

Town of Oro Valley, Arizona

Annual Expenditure Limitation Report

June 30, 2023

TOWN OF ORO VALLEY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
Year Ended June 30, 2023

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INDEPENDENT ACCOUNTANTS' REPORT

The Auditor General of the State of Arizona and
The Honorable Mayor and Town Council
of the Town of Oro Valley, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of Town of Oro Valley, Arizona for the year ended June 30, 2023 and the related notes to the report. The Town's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Annual Expenditure Limitation Report of Town of Oro Valley, Arizona, referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.

Baker Tilly US, LLP

Tempe, Arizona
December 14, 2023

TOWN OF ORO VALLEY, ARIZONA
 ANNUAL EXPENDITURE LIMITATION REPORT – PART I
 Year Ended June 30, 2023

1. Economic Estimates Commission expenditure limitation	\$	<u>151,497,048</u>	
2. Voter-approved alternative expenditure limitation (approved June 1, 2022)		<u>147,704,287</u>	
3. Subtotal			\$ <u>147,704,287</u>
4. Amount subject to the expenditure limitation (total amount from Part II, line C)	\$	<u>115,722,426</u>	
5. Board-authorized expenditures necessitated by a disaster the Governor declared	-	<u> </u>	
6. Board-authorized expenditures necessitated by a disaster the Governor did not declare	-	<u> </u>	
7. Prior-year, voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year	-	<u> </u>	
8. Subtotal			\$ <u>115,722,426</u>
9. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster the Governor did not declare and the voters did not approve	+	<u> </u>	
10. Total adjusted amount subject to the expenditure limitation			\$ <u>115,722,426</u>
11. Amount under (in excess of) the expenditure limitation			\$ <u><u>31,981,861</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of chief financial officer: David Gephart

Name and title: David Gephart, CPA - Chief Financial Officer

Telephone number: (520) 229-4768 Date: 12.14.23

TOWN OF ORO VALLEY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – PART II
Year Ended June 30, 2023

Description	Governmental funds	Enterprise funds	Internal service funds	Total
A. Amounts reported on the Reconciliation, line D	\$ 86,986,859	\$ 24,267,666	\$ 4,467,901	\$ 115,722,426
B. Less exclusions claimed:				
<u>1.</u> Debt proceeds	-	-	-	-
<u>2.</u> Debt service requirements	-	-	-	-
<u>3.</u> Dividends, interest, and gains on the sale or redemption of investment securities	-	-	-	-
<u>4.</u> Trustee or custodian	-	-	-	-
<u>5.</u> Grants and aid from the federal government	-	-	-	-
<u>6.</u> Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	-	-	-	-
<u>7.</u> Amounts received from the State of Arizona	-	-	-	-
<u>8.</u> Quasi-external interfund transactions	-	-	-	-
<u>9.</u> Voter-approved amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-	-
<u>10.</u> Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-	-
<u>11.</u> Contracts with other political subdivisions	-	-	-	-
<u>12.</u> Refunds, reimbursements, and other recoveries	-	-	-	-
<u>13.</u> Voter-approved exclusions not identified above	-	-	-	-
<u>14.</u> Prior years carryforward	-	-	-	-
<u>15.</u> Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07	-	-	-	-
<u>16.</u> Total exclusions claimed	-	-	-	-
C. Amounts subject to the expenditure limitation	<u>\$ 86,986,859</u>	<u>\$ 24,267,666</u>	<u>\$ 4,467,901</u>	<u>\$ 115,722,426</u>

See accompanying notes.

TOWN OF ORO VALLEY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – RECONCILIATION
Year Ended June 30, 2023

Description	Governmental funds	Enterprise funds	Internal service funds	Total
<u>A.</u> Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 88,127,684	\$ 18,848,564	\$ 4,526,575	\$ 111,502,823
<u>B.</u> Subtractions:				
<u>1.</u> Items not requiring use of current financial resources:				
<u>a.</u> Depreciation	-	3,931,778	-	3,931,778
<u>b.</u> Loss on disposal of capital assets	85,521	-	-	85,521
<u>c.</u> Bad debt expense	-	23,232	-	23,232
<u>d.</u> Pension and other postemployment benefits (OPEB) expense	-	377,546	-	377,546
<u>e.</u> Claims incurred but not reported (IBNR)	-	-	361,329	361,329
<u>f.</u> Landfill closure and postclosure care costs and pollution remediation	-	-	-	-
<u>2.</u> Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-	-
<u>3.</u> Required fees paid to the Industrial Commission of Arizona	123,212	-	-	123,212
<u>4.</u> Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception (Note 2)	932,092	-	-	932,092
<u>5.</u> Involuntary court judgments	-	-	-	-
<u>6.</u> Total subtractions	<u>1,140,825</u>	<u>4,332,556</u>	<u>361,329</u>	<u>5,834,710</u>
<u>C.</u> Additions:				
<u>1.</u> Principal payments on long-term debt	-	4,562,427	-	4,562,427
<u>2.</u> Capital asset acquisitions	-	4,811,666	-	4,811,666
<u>3.</u> Amounts paid in the current year but reported as expenses in previous years:	-	-	-	-
<u>a.</u> Claims previously recognized as IBNR	-	-	302,655	302,655
<u>b.</u> Landfill closure and postclosure care costs and pollution remediation	-	-	-	-
<u>4.</u> Pension and OPEB contributions paid in the current year	-	377,565	-	377,565
<u>5.</u> Transfers to separate legal entities	-	-	-	-
<u>6.</u> Total additions	<u>-</u>	<u>9,751,658</u>	<u>302,655</u>	<u>10,054,313</u>
<u>D.</u> Amounts reported on Part II, line A	<u>\$ 86,986,859</u>	<u>\$ 24,267,666</u>	<u>\$ 4,467,901</u>	<u>\$ 115,722,426</u>

See accompanying notes.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
Year Ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditure, expenses, or deductions reported in the fund financial statements.

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

The alternative expenditure limitation provides for the Town to allow the Mayor and Council to adopt an annual expenditure limitation each year, which for fiscal year 2022-23 equaled the budget of \$147,704,287. This budget was formally adopted on June 1, 2022.

NOTE 2 LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The subtraction of \$932,092 that is excluded from the Town expenditure limitation consist of the present value of all new leases recorded as expenditures in the governmental funds of \$349,652 and subscription-based information technology arrangements (SBITA) of \$582,440.