</b>	<b>\$ 48,212,419</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services</b>										
General government	\$ 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	\$ 2,455,182
Public safety	157,312	173,488	128,651	138,075	168,808	29,097	35,976	45,346	33,109	33,976
Highways and streets	1,675,929	754,388	1,039,542	1,052,167	764,397	496,098	546,066	1,052,581	329,420	400,977
Transit	110,309	138,125	119,536	100,052	88,684	72,783	71,078	-	-	-
Culture and recreation	4,391,639	5,014,018	5,096,804	4,611,576	4,373,693	1,108,734	435,354	169,965	82,832	126,290
<b>Operating grants and contributions</b>	<b>3,621,830</b>	<b>4,669,814</b>	<b>4,949,928</b>	<b>4,664,197</b>	<b>5,503,530</b>	<b>5,070,396</b>	<b>4,706,844</b>	<b>5,318,097</b>	<b>5,247,844</b>	<b>4,887,283</b>
<b>Capital grants and contributions</b>	<b>16,338,347</b>	<b>8,302,441</b>	<b>5,529,831</b>	<b>6,749,407</b>	<b>3,602,656</b>	<b>2,456,727</b>	<b>2,919,641</b>	<b>2,920,335</b>	<b>7,107,063</b>	<b>8,980,239</b>
<b>Total governmental activities program revenues</b>	<b>31,500,378</b>	<b>23,972,406</b>	<b>21,948,688</b>	<b>22,216,978</b>	<b>18,598,695</b>	<b>12,750,194</b>	<b>12,693,076</b>	<b>13,246,370</b>	<b>15,879,794</b>	<b>16,883,947</b>
<b>Business-type activities:</b>										
<b>Charges for services</b>										
Water	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	15,119,065
Stormwater	1,443,616	1,426,246	1,386,278	1,314,787	828,258	771,594	759,428	813,400	752,212	888,391
<b>Operating grants and contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital grants and contributions</b>	<b>169,194</b>	<b>2,899,213</b>	<b>870,920</b>	<b>1,097,285</b>	<b>3,334,372</b>	<b>1,979,037</b>	<b>179,675</b>	<b>48,871</b>	<b>245,607</b>	<b>1,655,307</b>
<b>Total business-type activities program revenues</b>	<b>21,831,568</b>	<b>21,844,617</b>	<b>21,712,883</b>	<b>20,570,457</b>	<b>20,937,210</b>	<b>18,839,312</b>	<b>20,225,897</b>	<b>17,594,871</b>	<b>16,815,164</b>	<b>17,662,763</b>
<b>Total primary government program revenues</b>	<b>\$ 53,331,946</b>	<b>\$ 45,817,023</b>	<b>\$ 43,661,571</b>	<b>\$ 42,787,435</b>	<b>\$ 39,535,905</b>	<b>\$ 31,589,506</b>	<b>\$ 32,918,973</b>	<b>\$ 30,841,241</b>	<b>\$ 32,694,958</b>	<b>\$ 34,546,710</b>
<b>Net (expense)/revenue:</b>										
<b>Governmental activities</b>	<b>\$ (26,348,890)</b>	<b>\$ (31,685,041)</b>	<b>\$ (27,847,441)</b>	<b>\$ (33,831,594)</b>	<b>\$ (30,126,198)</b>	<b>\$ (31,186,979)</b>	<b>\$ (26,196,931)</b>	<b>\$ (21,946,539)</b>	<b>\$ (19,652,749)</b>	<b>\$ (18,214,615)</b>
<b>Business-type activities</b>	<b>4,433,157</b>	<b>5,463,454</b>	<b>4,953,697</b>	<b>4,701,545</b>	<b>5,613,238</b>	<b>4,375,871</b>	<b>5,904,182</b>	<b>3,563,523</b>	<b>4,193,369</b>	<b>4,548,906</b>
<b>Total primary government net expense</b>	<b>\$ (21,915,733)</b>	<b>\$ (26,221,587)</b>	<b>\$ (22,893,744)</b>	<b>\$ (29,130,049)</b>	<b>\$ (24,512,960)</b>	<b>\$ (26,811,108)</b>	<b>\$ (20,292,749)</b>	<b>\$ (18,383,016)</b>	<b>\$ (15,459,380)</b>	<b>\$ (13,665,709)</b>

