



Town of Oro Valley

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024







Prepared by: Finance Department of Town of Oro Valley

David Gephart, CPA  
Chief Financial Officer

Wendy Gomez, MPA  
Deputy Finance Director

Aaron Van Winkle  
Senior Accountant

Nancy Arvizu, CPA  
Senior Accountant

Suzy Molinar  
Accounting Specialist

Chris Hutchison, CPA  
Senior Budget Analyst

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**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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## **INTRODUCTORY SECTION**

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December 12, 2024

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

State law mandates that cities publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Town of Oro Valley, Arizona (Town) for the fiscal year ended June 30, 2024.

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

The Town's financial statements have been audited by Baker Tilly, LLP, a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2024, 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, 2024, 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.

Additionally, the Town is required to have an independent audit ("Single Audit") of federal financial assistance received by the Town directly from federal agencies or passed through to the Town by the State of Arizona, or other governmental entities during the fiscal year. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements having a direct and material impact on major programs, with special emphasis on internal controls and compliance requirements involving the administration of major federal awards.

*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

The results of the Town's Single Audit for the fiscal year ended June 30, 2024, found no material weaknesses in the internal control structure, and no instances of significant violations of applicable laws and regulations with respect to major programs. Additional information is available within the separately issued Single Audit Report.

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

## **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 49,111. The population of Oro Valley has increased 65% since the 2000 population of 29,700.

Based on current Census estimates, Oro Valley has a median household income of \$101,394, compared to the median household income for the state of Arizona of \$72,581. 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 Judge. 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. In August 2020, Oro Valley voters approved a Permanent Base Adjustment for the Town. The Permanent Base Adjustment option permanently increases the Town's base limit so that when the State's expenditure limitation formula is applied, it results in a limitation more closely matching the Town's annual budget. This permanent adjustment, which took effect in the fiscal year ending June 30, 2024, will save the Town the cost of future Home Rule elections and associated staff time every four years, giving the Town permanent control over expenditures instead of using a state-calculated formula.

The annual operating budget serves as the foundation for the Town's financial planning and control. The objective of these 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 from personnel reclassifications; transfers that would reduce or eliminate funding for items designated in the adopted Capital Improvement Plan; and transfers that would reduce or eliminate funding for debt service. All other operational budget amendments involving transfers between line items or expenditure categories require approval by the Town Manager.

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS FOR THE YEAR**

The Council adopted Strategic Plan for FY 23-24 through 24-25 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 Plan provides organizational direction in seven focus areas:

- Economic Vitality
- Culture and Recreation
- Public Safety
- Roads, Water and Town Assets
- Land Use and Design
- Effective and Efficient Government
- Financial Stability and Sustainability

While the Strategic 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 2023-24.

- Recognized as a "Triple Crown Winner" by the Government Finance Officers Association for receiving the Certificate of Achievement for Excellence in Financial Reporting Award (30<sup>th</sup> consecutive year), the Distinguished Budget Presentation Award (16<sup>th</sup> consecutive year) and the Popular Annual Financial Reporting Award (12<sup>th</sup> consecutive year)
- Ended FY 23-24 with a \$22.1 million fund balance in the General Fund, exceeding budget expectations by \$8.0 million
- Revised and updated comprehensive Town Financial and Budgetary Policies
- Received an unmodified "clean" audit opinion for the Town's annual financial statements
- Completed work on the \$25 million (including premium) bond-funded parks and recreation amenities and improvements, including Naranja Park improvements, Community Center and golf course irrigation improvements
- Celebrated the Town of Oro Valley's 50<sup>th</sup> anniversary with numerous community events
- Completed a community survey as part of *Oro Valley Path Forward*, the community's next 10-year General Plan update
- Oro Valley ranked second safest city in Arizona by Safewise.com
- Continued construction on the partnered and independent portions of the Water Utility's Northwest Recharge, Recovery and Delivery System (NWRDSD) project to reduce groundwater pumping and increase delivery of Central Arizona Project water to the Town by up to 150%

## ECONOMIC CONDITIONS AND OUTLOOK

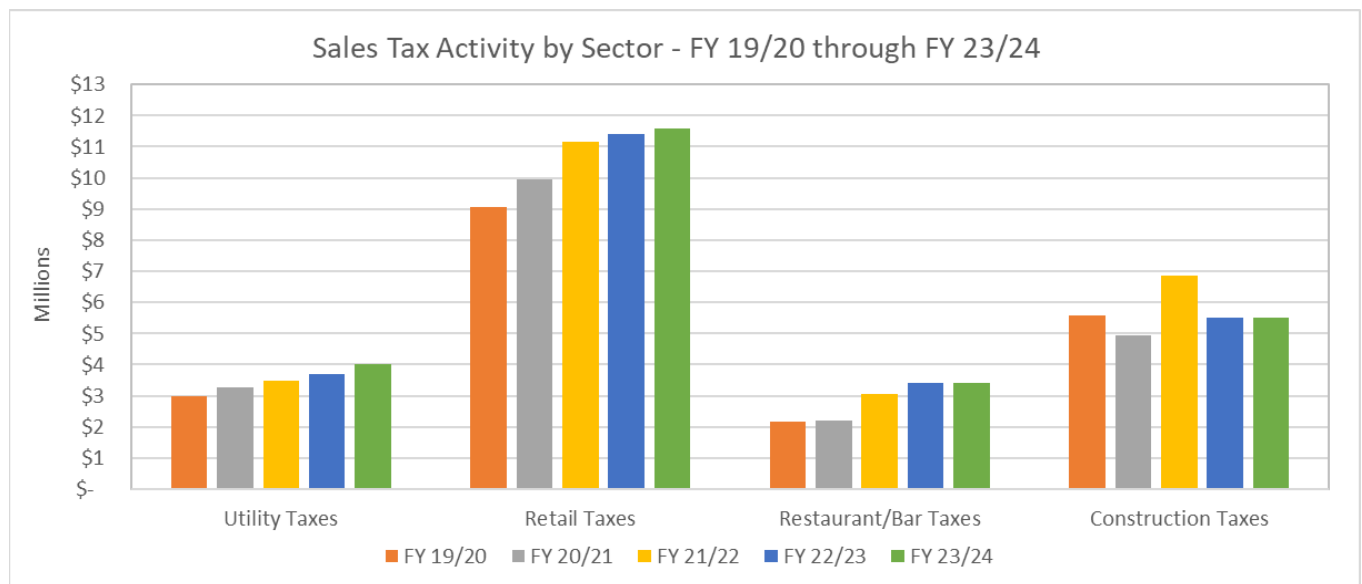
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the Town operates.

Local sales tax revenue exceeded budget expectations by 4% in FY 23-24, while state shared revenues came in at 98.9% of budget. The Town continues to provide services and programs without a property tax to fund operations and, therefore, is dependent upon local sales tax and state shared revenues as major sources of revenue for its operating and capital expenditures. These sources accounted for approximately 84% of total General Fund revenue for FY 23-24.

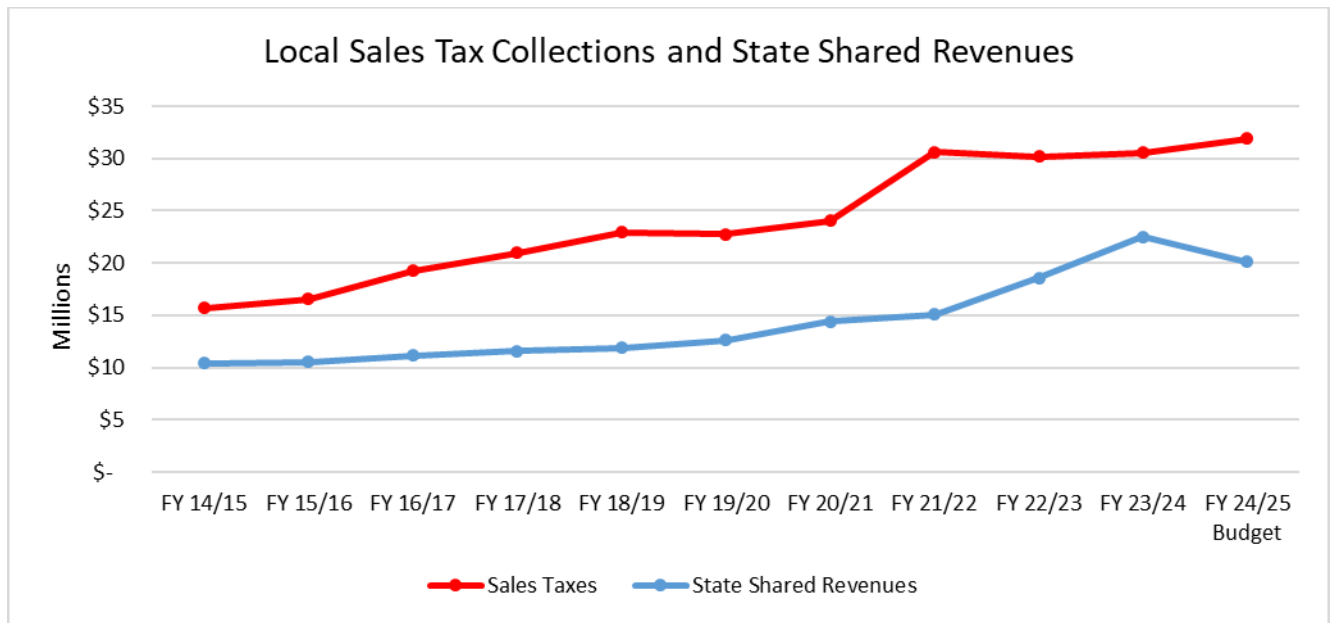
Total local sales tax collections totaled \$30.5 million for FY 23-24, which represents a \$0.4 million, or 1.2% increase from last fiscal year. Major local sales tax categories experiencing year-over-year changes compared to amounts collected in FY 2022-23 are as discussed below:

- Utility tax collections totaled \$4.0 million for FY 23-24, up 8.3%, or more than \$0.3 million over last fiscal year
- Retail tax collections totaled \$11.6 million for FY 23-24, up 1.7%, or nearly \$0.2 million over last fiscal year
- Restaurant and bar tax collections totaled \$3.4 million for the fiscal year, roughly flat compared to last fiscal year
- Construction sales tax collections totaled \$5.5 million for the fiscal year, roughly flat compared to last fiscal year

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



In FY 23-24, the Town received \$22.5 million for state shared revenues in the General Fund, up 21.1%, or \$3.9 million over last fiscal year. This was due primarily to an increase in the percentage of state income tax collections distributed to incorporated cities and towns. This increase will be offset with upcoming statutory reductions and a rate cap on state income tax growth. The trend chart on the following page depicts the performance of both of these revenue categories since FY 14-15 through FY 24-25 budget projections:

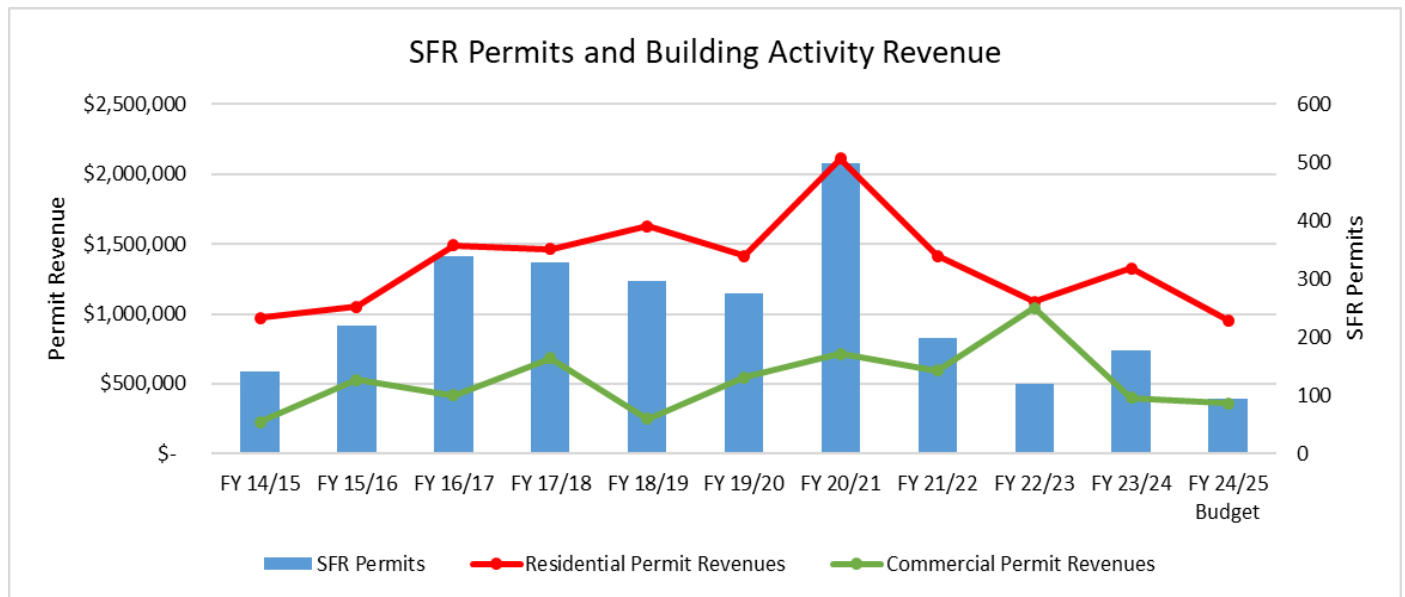


Critical to success in this area is the preparation of realistic growth assumptions helping guide Town revenue projections. Despite inflation and interest rate increases that occurred over the past couple of years, there continues to be economic growth and activity in Oro Valley, the Tucson metropolitan region and statewide. Arizona continues to do well in national economic rankings and remains one of the fastest-growing states in both population and personal income. With Oro Valley's proximity to the Tucson metro region, it is likely that the Town's local economy will continue to benefit from housing sales, retail and tourism growth, and overall household and personal income growth.

Future population and economic growth of the Town depends largely on continued available land for development. Therefore, strategic annexation efforts and discussions are ongoing as a means to address the potential for future buildout within existing Town boundaries. While strong state population and economic growth continues to increase shared revenues, legislative changes made at the state level have a far greater potential for impacts to this significant revenue source for the Town. Statutory income tax rate reductions and a cap of 2.5% are forecast to limit growth in shared income tax revenues to about 2% per year in future years. For FY 24-25, General Fund state shared revenues are expected to decrease nearly 11%, or \$2.4 million.

In the near term, projected commercial and residential development should be steady over the next two to three-year period. Residential activity has returned to a more normal historical pattern, after a 15-plus year high in FY 20-21. In FY 23-24, the Town estimated that 119 single family residential (SFR) building permits would be issued; a total of 178 were issued by year-end. The FY 24-25 budget conservatively assumes 95 SFR permits will be issued during the year.

The chart on the following page 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 14-15 through FY 24-25 budget projections:



### **Future Focus**

During FY 2024-25, 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. This is especially important given the expected declines in state shared revenues. The Town continues to dedicate one-time revenues to funding one-time expenditures in the budget, specifically for capital improvement projects, while ensuring sufficient recurring revenues exist to fund recurring expenditures. With the current growth and activity expectations in future years, it will be imperative to continue to analyze the budget in this manner to avoid future reliance on one-time revenues to fund recurring costs.

For FY 24-25, the Town will focus its efforts on supporting elements of the Town Council adopted Strategic Plan all while navigating any potential economic fluctuations that may occur.

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

- Protect and prioritize aging infrastructure with the following capital projects budgeted for FY 24-25:
  - More than \$6.2 million for roadways and related infrastructure and equipment, including \$3.2 million for the Pavement Preservation Program in the Highway Fund, an increase of \$700,000 over FY 23-24
  - \$23.5 million to continue progress towards the regional NWRD project to increase utilization of Central Arizona Project water allocations in the future
  - \$2.8 million for Town-wide vehicle replacements, including \$1.2 million to fully fund the Police Department's necessary vehicle replacements
  - \$3.0 million to complete a safety and efficiency expansion and improvement of the Town's Court building
- Continue the Town's commitment towards fully funding the Public Safety Pension Retirement System with nearly \$1.5 million in additional contributions budgeted for FY 24-25
- Prioritize financial stability by evaluating current costs and revenue sources, to control expenditures and explore new opportunities for diversification of General Fund resources



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 \$22.1 million, or 43% of FY 24-25 adopted expenditures of \$51.8 million. This is well above the Council-adopted policy threshold of 30% of expenditures.