**General Revenues and Other Changes in Net Position**

**Governmental activities:**

Taxes:										
Sales	\$ 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	\$ 11,572,148
Franchise	662,048	635,494	656,664	647,830	621,546	582,064	571,731	539,477	525,427	514,814
Unrestricted state revenue sharing	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	4,520,935
Unrestricted state sales tax revenue sharing	-	-	-	-	-	-	-	-	3,204,612	2,569,666
Unrestricted auto lieu tax revenue sharing	-	-	-	-	-	-	-	-	1,479,094	1,318,989
Investment earnings	1,098,267	1,132,215	74,542	68,435	238,210	216,175	255,702	265,787	189,606	39,124
Special item - Capital asset conveyance	-	-	-	-	-	-	-	(2,606,804)	-	-
Transfers	2,472	2,581	2,847	2,942	3,030	3,119	3,178	2,319	-	-
<b>Total governmental activities</b>	<b>37,158,338</b>	<b>36,574,640</b>	<b>33,976,285</b>	<b>31,664,656</b>	<b>28,410,446</b>	<b>27,346,981</b>	<b>25,753,518</b>	<b>21,490,209</b>	<b>21,659,776</b>	<b>20,535,676</b>
<b>Business-type activities:</b>										
Investment earnings	910,920	774,842	5,916	11,995	204,669	124,887	111,816	5,471	167,106	39,745
Transfers	(2,472)	(2,581)	(2,847)	(2,942)	(3,030)	(3,119)	(3,178)	(2,319)	-	-
<b>Total business-type activities</b>	<b>908,448</b>	<b>772,261</b>	<b>3,069</b>	<b>9,053</b>	<b>201,639</b>	<b>121,768</b>	<b>108,638</b>	<b>3,152</b>	<b>167,106</b>	<b>39,745</b>
<b>Total primary government</b>	<b>\$ 38,066,786</b>	<b>\$ 37,346,901</b>	<b>\$ 33,979,354</b>	<b>\$ 31,673,709</b>	<b>\$ 28,612,085</b>	<b>\$ 27,468,749</b>	<b>\$ 25,862,156</b>	<b>\$ 21,493,361</b>	<b>\$ 21,826,882</b>	<b>\$ 20,575,421</b>
<b>Change in Net Position</b>										
<b>Governmental activities</b>	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	2,321,061
<b>Business-type activities</b>	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	4,588,651
<b>Total primary government</b>	<b>\$ 16,151,053</b>	<b>\$ 11,125,314</b>	<b>\$ 11,085,610</b>	<b>\$ 2,543,660</b>	<b>\$ 4,099,125</b>	<b>\$ 657,641</b>	<b>\$ 5,569,407</b>	<b>\$ 3,110,345</b>	<b>\$ 6,367,502</b>	<b>\$ 6,909,712</b>

Source: Town of Oro Valley Finance Department

\* Impact fees in fiscal year 2011 are now presented in program revenues.

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

	<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>	<u>2011</u>
<i>General fund</i>										
Nonspendable	\$ 45,553	\$ 129,504	\$ 141,676	\$ 130,030	\$ 97,269	\$ 31,278	\$ -	\$ -	\$ -	\$ -
Committed	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	1,769,333
Unassigned	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	9,237,805
<i>Total general fund</i>	<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>	<u>\$ 11,007,138</u>
<i>All other governmental funds</i>										
Nonspendable	\$ 73,201	\$ 105,403	\$ 130,202	\$ 132,538	\$ 127,600	\$ 149,348	\$ -	\$ -	\$ -	\$ -
Restricted	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	9,128,505
Committed	805,717	406,247	1,594,293	1,829,232	2,617,856	4,637,773	5,343,506	4,166,818	622,919	840,704
Assigned	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>\$ 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>	<u>\$ 9,969,209</u>

Source: Town of Oro Valley Finance Department

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No.54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