## **AWARDS AND ACKNOWLEDGMENTS**

**Award.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Oro Valley for its annual comprehensive financial report for the year ended June 30, 2023. This was the thirtieth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



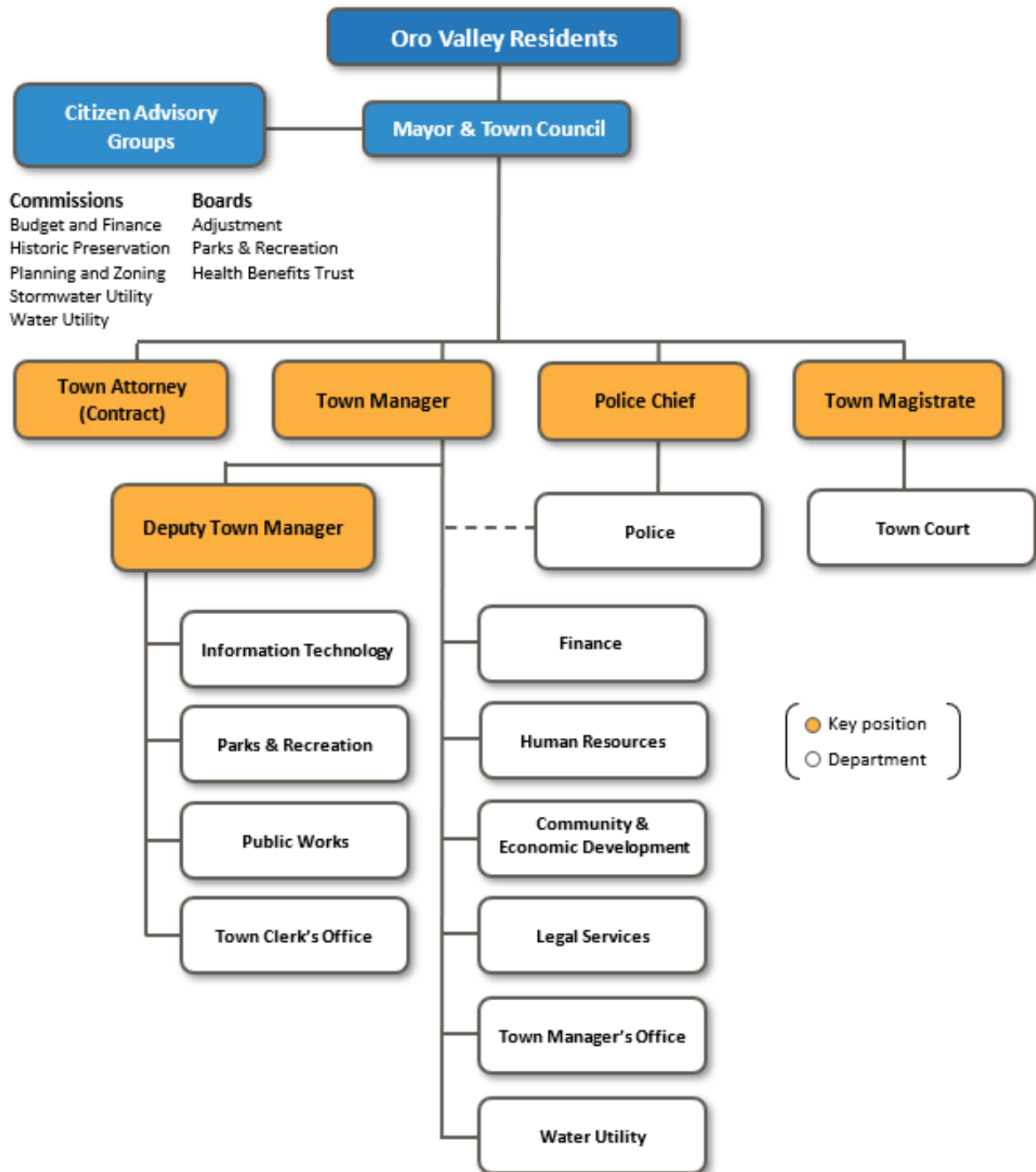
Jeff Wilkins  
Town Manager



David Gephart  
Chief Financial Officer



## Organizational Chart



**TOWN OF ORO VALLEY, ARIZONA**  
**LIST OF TOWN OFFICIALS**

**ELECTED OFFICIALS**

Mayor	Mr. Joe Winfield
Vice-Mayor	Ms. Melanie Barrett
Council Member	Mr. Timothy Bohen <i>Term expired November 6, 2024</i>
Council Member	Dr. Harry “Mo” Greene
Council Member	Ms. Joyce Jones-Ivey
Council Member	Mr. Josh Nicolson
Council Member	Mr. Steve Solomon <i>Term expired November 6, 2024</i>

**TOWN MANAGEMENT**

Town Manager	Jeff Wilkins
Deputy Town Manager	Chris Cornelison
Chief Financial Officer	David Gephart
Human Resources Director	Andrew Votava
Town Clerk	Michael Standish
Judge	James Hazel
Legal Services Director	Tobin Sidles
Water Utility Director	Peter Abraham
Chief of Police	Kara Riley
Public Works Director/Town Engineer	Paul Keesler
Community and Economic Development Director	Paul Melcher
Parks and Recreation Director	Rosalyn Epting
Information Technology Director	Scott Zufelt



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
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Presented to

**Town of Oro Valley  
Arizona**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Merrill*

Executive Director/CEO

## **FINANCIAL SECTION**

## **Independent Auditors' Report**

To the Town Council of  
Town of Oro Valley

### **Report on the Audit of the Financial Statements**

#### **Other Matter**

#### ***Compliance Over Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies***

In connection with our audit, nothing came to our attention that caused us to believe that the Town failed to use highway user revenue fund monies received by the Town pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the Town solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Town noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of Highway User Revenue Fund and other dedicated State transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, (the Arizona Auditor General,) the Town's Council and management, and other responsible parties within the Town and is not intended to be and should not be used by anyone other than these specified parties.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information such as the combining and individual fund financial statements, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

## **Other Information**

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024 on our consideration of the Town'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'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's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Tempe, Arizona  
December 12,  
2024



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

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**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
*YEAR ENDED JUNE 30, 2024*

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, 2024. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**FINANCIAL HIGHLIGHTS**

The financial statements, which follow the Management's Discussion and Analysis, provide key financial highlights for fiscal year ending June 30, 2024 as follows.

- The Town's total net position of governmental activities increased \$6.9 million to \$217.0 million and business-type activities increased \$6.8 million to \$128.5 million, representing 63 percent and 37 percent respectively, of the total net position of \$345.5 million.
- General revenues from governmental activities accounted for \$55.6 million in revenue, or 69 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 \$24.7 million or 31 percent of total current fiscal year governmental activities revenues. The Town had \$25.3 million of program revenues and \$768,723 in general revenues related to business-type activities.
- The Town had \$72.9 million in expenses related to governmental activities, an increase of 7.4 percent from the prior fiscal year. This increase is attributable to general government and public safety expenses, as well as culture and recreation. The Town had \$19.8 million in expenses related to business-type activities, an increase of 5.0 percent from the prior fiscal year.
- Among major funds, the General Fund had \$59.1 million in revenues, which primarily consisted of sales taxes and intergovernmental revenues. The total expenditures of the General Fund were \$50.2 million. The General Fund's fund balance decreased from \$23.8 million to \$22.1 million.
- The Community Center Fund had \$11.5 million in revenues, which consisted primarily of charges for services and sales taxes. The total expenditures of the Community Center Fund were \$9.0 million.
- The General Government CIP Fund had \$2.0 million in revenues consisting primarily of other revenues and interest income. The total expenditures of the General Government CIP Fund were \$18.6 million.
- The Grants and Contributions Fund had \$2.2 million in revenues consisting primarily of intergovernmental revenue. The total expenditures of the Grants and Contributions Fund were \$2.2 million.
- The Municipal Debt Service Fund had \$187,158 in revenues consisting primarily of interest income and other revenues. The total expenditures of the Municipal Debt Service Fund were \$4.0 million.
- The Water Fund had operating revenues of \$19.6 million, exceeding operating expenses of \$17.9 million.