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

	<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>	<u>2011</u>
<b>Revenues</b>										
Taxes	\$ 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	\$ 12,086,962
Intergovernmental	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	18,040,619
Fines, forfeitures, & penalties	183,381	247,283	529,687	558,692	283,470	221,571	673,336	551,962	895,820	560,941
Licenses, fees, & permits	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	1,059,309
Charges for services	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	926,135
Contributions & donations	-	-	133,928	150,000	149,513	-	-	27,229	995	15,000
Special assessments	175,197	174,066	175,854	175,539	189,525	178,078	1,462,307	365,935	366,028	365,811
Development impact fees	980,302	1,039,763	1,346,402	1,348,528	795,471	439,637	569,338	988,342	417,742	481,619
Investment income	1,098,267	1,132,215	74,542	68,435	238,210	216,175	255,702	265,787	189,606	39,124
Other revenues	965,588	841,111	576,970	572,886	504,796	141,618	305,489	349,326	460,512	297,109
<b>Total revenues</b>	<b>\$ 67,526,356</b>	<b>\$ 60,964,861</b>	<b>\$ 56,072,125</b>	<b>\$ 54,023,792</b>	<b>\$ 47,141,111</b>	<b>\$ 40,224,056</b>	<b>\$ 39,823,416</b>	<b>\$ 37,591,064</b>	<b>\$ 37,774,570</b>	<b>\$ 33,872,629</b>
<b>Expenditures</b>										
General government	\$ 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	\$ 9,848,393
Public safety	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	11,928,567
Highways & streets	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	3,288,349
Transit	1,110,444	1,150,322	1,536,294	1,528,654	1,432,910	1,404,646	-	-	-	-
Culture & recreation	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	3,031,520
Capital outlay	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	7,014,659
Debt service										
Principal	1,262,487	1,124,885	1,304,226	1,075,466	897,637	649,840	1,867,901	571,910	3,052,953	3,459,970
Interest	365,454	327,421	356,661	314,914	336,510	436,010	472,268	498,729	554,274	470,578
Issuance cost on bonds	-	35,000	-	67,959	104,533	-	-	-	75,800	-
<b>Total expenditures</b>	<b>\$ 67,314,945</b>	<b>\$ 60,486,449</b>	<b>\$ 54,500,898</b>	<b>\$ 51,434,408</b>	<b>\$ 49,540,314</b>	<b>\$ 43,199,287</b>	<b>\$ 38,141,057</b>	<b>\$ 39,738,106</b>	<b>\$ 37,965,794</b>	<b>\$ 39,042,036</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ 211,411</b>	<b>\$ 478,412</b>	<b>\$ 1,571,227</b>	<b>\$ 2,589,384</b>	<b>\$ (2,399,203)</b>	<b>\$ (2,975,231)</b>	<b>\$ 1,682,359</b>	<b>\$ (2,147,042)</b>	<b>\$ (191,224)</b>	<b>\$ (5,169,407)</b>
<b>Other financing sources (uses)</b>										
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	2,445,000
Transfers in	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	860,143
Transfers out	(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)	(795,020)
<b>Total other financing sources (uses)</b>	<b>2,472</b>	<b>2,037,581</b>	<b>(297,153)</b>	<b>1,647,051</b>	<b>1,052,373</b>	<b>3,119</b>	<b>216,073</b>	<b>(297,681)</b>	<b>2,693,835</b>	<b>2,510,123</b>
<b>Net change in fund balances</b>	<b>\$ 213,883</b>	<b>\$ 2,515,993</b>	<b>\$ 1,274,074</b>	<b>\$ 4,236,435</b>	<b>\$ (1,346,830)</b>	<b>\$ (2,972,112)</b>	<b>\$ 1,898,432</b>	<b>\$ (2,444,723)</b>	<b>\$ 2,502,611</b>	<b>\$ (2,659,284)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>3.40%</b>	<b>3.16%</b>	<b>3.66%</b>	<b>3.32%</b>	<b>3.00%</b>	<b>3.17%</b>	<b>7.30%</b>	<b>3.76%</b>	<b>11.55%</b>	<b>12.36%</b>

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, 2020</i>					<i>June 30, 2011</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	\$ 2,152,927	1	9.46%	Taxpayer A	Accomodation	\$ 1,026,810	1	8.95%
Taxpayer B	Construction	1,230,334	2	5.41%	Taxpayer B	Utility	839,817	2	7.32%
Taxpayer C	Retail	1,162,919	3	5.11%	Taxpayer C	Retail	763,115	3	6.65%
Taxpayer D	Construction	1,162,597	4	5.11%	Taxpayer D	Construction	540,074	4	4.71%
Taxpayer E	Retail	1,155,697	5	5.08%	Taxpayer E	Retail	404,511	5	3.53%
Taxpayer F	Accomodation	800,459	6	3.52%	Taxpayer F	Retail	337,952	6	2.95%
Taxpayer G	Utility	662,977	7	2.91%	Taxpayer G	Retail	276,173	7	2.41%
Taxpayer H	Construction	651,356	8	2.86%	Taxpayer H	Retail	250,501	8	2.18%
Taxpayer I	Retail	535,535	9	2.35%	Taxpayer I	Construction	240,724	9	2.10%
Taxpayer J	Construction	419,776	10	1.84%	Taxpayer J	Utility	212,456	10	1.85%
		<u>\$ 9,934,577</u>		<u>43.65%</u>			<u>\$ 4,892,133</u>		<u>42.64%</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>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>	<u>2011</u>
Construction	\$ 4,363	\$ 4,191	\$ 4,653	\$ 4,295	\$ 2,131	\$ 3,199	\$ 3,338	\$ 2,842	\$ 1,738	\$ 1,707
Manufacturing	198	173	140	137	156	141	257	258	258	266
Transportation, Warehousing, Communications & Utilities	3,288	3,335	3,384	3,171	3,133	3,068	2,959	2,785	2,450	1,534
Wholesale Trade	211	183	154	136	131	125	103	110	106	93
Retail Trade	9,830	8,430	7,733	7,086	6,844	5,808	5,243	5,153	4,925	4,720
Restaurants, Bars & Lodging	3,011	4,299	3,907	3,473	3,295	2,803	2,761	2,164	2,314	2,314
Finance, Insurance & Real Estate	442	1,114	646	562	443	270	75	335	333	324
Services	1,004	963	840	702	672	599	529	456	456	417
All Other	409	237	206	202	190	115	60	75	103	102
Cable Franchise	662	635	657	648	622	582	572	540	525	515
<b>Total</b>	<b>\$ 23,418</b>	<b>\$ 23,560</b>	<b>\$ 22,320</b>	<b>\$ 20,412</b>	<b>\$ 17,617</b>	<b>\$ 16,710</b>	<b>\$ 15,897</b>	<b>\$ 14,718</b>	<b>\$ 13,208</b>	<b>\$ 11,992</b>
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:

- 1% Additional Bed Tax Effective May 1, 1990
- 3% Additional Bed Tax Effective September 1, 2001
- 4% Construction Sales Tax Effective May 1, 2004
- 6% Additional Bed Tax Effective January 1, 2006
- 2% Utility Sales Tax Effective April 1, 2007
- 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 Sales Tax</i>	<i>Utility Sales Tax</i>	<i>Sales</i>
2011	2.00%	6.00%	4.00%	2.00%	7.10%
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%

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>
2011	\$ 649,015,575	\$ 672,309,638	\$ 6,041,904,306	\$ -
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	-

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, 2020**

<i>Revenue Source</i>	<i>Projected</i>		<i>Actual</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>	<i>Fiscal Year 2013</i>
Town Sales & Franchise Fees	\$ 23,298,666	\$ 20,621,264	\$ 23,418,101	\$ 23,559,894	\$ 22,321,148	\$ 20,415,550	\$ 17,620,010	\$ 16,714,223	\$ 15,857,732	\$ 14,780,543
Licenses & Permits	2,461,440	1,617,500	2,400,899	2,387,832	2,679,690	2,313,504	1,915,992	1,605,937	2,116,700	1,813,947
Fines	127,500	125,000	111,611	165,669	131,393	131,637	159,154	148,050	172,232	180,875
State-shared Sales Tax	4,857,600	4,618,121	4,694,491	4,469,774	4,210,168	3,989,179	3,887,673	3,747,944	3,569,711	3,356,826
State-shared Income Tax	5,922,299	6,593,212	5,870,231	5,370,779	5,422,693	5,329,864	4,937,719	4,964,635	4,571,196	4,189,186
<i>Total</i>	<u>\$ 36,667,505</u>	<u>\$ 33,575,097</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>	<u>\$ 24,321,377</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>			
2011	\$ -	\$ -	\$ 2,513,133	\$ 7,149,780	\$ 2,920,000	\$ 49,803,970	\$ 35,392	\$ 5,473,096	\$ 67,895,371	3.73%	1,656
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	1.96%	905