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
*YEAR ENDED JUNE 30, 2024*

## **OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
*YEAR ENDED JUNE 30, 2024*

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 decisions. 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, Grants and Contributions, General Government CIP, and Municipal Debt Service 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 Funds as required supplementary information. Schedules for the pension plans have also 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 \$345.5 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, 2024**

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, 2024, and June 30, 2023.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>			
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024 Total</i>	<i>2023 Total</i>
Current and other assets	\$ 57,840,473	\$ 67,802,234	\$ 25,915,922	\$ 34,237,373	\$ 83,756,395	\$ 102,039,607
Capital assets, net	225,923,637	211,255,182	125,099,990	113,572,975	351,023,627	324,828,157
Total assets	283,764,110	279,057,416	151,015,912	147,810,348	434,780,022	426,867,764
Deferred outflows of resources	14,573,869	11,851,971	579,010	834,338	15,152,879	12,686,309
Current and other liabilities	7,503,307	8,861,914	3,568,300	3,994,011	11,071,607	12,855,925
Noncurrent liabilities	70,868,217	69,510,520	19,390,764	22,849,371	90,258,981	92,359,891
Total liabilities	78,371,524	78,372,434	22,959,064	26,843,382	101,330,588	105,215,816
Deferred inflows of resources	3,008,706	2,445,306	142,315	133,851	3,151,021	2,579,157
Net position						
Net investment in capital assets	195,184,523	181,274,918	110,254,720	95,456,678	305,439,243	276,731,596
Restricted	4,502,647	15,579,039	14,427,924	-	18,930,571	15,579,039
Unrestricted	17,270,579	13,237,690	3,810,899	26,210,775	21,081,478	39,448,465
Total net position	\$ 216,957,749	\$ 210,091,647	\$ 128,493,543	\$ 121,667,453	\$ 345,451,292	\$ 331,759,100

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

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

- The addition of \$25.6 million and \$15.3 million in capital assets (net of dispositions) for governmental and business-type activities, respectively, attributable to parks and recreation improvements, roadway improvements, and construction in progress for the Water Utility.
- Current assets decreased \$10.0 million and \$8.6 million for governmental activities and business-type activities, respectively, due to planned cash outlays for capital investment and spending of remaining parks and recreation bond proceeds.
- The addition of \$10.9 million and \$3.7 million for governmental activities and business-type activities, respectively, in accumulated depreciation due to depreciation expense.
- Long-term debt decreased \$1.7 million and \$3.4 million for governmental activities and business-type activities, respectively, due to debt payments made during 2024.

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2024**

**Changes in net position.** The Town's total revenues for the current fiscal year were \$106.4 million. The total cost of all programs and services was \$92.7 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2024 and June 30, 2023.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>			
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024 Total</i>	<i>2023 Total</i>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 13,953,799	\$ 13,102,775	\$ 21,071,883	\$ 19,176,588	\$ 35,025,682	\$ 32,279,363
Operating grants and contributions	3,237,521	4,533,920	-	-	3,237,521	4,533,920
Capital grants and contributions	7,512,562	9,258,047	4,257,006	3,964,061	11,769,568	13,222,108
General revenues						
Sales taxes	30,522,235	30,163,507	-	-	30,522,235	30,163,507
Franchise taxes	715,334	763,311	-	-	715,334	763,311
Unrestricted state shared revenues	22,500,362	18,581,727	-	-	22,500,362	18,581,727
Miscellaneous	92,569	-	18,481	11,000	111,050	11,000
Investment earnings						
Interest	2,009,088	1,257,044	854,325	291,272	2,863,413	1,548,316
Net increase/(decrease) in fair value	(218,561)	132,918	(104,083)	145,125	(322,644)	278,043
Total revenues	<u>80,324,909</u>	<u>77,793,249</u>	<u>26,097,612</u>	<u>23,588,046</u>	<u>106,422,521</u>	<u>101,381,295</u>
<b>Expenses</b>						
General government	22,885,243	21,233,771	-	-	22,885,243	21,233,771
Public safety	21,516,996	20,002,641	-	-	21,516,996	20,002,641
Highways and streets	12,407,093	12,041,757	-	-	12,407,093	12,041,757
Transit	1,691,450	1,520,300	-	-	1,691,450	1,520,300
Culture and recreation	13,167,591	11,839,715	-	-	13,167,591	11,839,715
Interest on long-term debt	1,270,041	1,291,181	-	-	1,270,041	1,291,181
Water	-	-	18,305,199	17,438,890	18,305,199	17,438,890
Stormwater	-	-	1,486,716	1,409,674	1,486,716	1,409,674
Total expenses	<u>72,938,414</u>	<u>67,929,364</u>	<u>19,791,915</u>	<u>18,848,564</u>	<u>92,730,329</u>	<u>86,777,928</u>
Excess/(Deficiency) before transfers	7,386,495	9,863,885	6,305,697	4,739,482	13,692,192	14,603,367
Transfers	<u>(520,393)</u>	<u>(1,848,196)</u>	<u>520,393</u>	<u>1,848,196</u>	<u>-</u>	<u>-</u>
Change in net position	6,866,102	8,015,689	6,826,090	6,587,678	13,692,192	14,603,367
Beginning net position	<u>210,091,647</u>	<u>202,075,958</u>	<u>121,667,453</u>	<u>115,079,775</u>	<u>331,759,100</u>	<u>317,155,733</u>
Ending net position	<u>\$ 216,957,749</u>	<u>\$ 210,091,647</u>	<u>\$ 128,493,543</u>	<u>\$ 121,667,453</u>	<u>\$ 345,451,292</u>	<u>\$ 331,759,100</u>

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

- Total expenses increased \$6.0 million, or 6.9 percent. Personnel costs increased as a result of step and merit increases. Other operating costs increased primarily as a result of rising costs for software subscriptions, repair and maintenance for buildings and equipment, insurance, utilities, and telecommunications.
- Total revenues increased \$5.0 million, or 5.0 percent, due primarily to state shared revenues, charges for services, and investment earnings.

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2024**

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

	<b>June 30, 2024</b>		<b>June 30, 2023</b>	
	<b>Total</b>	<b>Net (Expense)</b>	<b>Total</b>	<b>Net (Expense)</b>
<b><u>Governmental Activities</u></b>	<b><u>Expenses</u></b>	<b><u>Revenue</u></b>	<b><u>Expenses</u></b>	<b><u>Revenue</u></b>
General government	\$ 22,885,243	\$ (15,020,148)	\$ 21,233,771	\$ (9,557,895)
Public safety	21,516,996	(20,329,469)	20,002,641	(18,567,023)
Highways and streets	12,407,093	(7,794,639)	12,041,757	(7,054,237)
Transit	1,691,450	748,599	1,520,300	257,949
Culture and recreation	13,167,591	(4,568,832)	11,839,715	(4,822,235)
Interest on long-term debt	1,270,041	(1,270,041)	1,291,181	(1,291,181)
<b>Total</b>	<b>\$ 72,938,414</b>	<b>\$ (48,234,532)</b>	<b>\$ 67,929,364</b>	<b>\$ (41,034,622)</b>
<b><u>Business-type Activities</u></b>				
Water	\$ 18,305,199	\$ 5,502,452	\$ 17,438,890	\$ 4,227,629
Stormwater drainage	1,486,716	34,522	1,409,674	64,456
<b>Total</b>	<b>\$ 19,791,915</b>	<b>\$ 5,536,974</b>	<b>\$ 18,848,564</b>	<b>\$ 4,292,085</b>

- The cost of all governmental activities this year was \$72.9 million. The increase of \$5.0 million from the prior year was due to personnel and other operating cost increases as noted previously.
- The cost of all business-type activities this year was \$19.8 million. The increase of nearly \$1.0 million from the prior year was primarily due to increases 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 \$50.0 million.
- Net cost of governmental activities of \$48.2 million was financed by general revenues, which are made up of primarily sales taxes and state shared revenues totaling \$53.0 million.



**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
*YEAR ENDED JUNE 30, 2024*

**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 \$44.9 million, a decrease of \$9.7 million. This was primarily due to planned capital spending of bond funds and one-time revenues.

The General Fund comprises 49.1 percent of the total governmental fund balance. Approximately \$6.3 million, or 28.7 percent of the General's Fund ending fund balance is unassigned. The General Fund is the principal operating fund of the Town. The decrease in fund balance of \$1.7 million to \$22.1 million as of fiscal year end was the result of planned transfers for capital spending of one-time revenues. As a whole, General Fund revenues increased approximately \$2.2 million. General Fund expenditures increased \$1.7 million, due to increased operating costs.

The Community Center Fund's ending fund balance increased from \$1.0 million to \$1.8 million, due to charges for services revenue.

The General Government CIP Fund's ending fund balance decreased from \$24.6 million to \$16.7 due to planned capital spending.

The negative ending fund balance in the Grants and Contributions Fund is due to pending grant reimbursements for capital outlay.

The Municipal Debt Service Fund's ending fund balance increased from \$273,718 to \$326,002 due to increases in investment income.

**Proprietary funds.** Net position of the Enterprise Funds at the end of the year amounted to \$128.5 million. This increased by \$6.8 million during the fiscal year due to development fees, capital contributions of water systems, and transfers of American Rescue Plan Act funds for water capital projects.

Net position of the Internal Service Fund at the end of the year amounted to \$3.4 million. This increased by \$508,140 during the fiscal year due to premiums exceeding claim settlement costs.

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
*YEAR ENDED JUNE 30, 2024*

**BUDGETARY HIGHLIGHTS**

The Town's annual adopted budget established the legal level of expenditure control. Budgetary comparison statements are required for the General Fund and all major special revenue funds and are reported as Required Supplementary Information. These statements compare the original budget, the budget as amended throughout the year, and the actual revenues and expenditures. Budgetary schedules for the other governmental funds are also presented in this report as Other Supplementary Information.

Amendments to the Town of Oro Valley's fiscal year 2023-24 operating and capital budget may occur throughout the year between departments, and between funds in all funds in a legally permissible manner. Budget adjustments in the General Fund did occur. Budget amendments moved \$489,705 and \$105,100, respectively, to the General Government CIP Fund for a Council-approved capital project and to General Administration to fund the Town of Oro Valley's 50<sup>th</sup> anniversary celebration. Another budget amendment in the General Fund moved capacity among departments due to shifts in personnel that occurred during the fiscal year.

Significant General Fund budget variances are summarized as follows:

- The favorable variance of \$1.6 million in revenues was primarily attributable to increased sales taxes, interest income and permit fees.
- The favorable expenditure variance of \$4.8 million was mainly attributable to budgeted contingency that was not utilized.
- The unfavorable variance in capital outlay was attributable to accounting principles for subscription-based information technology arrangements. This unfavorable variance was offset with other financing sources.

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
YEAR ENDED JUNE 30, 2024

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the Town had invested \$351.0 million in capital assets (net of accumulated depreciation), including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. This amount represents a net increase of \$26.2 million from last year. This was primarily due to buildings and improvements.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2024 and June 30, 2023.

	<i>Governmental Activities</i>		<i>Increase/ (Decrease)</i>
	<i>2024</i>	<i>2023</i>	
Land	\$ 36,289,821	\$ 36,289,821	\$ -
Infrastructure	251,101,285	245,923,586	5,177,699
Buildings and Improvements	87,890,040	57,711,490	30,178,550
Machinery, equipment, and vehicles	22,809,672	21,529,780	1,279,892
Right of use asset	3,281,900	1,647,382	1,634,518
Construction in progress	2,106,956	14,779,568	(12,672,612)
Accumulated depreciation/amortization	(177,556,037)	(166,626,445)	(10,929,592)
<b>Net capital assets</b>	<b>\$ 225,923,637</b>	<b>\$ 211,255,182</b>	<b>\$ 14,668,455</b>

	<i>Business-type Activities</i>		<i>Increase/ (Decrease)</i>
	<i>2024</i>	<i>2023</i>	
Land	\$ 2,410,660	\$ 2,410,660	\$ -
Water rights	8,534,490	8,534,490	-
Water system	152,125,390	148,484,849	3,640,541
Stormwater system	4,196,312	4,158,612	37,700
Machinery, equipment, and vehicles	7,052,460	6,722,379	330,081
Construction in progress	22,968,118	11,709,344	11,258,774
Accumulated depreciation	(72,187,440)	(68,447,359)	(3,740,081)
<b>Net capital assets</b>	<b>\$ 125,099,990</b>	<b>\$ 113,572,975</b>	<b>\$ 11,527,015</b>

The estimated cost to complete current construction projects is \$38.3 million. Additional information on the Town's capital assets can be found in Note 6.

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
YEAR ENDED JUNE 30, 2024

**Debt Administration.** At year end, the Town had \$58.1 million in long-term debt outstanding with \$6.6 million due within one year. Long-term debt decreased by \$5.1 million due to \$6.3 million in maturities and redemptions, offset with subscription liabilities.

The following table presents a summary of the Town's outstanding long- term debt for the fiscal years ended June 30, 2024 and June 30, 2023.

	<i><b>Governmental</b></i>		
	<i><b>Activities</b></i>		<i><b>Increase/</b></i>
	<i><b>2024</b></i>	<i><b>2023</b></i>	<i><b>(Decrease)</b></i>
Revenue bonds	\$ 40,789,128	\$ 43,457,370	\$ (2,668,242)
Leases	597,242	827,109	(229,867)
Financed purchases	49,723	69,254	(19,531)
Subscription liabilities	1,678,826	466,860	1,211,966
	<u>\$ 43,114,919</u>	<u>\$ 44,820,593</u>	<u>\$ (1,705,674)</u>

	<i><b>Business-type</b></i>		
	<i><b>Activities</b></i>		<i><b>Increase/</b></i>
	<i><b>2024</b></i>	<i><b>2023</b></i>	<i><b>(Decrease)</b></i>
Revenue bonds	\$ 13,184,870	\$ 16,231,628	\$ (3,046,758)
Loans payable	1,761,630	2,087,126	(325,496)
	<u>\$ 14,946,500</u>	<u>\$ 18,318,754</u>	<u>\$ (3,372,254)</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 \$241.9 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 \$72.6 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 12.

***TOWN OF ORO VALLEY, ARIZONA***  
***MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)***  
***YEAR ENDED JUNE 30, 2024***

**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 2024-25 budget. Among them:

- The unemployment rate for the Town of Oro Valley is currently 3.4 percent. Both Pima County's and the State of Arizona's unemployment rates are 3.5 percent.
- The Town's net full cash assessed valuation for the current year is \$1,209,485,802.
- Single family residential (SFR) building permits issued in this fiscal year totaled 178, as compared to 119 SFR building permits issued last fiscal year. Projections for SFR building permits are 95 for fiscal year 2024-25.

The adopted combined operating and capital expenditure budget for fiscal year 2024-25 totals \$150.8 million, an increase of \$2.3 million, or 1.6 percent over last year's budget of \$148.5 million. This increase is primarily due to planned capital projects, as well as increases in personnel and operations and maintenance costs. The budget for fiscal year 2024-25 continues to place emphasis on achieving the goals identified in the Town's adopted Strategic Plan, and includes the following focus areas: economic vitality, culture and recreation, public safety, roads water and Town assets, land use and design, effective and efficient government, and financial stability and sustainability.

**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.

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## **BASIC FINANCIAL STATEMENTS**

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## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**TOWN OF ORO VALLEY, ARIZONA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 47,430,728	\$ 22,888,824	\$ 70,319,552
Taxes receivable	3,971,733	-	3,971,733
Accounts receivable	789,553	2,336,047	3,125,600
Interest receivable	298,015	197,218	495,233
Intergovernmental receivable	2,191,927	-	2,191,927
Lease receivable	2,101,627	-	2,101,627
Inventories	146,375	-	146,375
Prepaid items	910,515	493,833	1,404,348
Total current assets	57,840,473	25,915,922	83,756,395
<b>Noncurrent assets:</b>			
Capital assets, non-depreciable/amortized	38,396,777	33,913,268	72,310,045
Capital assets, depreciable/amortized (net)	187,526,860	91,186,722	278,713,582
Total noncurrent assets	225,923,637	125,099,990	351,023,627
<b>Total Assets</b>	<b>283,764,110</b>	<b>151,015,912</b>	<b>434,780,022</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	101,230	101,230
Pension plan items	14,573,869	477,780	15,051,649
<b>Total Deferred Outflows of Resources</b>	<b>14,573,869</b>	<b>579,010</b>	<b>15,152,879</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	2,739,891	1,455,638	4,195,529
Accrued wages and benefits	1,292,116	176,023	1,468,139
Intergovernmental payable	119,409	809,071	928,480
Interest payable	-	173,386	173,386
Unearned revenue	2,114,481	273,182	2,387,663
Claims payable	322,952	-	322,952
Customer deposits payable	626,512	681,000	1,307,512
Other accrued liabilities	287,946	-	287,946
Total current liabilities	7,503,307	3,568,300	11,071,607
<b>Noncurrent liabilities:</b>			
Due within one year	5,742,650	3,447,571	9,190,221
Due in more than one year	65,125,567	15,943,193	81,068,760
Total noncurrent liabilities	70,868,217	19,390,764	90,258,981
<b>Total Liabilities</b>	<b>78,371,524</b>	<b>22,959,064</b>	<b>101,330,588</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Leases	2,023,742	-	2,023,742
Pension plan items	984,964	142,315	1,127,279
<b>Total Deferred Inflows of Resources</b>	<b>3,008,706</b>	<b>142,315</b>	<b>3,151,021</b>
<b>NET POSITION</b>			
Net investment in capital assets	195,184,523	110,254,720	305,439,243
Restricted for:			
Capital projects	3,239,535	14,427,924	17,667,459
Debt service	326,002	-	326,002
Public safety	331,063	-	331,063
Highway and streets	606,047	-	606,047
Unrestricted	17,270,579	3,810,899	21,081,478
<b>Total Net Position</b>	<b>\$ 216,957,749</b>	<b>\$ 128,493,543</b>	<b>\$ 345,451,292</b>