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, 2020*

---

<i>Governmental Unit</i>	<i>Debt Outstanding</i>	<i>Estimated Percentage Applicable</i>	<i>Estimated Share of Overlapping Debt</i>
Pima County	\$ 181,428,000	7.60%	\$ 13,781,133
Amphitheater Unified School District	86,735,000	42.47%	36,834,243
Golder Ranch Fire District	12,685,175	69.95%	8,873,835
Subtotal, overlapping debt			59,489,212
Town of Oro Valley	9,375,647	100.00%	9,375,647
<i>Total estimated direct and overlapping debt</i>			<u>\$ 68,864,859</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Debt Limit</i>	\$ 189,876,207	\$ 177,836,351	\$ 164,704,598	\$ 160,216,343	\$ 154,257,798
<i>Total net debt applicable to limit</i>	-	-	-	-	-
<i>Legal debt margin</i>	<u>\$ 189,876,207</u>	<u>\$ 177,836,351</u>	<u>\$ 164,704,598</u>	<u>\$ 160,216,343</u>	<u>\$ 154,257,798</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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<i>Debt Limit</i>	\$ 145,824,512	\$ 144,627,563	\$ 154,118,112	\$ 163,628,543	\$ 174,800,436
<i>Total net debt applicable to limit</i>	-	-	-	-	-
<i>Legal debt margin</i>	<u>\$ 145,824,512</u>	<u>\$ 144,627,563</u>	<u>\$ 154,118,112</u>	<u>\$ 163,628,543</u>	<u>\$ 174,800,436</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**  
**CALCULATION OF LEGAL DEBT MARGIN**  
**JUNE 30, 2020**

---

Net Full Cash Assessed Valuation \$ 730,293,104

Water, Sewer, Light, Parks, Open Space and  
 Recreational Facility Bonds

---

Debt Limit - 20% of net full cash assessed valuation \$ 146,058,621

Debt applicable to limit

General obligation bonds outstanding \$

Less amount set aside for repayment of debt

---

Net debt applicable to limit

---

20% legal debt margin \$ 146,058,621

All other general obligation bonds

---

Debt Limit - 6% of net full cash assessed valuation \$ 43,817,586

Debt applicable to limit

General obligation bonds outstanding \$

Less amount set aside for repayment of debt

---

Net debt applicable to limit

---

All other general obligation bonds debt margin \$ 43,817,586

Total legal debt margin \$ 189,876,207

Source: Pima County Assessor's Office

**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	
2011	\$ 15,359,681	\$ 2,501,530	\$ 2,505,960	\$ 5,007,490	3.07
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

**Governmental Revenue Bonds**

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2011	\$ 23,921,715	\$ 234,970	\$ 253,984	\$ 488,954	48.92
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

**Special Assessment**

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2011	\$ 365,811	\$ 225,000	\$ 147,548	\$ 372,548	0.98
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