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, 2024**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 22,885,243	\$ 4,714,761	\$ 64,827	\$ 3,085,506
Public safety	21,516,996	290,374	897,152	-
Highway and streets	12,407,093	369,376	321,463	3,921,615
Transit	1,691,450	-	1,934,608	505,441
Culture and recreation	13,167,591	8,579,288	19,471	-
Interest on long-term debt	1,270,041	-	-	-
Total governmental activities	<u>72,938,414</u>	<u>13,953,799</u>	<u>3,237,521</u>	<u>7,512,562</u>
Business-type activities:				
Water	18,305,199	19,550,645	-	4,257,006
Stormwater	1,486,716	1,521,238	-	-
Total business-type activities	<u>19,791,915</u>	<u>21,071,883</u>	<u>-</u>	<u>4,257,006</u>
<b>Total Primary Government</b>	<u>\$ 92,730,329</u>	<u>\$ 35,025,682</u>	<u>\$ 3,237,521</u>	<u>\$ 11,769,568</u>

**General revenues:**

Taxes:

Sales taxes

Franchise taxes

Unrestricted state shared revenues

Investment income:

Interest

Net increase in fair value of investments

Miscellaneous

**Transfers**

**Total general revenues and transfers**

**Changes in net position**

**Net position, beginning of year**

**Net position, end of year**

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

<i>Net (Expense)</i>		
<i>Revenue and</i>		
<i>Changes in</i>		
<i>Net Position</i>	<i>Net (Expense) Revenue and</i>	
	<i>Changes in Net Position</i>	
<i>Governmental</i>	<i>Business-type</i>	
<i>Activities</i>	<i>Activities</i>	<i>Totals</i>
\$ (15,020,148)	\$ -	\$ (15,020,148)
(20,329,469)	-	(20,329,469)
(7,794,639)	-	(7,794,639)
748,599	-	748,599
(4,568,832)	-	(4,568,832)
(1,270,041)	-	(1,270,041)
(48,234,532)	-	(48,234,532)
-	5,502,452	5,502,452
-	34,522	34,522
-	5,536,974	5,536,974
\$ (48,234,532)	\$ 5,536,974	\$ (42,697,558)
30,522,235	-	30,522,235
715,334	-	715,334
22,500,362	-	22,500,362
2,009,088	854,325	2,863,413
(218,561)	(104,083)	(322,644)
92,569	18,481	111,050
(520,393)	520,393	-
55,100,634	1,289,116	56,389,750
6,866,102	6,826,090	13,692,192
210,091,647	121,667,453	331,759,100
\$ 216,957,749	\$ 128,493,543	\$ 345,451,292

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## **FUND FINANCIAL STATEMENTS**

**TOWN OF ORO VALLEY, ARIZONA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2024**

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	<i>General</i>	<i>Community Center</i>	<i>General Government CIP</i>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 20,028,263	\$ 1,848,985	\$ 17,359,593
Taxes receivable	3,673,621	298,112	-
Accounts receivable	565,562	219,834	4,157
Interest receivable	156,735	12,381	55,301
Intergovernmental receivable	387,686	-	1,000,000
Lease receivable	1,459,768	346,637	-
Inventories	-	146,375	-
Prepaid items	686,393	35,162	188,960
<b>Total Assets</b>	<b>\$ 26,958,028</b>	<b>\$ 2,907,486</b>	<b>\$ 18,608,011</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 1,037,946	\$ 461,345	\$ 930,281
Accrued payroll and related benefits	1,292,116	-	-
Intergovernmental payable	119,409	-	-
Unearned revenue	381,969	18,650	1,000,000
Customer deposits payable	626,512	-	-
Other accrued liabilities	-	287,946	-
<b>Total Liabilities</b>	<b>3,457,952</b>	<b>767,941</b>	<b>1,930,281</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Lease related	1,418,573	324,428	-
<b><u>FUND BALANCES</u></b>			
Nonspendable	686,393	181,537	188,960
Restricted	-	-	-
Committed	15,051,151	1,633,580	-
Assigned	-	-	16,488,770
Unassigned	6,343,959	-	-
<b>Total Fund Balances</b>	<b>22,081,503</b>	<b>1,815,117</b>	<b>16,677,730</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 26,958,028</b>	<b>\$ 2,907,486</b>	<b>\$ 18,608,011</b>

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



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<i>Grants and Contributions</i>	<i>Municipal Debt Service</i>	<i>Non-Major Governmental Funds</i>	<i>Total Governmental Funds</i>
\$ 126,056	\$ 325,026	\$ 3,867,616	\$ 43,555,539
-	-	-	3,971,733
-	-	-	789,553
16,396	976	38,117	279,906
378,255	-	425,986	2,191,927
-	-	295,222	2,101,627
-	-	-	146,375
-	-	-	910,515
<u>\$ 520,707</u>	<u>\$ 326,002</u>	<u>\$ 4,626,941</u>	<u>\$ 53,947,175</u>
\$ -	\$ -	\$ 143,978	\$ 2,573,550
-	-	-	1,292,116
-	-	-	119,409
706,262	-	7,600	2,114,481
-	-	-	626,512
-	-	-	287,946
<u>706,262</u>	<u>-</u>	<u>151,578</u>	<u>7,014,014</u>
-	-	280,741	2,023,742
-	-	-	1,056,890
-	326,002	4,176,645	4,502,647
-	-	17,977	16,702,708
-	-	-	16,488,770
(185,555)	-	-	6,158,404
<u>(185,555)</u>	<u>326,002</u>	<u>4,194,622</u>	<u>44,909,419</u>
<u>\$ 520,707</u>	<u>\$ 326,002</u>	<u>\$ 4,626,941</u>	<u>\$ 53,947,175</u>

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**TOWN OF ORO VALLEY, ARIZONA**  
**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF**  
**NET POSITION**  
**JUNE 30, 2024**

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*Governmental Fund Balances* \$ 44,909,419

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	403,479,674	
Less accumulated depreciation/amortization	<u>(177,556,037)</u>	225,923,637

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	14,573,869	
Deferred inflows of resources related to pensions	<u>(984,964)</u>	13,588,905

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.

3,404,005

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

Compensated absences payable	(2,644,700)	
Revenue bonds payable	(44,488,323)	
Leases payable	(597,242)	
Subscriptions Based Information Technology Arrangements	(1,678,826)	
Financed purchases	(49,723)	
Net pension liability	<u>(21,409,403)</u>	<u>(70,868,217)</u>

*Net Position of Governmental Activities* \$ 216,957,749

**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, 2024**

	<u>General</u>	<u>Community Center</u>	<u>General Government CIP</u>
<b>REVENUES</b>			
Sales taxes	\$ 26,715,684	\$ 3,806,551	\$ -
Franchise taxes	715,334	-	-
Development impact fees	-	-	-
Intergovernmental	25,260,912	-	464,000
Licenses, fees and permits	2,122,503	-	-
Fines, forfeitures and penalties	61,640	-	-
Charges for services	2,984,059	7,488,363	-
Donations	5,122	-	-
Investment income:			
Interest	747,818	33,052	716,598
Net increase/(decrease) in fair value of investments	(108,967)	(3,904)	(69,737)
Other	573,211	162,550	892,575
<i>Total Revenues</i>	<u>59,077,316</u>	<u>11,486,612</u>	<u>2,003,436</u>
<b>EXPENDITURES</b>			
Current:			
General government	21,508,943	-	92,386
Public safety	20,170,049	-	-
Highway and streets	-	-	-
Transit	1,697,772	-	-
Culture and recreation	4,397,777	7,107,757	287,938
Capital outlay	1,814,920	1,659,167	18,199,380
Debt service:			
Principal retirement	489,400	182,550	-
Interest and fiscal charges	91,643	14,569	-
<i>Total Expenditures</i>	<u>50,170,504</u>	<u>8,964,043</u>	<u>18,579,704</u>
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	<u>8,906,812</u>	<u>2,522,569</u>	<u>(16,576,268)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Subscription-based information technology arrangements	1,634,518	-	-
Sale of general capital assets	219	1,518	71,733
Insurance recoveries	16,106	-	131,977
Transfers in/(out), net	(12,274,644)	(1,717,203)	8,500,000
<i>Total Other Financing Sources/(Uses)</i>	<u>(10,623,801)</u>	<u>(1,715,685)</u>	<u>8,703,710</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(1,716,989)</u>	<u>806,884</u>	<u>(7,872,558)</u>
<b>FUND BALANCES, Beginning of year</b>	<u>23,798,492</u>	<u>1,008,233</u>	<u>24,550,288</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 22,081,503</u>	<u>\$ 1,815,117</u>	<u>\$ 16,677,730</u>