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**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues:</b>										
Water revenues	\$ 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	\$ 12,038,482
Water connection fees	810,689	621,106	816,045	816,353	544,852	591,045	1,413,047	706,159	462,762	244,376
Alternative water connection fees	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	400,988
Groundwater preservation fees	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	2,096,093
Other revenues	1,625,979	1,024,407	803,723	769,638	710,740	714,965	727,972	660,681	557,222	541,299
Interest income	887,772	758,457	-	11,020	203,857	124,593	110,615	-	166,654	38,445
<b>Total Revenues</b>	<b>21,106,530</b>	<b>18,277,613</b>	<b>19,455,685</b>	<b>18,169,405</b>	<b>16,943,438</b>	<b>16,213,273</b>	<b>19,397,409</b>	<b>16,732,600</b>	<b>15,840,854</b>	<b>15,359,683</b>
<b>Expenses:</b>										
Personnel	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	2,418,118
Operations & maintenance	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	3,721,167
CAP water costs	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	903,855
<b>Total Expenses</b>	<b>11,377,587</b>	<b>10,075,510</b>	<b>10,516,570</b>	<b>10,633,886</b>	<b>9,964,364</b>	<b>8,868,372</b>	<b>8,462,719</b>	<b>8,195,149</b>	<b>6,694,191</b>	<b>7,043,140</b>
<b>Net water system revenues</b>	<b>9,728,943</b>	<b>8,202,103</b>	<b>8,939,115</b>	<b>7,535,519</b>	<b>6,979,074</b>	<b>7,344,901</b>	<b>10,934,690</b>	<b>8,537,451</b>	<b>9,146,663</b>	<b>8,316,543</b>
<b>Water supported debt service</b>										
2007 WIFA Loan	306,657	310,866	311,000	311,130	311,256	311,377	311,494	316,763	316,875	316,983
2009 WIFA Loan	147,425	149,175	149,226	149,275	149,322	149,367	150,471	186,817	182,268	161,554
2014 WIFA Loan	373,072	377,060	377,158	395,534	361,059	296,972	-	-	-	-
2003 Revenue bonds	-	-	-	-	-	-	-	980,000	2,545,435	2,545,935
2003 Refunding revenue bonds	-	-	-	-	-	-	-	1,243,058	1,238,996	1,152,546
2005 Excise tax bonds	-	-	-	-	-	152,516	152,565	151,245	152,099	151,744
2007 Excise tax bonds	-	-	-	1,245,403	1,197,678	1,255,948	790,822	791,111	791,203	791,099
2012 Refunding bonds	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	149,924	152,339	150,259	25,101	17,116	-	-	-	-	-
2017 Refunding revenue obligations	1,624,758	1,658,306	235,873	-	-	-	-	-	-	-
2018 Excise tax revenue obligations	409,122	-	-	-	-	-	-	-	-	-
<b>Total water supported debt service</b>	<b>\$ 5,951,340</b>	<b>\$ 5,668,772</b>	<b>\$ 4,211,320</b>	<b>\$ 5,140,652</b>	<b>\$ 5,054,332</b>	<b>\$ 5,183,820</b>	<b>\$ 4,887,060</b>	<b>\$ 4,625,969</b>	<b>\$ 5,226,876</b>	<b>\$ 5,119,861</b>
<b>Debt service coverage</b>	<b>1.63</b>	<b>1.45</b>	<b>2.12</b>	<b>1.47</b>	<b>1.38</b>	<b>1.42</b>	<b>2.24</b>	<b>1.85</b>	<b>1.75</b>	<b>1.62</b>

Source: 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>
2011	41,011	\$ 1,820,460,164	\$ 44,390	6.0%
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	45,848	2,119,690,584	46,233	8.6%

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, 2020</i>				<i>June 30, 2011</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>
Ventana Medical Systems	1,710	1	8.85%	Ventana Medical Systems	1,300	1	7.61%
Oro Valley Hospital	700	2	3.62%	Amphitheater Public Schools	673	2	3.94%
Amphitheater Public Schools	600	3	3.11%	Hilton El Conquistador Resort	486	3	2.84%
Town of Oro Valley	590	4	3.05%	Oro Valley Hospital	470	4	2.75%
Wal-Mart Supercenter	390	5	2.02%	Town of Oro Valley	324	5	1.90%
Hilton El Conquistador Resort	340	6	1.76%	Fry's Food & Drug	260	6	1.52%
Casa De La Luz Foundation	260	7	1.35%	Wal-Mart Supercenter	250	7	1.46%
Fry's Food & Drug	200	8	1.04%	Target	125	8	0.73%
Target	180	9	0.93%	Kohls	100	9	0.59%
Securaplane Technologies Inc	180	10	0.93%	Sanofi-Aventis	73	10	0.43%
<i>Total</i>	<u>5,150</u>		<u>26.66%</u>	<i>Total</i>	<u>4,061</u>		<u>23.77%</u>

Source: Town of Oro Valley Department of Economic Development. 2010 Information is from the Principal Employers Arizona Workforce Informer

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

<i>Function/Program</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>2011</i>
<i>Administration</i>										
Town Clerk	4.73	4.73	4.69	4.54	4.56	4.56	4.90	4.54	4.44	4.60
Town Manager	10.38	10.38	7.38	7.38	7.38	8.00	7.00	7.00	7.10	7.10
Human Resources	4.00	4.00	3.48	3.48	3.50	3.50	2.00	5.00	5.00	5.00
Economic Development	1.00	1.00	3.00	3.00	3.00	2.00	2.00	3.00	1.00	1.00
Finance	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Information Systems	9.00	9.00	8.00	7.00	7.00	7.00	7.30	6.50	6.50	8.00
Legal	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	8.00	8.00
<i>Development &amp; Infrastructure Services</i>	27.38	27.38	26.88	103.63	83.76	81.45	78.84	77.22	73.38	73.10
<i>Parks &amp; Recreation</i>	63.10	63.10	60.78	48.02	49.36	36.20	37.61	27.26	20.62	22.70
<i>Cultural Resources</i>	-	-	-	-	0.20	-	-	1.35	1.30	1.30
<i>Library</i>	-	-	-	-	-	-	-	-	18.55	18.40
<i>Police</i>										
Civilians	31.25	31.25	30.25	31.25	30.25	30.25	25.93	30.25	30.25	29.70
Officers	106.88	101.88	104.88	101.88	102.88	102.88	101.91	101.44	97.96	95.00
<i>Magistrate Court</i>	8.48	8.00	8.00	8.00	8.00	8.00	8.70	8.00	8.00	9.00
<i>Public Works</i>	70.29	70.29	65.79	-	-	-	-	-	-	-
<i>Water Utility</i>	39.48	39.48	39.48	39.48	38.48	37.48	37.00	36.00	36.00	34.00
<i>Total</i>	<u>389.97</u>	<u>384.49</u>	<u>375.61</u>	<u>370.66</u>	<u>351.37</u>	<u>334.32</u>	<u>326.19</u>	<u>320.56</u>	<u>325.10</u>	<u>323.90</u>

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>
2011	\$ 8,043,658	\$ 921,825	\$ 1,166,921	\$ 13,258	\$ 92,257	\$ 814	\$ 130,704	\$ 1,669,045	\$ 12,038,482
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

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>	<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>	<u>2011</u>
<i>Police</i>										
Burglaries	42	50	77	71	85	77	75	105	134	100
Citations (traffic)	2,681	3,117	2,992	3,446	3,890	4,486	4,668	5,456	5,084	5,244
Investigations	932	963	915	818	824	832	765	681	711	746
Total arrests	1,251	1,488	1,786	1,458	1,598	1,721	1,679	1,564	1,716	1,932
Thefts	501	504	567	493	586	500	561	563	571	656
<i>Development &amp; Infrastructure Services</i>										
Street resurfacing (miles)	51	88	44	89	92	101	73	31	22	14
<i>Parks &amp; Recreation</i>										
Recreation programs held annually	105	96	73	55	52	38	30	35	37	47
Months of public pool operations	12	12	12	12	12	12	12	10	12	12
Parks maintenance man-hours worked	18,220	18,311	17,842	15,463	15,083	16,255	20,000	17,000	16,016	18,680
<i>Library</i>										
Collection volume	-	-	-	-	-	-	-	-	97,364	100,652
<i>Water</i>										
New connections	273	264	331	340	176	202	165	213	97	61
Total connections	20,461	20,188	19,924	19,588	19,355	19,179	18,977	18,812	18,599	18,502
<i>Transit</i>										
Total route miles	455,777	454,277	468,346	568,657	529,170	392,071	439,512	353,936	200,058	138,333
Passengers	39,902	47,847	49,474	51,131	45,202	39,102	39,196	32,442	20,119	14,873

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>
2011	\$ 14.19	\$ 2.20	\$ 2.99	\$ 4.03	\$ 5.38	\$ 0.75	\$ 14.19
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

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>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>	<u>2011</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	78	78	72	77	74	64	66	67	53
Other fleet	42	46	65	67	44	45	42	43	42	55
<i>Development &amp; Infrastructure Services</i>										
Streets (miles)	421	421	421	421	421	421	421	205	204	204
Streetlights	95	95	95	95	95	95	95	95	93	93
Traffic signals	22	22	22	19	19	19	19	19	17	16
<i>Parks &amp; Recreation</i>										
Acreage	449	449	449	448	448	448	457	436	436	374
Playgrounds	3	2	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	-	-	-	-
Golf course holes	45	45	45	45	45	45	-	-	-	-
Tennis courts	32	32	32	32	32	32	1	1	1	1
Swimming pools	2	3	4	4	4	4	2	2	2	1
<i>Water</i>										
Wells	19	18	19	20	20	20	18	22	22	22
Storage capacity (MG)	11	12	10	12	12	12	13	20	20	20
Booster capacity	26	33	46	27	27	27	26	25	25	25
<i>Transit</i>										
Transit vans	7	7	7	4	4	7	9	5	5	5
Transit mini buses	21	21	21	22	22	19	17	12	10	5

Source: Town of Oro Valley Finance Department

(This page intentionally left blank)