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

<i>Grants and Contributions</i>	<i>Municipal Debt Service</i>	<i>Non-Major Governmental Funds</i>	<i>Total Governmental Funds</i>
\$ -	\$ -	\$ -	\$ 30,522,235
-	-	-	715,334
-	-	461,552	461,552
2,135,677	25,649	4,243,078	32,129,316
-	-	25,869	2,148,372
-	-	129,883	191,523
-	-	38,225	10,510,647
-	-	-	5,122
24,514	66,529	321,397	1,909,908
(1,172)	-	(18,623)	(202,403)
33,631	94,980	766	1,757,713
<u>2,192,650</u>	<u>187,158</u>	<u>5,202,147</u>	<u>80,149,319</u>
-	-	-	21,601,329
75,431	-	45,137	20,290,617
-	-	2,372,557	2,372,557
-	-	-	1,697,772
113	-	540	11,794,125
2,080,167	-	4,915,957	28,669,591
-	2,668,242	-	3,340,192
-	1,369,340	-	1,475,552
<u>2,155,711</u>	<u>4,037,582</u>	<u>7,334,191</u>	<u>91,241,735</u>
<u>36,939</u>	<u>(3,850,424)</u>	<u>(2,132,044)</u>	<u>(11,092,416)</u>
-	-	-	1,634,518
-	-	-	73,470
-	-	13,949	162,032
(384,701)	3,902,708	1,453,447	(520,393)
<u>(384,701)</u>	<u>3,902,708</u>	<u>1,467,396</u>	<u>1,349,627</u>
(347,762)	52,284	(664,648)	(9,742,789)
<u>162,207</u>	<u>273,718</u>	<u>4,859,270</u>	<u>54,652,208</u>
<u>\$ (185,555)</u>	<u>\$ 326,002</u>	<u>\$ 4,194,622</u>	<u>\$ 44,909,419</u>

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**TOWN OF ORO VALLEY, ARIZONA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2024**

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Net change in fund balances - total governmental funds \$ (9,742,789)

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

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/amortization expense.

Expenditures for capital assets	\$ 28,436,561	
Less current year depreciation/amortization	<u>(13,625,173)</u>	14,811,388

Deferred items such as premiums related to the net cost of issuance of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds. 205,511

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. (275,031)

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

Loss on disposal of assets	\$ (142,933)	
Compensated absences	<u>(203,858)</u>	(346,791)

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. 508,140

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.

Debt issued or incurred	\$ (1,634,518)	
Lease principal retirement	229,867	
Financed purchases principal retirement	19,531	
Subscriptions-based Information Technology Arrangements principal retirement	422,552	
Revenue bond principal retirement	<u>2,668,242</u>	<u>1,705,674</u>

Change in net position of governmental activities. \$ 6,866,102

**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, 2024**

	<i>Enterprise Funds</i>			<i>Governmental Activities: Internal Service Fund</i>
	<i>Water</i>	<i>Non-Major Enterprise Fund</i>	<i>Total</i>	
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and investments	\$ 21,824,982	\$ 1,063,842	\$ 22,888,824	\$ 3,875,189
Accounts receivable	2,166,033	170,014	2,336,047	-
Interest receivable	188,869	8,349	197,218	18,109
Prepaid items	493,833	-	493,833	-
Total current assets	24,673,717	1,242,205	25,915,922	3,893,298
<i>Noncurrent assets:</i>				
Capital assets, non-depreciable	33,913,268	-	33,913,268	-
Capital assets, depreciable (net)	87,725,117	3,461,605	91,186,722	-
Total noncurrent assets	121,638,385	3,461,605	125,099,990	-
Total Assets	146,312,102	4,703,810	151,015,912	3,893,298
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	101,230	-	101,230	-
Pension plan items	374,206	103,574	477,780	-
Total Deferred Outflows of Resources	475,436	103,574	579,010	-
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable and accrued expenses	1,449,648	5,990	1,455,638	166,341
Accrued wages and benefits	134,428	41,595	176,023	-
Intergovernmental payable	809,071	-	809,071	-
Interest payable	173,386	-	173,386	-
Unearned revenue	273,182	-	273,182	-
Claims payable	-	-	-	322,952
Customer deposits payable	681,000	-	681,000	-
Total current liabilities	3,520,715	47,585	3,568,300	489,293
<i>Noncurrent liabilities:</i>				
Due within one year	3,433,152	14,419	3,447,571	-
Due in more than one year	15,483,128	460,065	15,943,193	-
Total noncurrent liabilities	18,916,280	474,484	19,390,764	-
Total Liabilities	22,436,995	522,069	22,959,064	489,293
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plan items	111,464	30,851	142,315	-
<b>NET POSITION</b>				
Net investment in capital assets	106,793,115	3,461,605	110,254,720	-
Restricted for capital projects	14,427,924	-	14,427,924	-
Unrestricted	3,018,040	792,859	3,810,899	3,404,005
Total Net Position	\$ 124,239,079	\$ 4,254,464	\$ 128,493,543	\$ 3,404,005

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, 2024**

	<i>Enterprise Funds</i>			<i>Governmental Activities:</i>
		<i>Non-Major</i>		<i>Internal</i>
	<i>Water</i>	<i>Enterprise Fund</i>	<i>Total</i>	<i>Service Fund</i>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 19,530,375	\$ 1,521,217	\$ 21,051,592	\$ 145,608
Other	20,270	21	20,291	251,729
Self insurance premiums	-	-	-	3,774,869
<i>Total Operating Revenues</i>	<u>19,550,645</u>	<u>1,521,238</u>	<u>21,071,883</u>	<u>4,172,206</u>
<b>OPERATING EXPENSES:</b>				
Costs of sales and services	13,504,941	1,291,827	14,796,768	19,703
Contractual services	513,064	41,991	555,055	978,799
Depreciation	3,839,193	152,898	3,992,091	-
Claims payments	-	-	-	2,748,280
Administrative	-	-	-	306
<i>Total Operating Expenses</i>	<u>17,857,198</u>	<u>1,486,716</u>	<u>19,343,914</u>	<u>3,747,088</u>
<b>OPERATING INCOME/(LOSS)</b>	<u>1,693,447</u>	<u>34,522</u>	<u>1,727,969</u>	<u>425,118</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Sale of assets	12,600	-	12,600	-
Insurance recoveries	5,881	-	5,881	-
Investment income:				
Interest	825,119	29,206	854,325	99,180
Net increase (decrease) in fair value of investments	(99,318)	(4,765)	(104,083)	(16,158)
Interest expense	(448,001)	-	(448,001)	-
<i>Total Nonoperating Revenues (Expenses)</i>	<u>296,281</u>	<u>24,441</u>	<u>320,722</u>	<u>83,022</u>
<b>INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>1,989,728</u>	<u>58,963</u>	<u>2,048,691</u>	<u>508,140</u>
<b>DEVELOPMENT FEES</b>	2,367,405	-	2,367,405	-
<b>CAPITAL CONTRIBUTIONS</b>	1,889,601	-	1,889,601	-
<b>TRANSFERS IN/(OUT), NET</b>	<u>520,393</u>	<u>-</u>	<u>520,393</u>	<u>-</u>
<b>CHANGES IN NET POSITION</b>	6,767,127	58,963	6,826,090	508,140
<b>NET POSITION, Beginning of year</b>	<u>117,471,952</u>	<u>4,195,501</u>	<u>121,667,453</u>	<u>2,895,865</u>
<b>NET POSITION, End of year</b>	<u>\$ 124,239,079</u>	<u>\$ 4,254,464</u>	<u>\$ 128,493,543</u>	<u>\$ 3,404,005</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, 2024**

	<b>Enterprise Funds</b>			<b>Governmental Activities</b>
		<b>Non-major</b>		<b>Internal Service</b>
	<b>Water</b>	<b>Enterprise Fund</b>	<b>Total</b>	<b>Fund</b>
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>				
<i>Cash flows from operating activities:</i>				
Cash received from customers	\$ 19,536,312	\$ 1,519,671	\$ 21,055,983	\$ -
Cash received from premiums	-	-	-	3,774,869
Cash payments to suppliers for goods and services	(11,082,172)	(413,683)	(11,495,855)	(582,604)
Cash payments to employees for services	(3,573,848)	(949,736)	(4,523,584)	-
Cash payments for claims	-	-	-	(2,786,657)
<b>Net cash provided by operating activities</b>	<b>4,880,292</b>	<b>156,252</b>	<b>5,036,544</b>	<b>405,608</b>
<i>Cash flows from noncapital and related financing activities:</i>				
Interfund transfers	520,393	-	520,393	-
<b>Net cash provided by noncapital financing activities</b>	<b>520,393</b>	<b>-</b>	<b>520,393</b>	<b>-</b>
<i>Cash flows from capital and related financing activities:</i>				
Development impact fees	2,367,405	-	2,367,405	-
Acquisition of capital assets	(13,591,804)	(37,700)	(13,629,504)	-
Proceeds from sale of capital assets	12,600	-	12,600	-
Insurance recoveries	5,881	-	5,881	-
Principal paid on long-term debt	(3,372,254)	-	(3,372,254)	-
Interest on long-term debt	(382,353)	-	(382,353)	-
<b>Net cash used for capital financing activities</b>	<b>(14,960,525)</b>	<b>(37,700)</b>	<b>(14,998,225)</b>	<b>-</b>
<i>Cash flows from investing activities:</i>				
Investment income	671,211	22,178	693,389	75,268
<b>Net cash provided by investing activities</b>	<b>671,211</b>	<b>22,178</b>	<b>693,389</b>	<b>75,268</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(8,888,629)</b>	<b>140,730</b>	<b>(8,747,899)</b>	<b>480,876</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>30,713,611</b>	<b>923,112</b>	<b>31,636,723</b>	<b>3,394,313</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 21,824,982</b>	<b>\$ 1,063,842</b>	<b>\$ 22,888,824</b>	<b>\$ 3,875,189</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>\$ 1,693,447</b>	<b>\$ 34,522</b>	<b>\$ 1,727,969</b>	<b>\$ 425,118</b>
<i>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</i>				
Depreciation	3,839,193	152,898	3,992,091	-
Provision for bad debt	11,003	1,000	12,003	-
<i>Change in assets and liabilities:</i>				
Accounts receivable	(301,795)	(2,567)	(304,362)	-
Prepaid items	(77,236)	-	(77,236)	13,997
Accounts payable	(603,517)	(55,450)	(658,967)	4,870
Unearned revenue	273,182	-	273,182	-
Claims payable	-	-	-	(38,377)
Accrued wages and benefits	(26,492)	6,687	(19,805)	-
Customer deposits payable	3,277	-	3,277	-
Pension plan items	69,230	19,162	88,392	-
<b>Total adjustments</b>	<b>3,186,845</b>	<b>121,730</b>	<b>3,308,575</b>	<b>(19,510)</b>
<b>Net cash provided by operating activities</b>	<b>\$ 4,880,292</b>	<b>\$ 156,252</b>	<b>\$ 5,036,544</b>	<b>\$ 405,608</b>
<b><u>Non-cash capital and financing activities</u></b>				
Contribution of assets from developers	\$ 1,889,601	\$ -	\$ 1,889,601	\$ -

**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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under lease contracts are reported as other financing sources.

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 it is 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, as well as other Parks and Recreation facilities, amenities or operations as determined by the Town Council.

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

Grants and Contributions Fund – This fund accounts for governmental grants and contributions received and expended by the Town.

Municipal Debt Service Fund – This fund accounts for debt service payments 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, the Series 2018 Excise Tax Revenue Obligations, the Taxable Series 2021 Excise Tax Revenue Obligations and the Tax-Exempt Series 2021 Excise Tax Revenue Obligations.

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 are 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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

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, right-to-use lease assets, 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 \$25,000 or more and an estimated useful life of two or more years. Exceptions maybe be made depending on the requirements of certain federal or state grants. 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/amortized 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

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying assets above. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

**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 assets that applies to future periods 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 assets that applies to future periods 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 their employment shall be paid in a lump sum. Full-time employees accumulate sick leave at the rate of one workday 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. Leases and subscription-based information technology arrangements**

As lessee, the Town recognizes lease liabilities with an initial, individual value of \$75,000 or more. The Town uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The Town's estimated incremental borrowing rate is based on the average interest rate of other financing instruments with similar terms and risks as those currently entered into by the Town.

As lessor, the Town recognizes lease receivables with an initial, individual value of \$150,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the Town charges the lessee) and the implicit rate cannot be determined, the Town uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The Town's estimated incremental borrowing rate is calculated as described above.

The Town recognizes subscription liabilities with an initial value of \$75,000 or more. The Town uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The Town's estimated incremental borrowing rate is calculated as described above.

**M. 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. Generally, resources from the General Fund are used to pay for pensions.

**N. 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



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 \$241.9 million, and for all other purposes is \$72.6 million. The Town does not have any related debt.

**O. 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.

**P. 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.

**Q. 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.

**NOTE 2 – FUND BALANCE CLASSIFICATIONS (Continued)**

***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 as well as other Parks and Recreation facilities, amenities or operations as determined by the Town Council.

***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)23-01, 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 been restricted, committed, or assigned. The Grants and Contributions Fund has a deficit in fund balance of \$185,555 as of June 30, 2024. This is simply a timing issue due to grant expenditures and pending reimbursements.

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, 2024**

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**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>Grants and Contributions Fund</i>	<i>Municipal Debt Service Fund</i>	<i>Non-Major Governmental Funds</i>
<i>Fund Balances:</i>						
Nonspendable:						
Inventory	\$ -	\$ 146,375	\$ -	\$ -	\$ -	\$ -
Prepaid items	686,393	35,162	188,960	-	-	-
Restricted:						
Highway and Streets	-	-	-	-	-	606,047
Debt service	-	-	-	-	326,002	-
Capital projects	-	-	-	-	-	3,239,535
Public safety	-	-	-	-	-	331,063
Committed:						
Contingency reserve	15,051,151	-	-	-	-	-
Culture & recreation	-	1,633,580	-	-	-	17,977
Assigned:						
Townwide capital	-	-	16,488,770	-	-	-
Unassigned:	6,343,959	-	-	(185,555)	-	-
<i>Total Fund Balances</i>	<u>\$ 22,081,503</u>	<u>\$ 1,815,117</u>	<u>\$ 16,677,730</u>	<u>\$ (185,555)</u>	<u>\$ 326,002</u>	<u>\$ 4,194,622</u>

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

**Excess Expenditures Over Budget** – At year end, the Town had expenditures 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 \$5,021,339 and the bank balance was \$5,639,424. Of the bank balance, \$750,000 was covered by Federal depository insurance and the remainder was covered by collateral held by the pledging financial institution’s trust department or agent but not in the Town’s name and no amounts were uninsured and uncollateralized. Additionally, the Town had cash on hand of \$7,413.

**NOTE 4 – CASH AND INVESTMENTS (Continued)**

*Fair Value Measurements.* The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

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

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

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

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

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**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	S&P's
Money Market - Wells Fargo	207,017	Level 2	207,017		N/A
Money Market - Zion Bank	167,697	Level 2	167,697		N/A
Money Market - US Bank	6,032,430	Level 2	6,032,430		N/A
Money Market - BNY Mellon	215,112	Level 2	215,112		N/A
U.S. Treasuries	21,906,777	Level 1	2,125,375	19,781,402	AA+
Supra-National Agency	370,142	Level 1	370,142		AAA
Collateralized Mortgage Obligations	3,099,118	Level 1		3,099,118	AA+
Asset-Backed Securities	11,977,298	Level 1	775,374	11,201,924	N/A
Bank Note	244,650	Level 1		244,650	A
Certificate of Deposit	1,950,110	Level 1		1,950,110	A-1
Corporate Notes:	16,181,401	Level 1	116,449	16,064,952	BBB+
Total	62,351,753		10,009,596	52,342,156	
County Treasurer's Investment Pool	418,158	Not applicable	418,158		N/A
State Treasurer's Investment Pool 5	2,520,887	Not applicable	2,520,887		AA-3
Total	65,290,798				

*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.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 4 – CASH AND INVESTMENTS (Continued)**

*Concentration of Credit Risk.* The Town places no limit on the amount the Town may invest in any one issuer. Investments in any one issuer are as follows:

	<u>Concentration</u>
	%
Money Markets	9
U.S. Treasuries	34
Supra-National Agency	1
Collateralized Mortgage Obligations	5
Asset-Backed Securities	18
Bank Note	0
Certificate of Deposit	3
Corporate Notes	25
County Treasurer's Investment Pool	1
State Treasurer's Investment Pool 5	4
	<u>100</u> %

**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><b>General Fund</b></i>	<i><b>General Government CIP Fund</b></i>	<i><b>Grants and Contributions Fund</b></i>	<i><b>Non-Major Governmental Funds</b></i>
Intergovernmental receivables:				
Due from federal government	\$ 50,454	\$ 1,000,000	\$ 346,097	\$ -
Due from state government	324,503	-	-	425,986
Due from other governments	12,729	-	32,158	
Net intergovernmental receivables	<u>\$ 387,686</u>	<u>\$ 1,000,000</u>	<u>\$ 378,255</u>	<u>\$ 425,986</u>

**Lease Receivables** – The Town leases cell tower space and building/facility space to third parties under the provisions of various lease agreements. During the fiscal year ended June 30, 2024, the Town recognized total lease-related revenues of \$155,524.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 6 – CAPITAL AND INTANGIBLE ASSETS**

A summary of capital and intangible asset activity for the year ended June 30, 2024, was as follows:

<i>Governmental Activities:</i>	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Transfers</i>	<i>Ending Balance</i>
<b>NON-DEPRECIABLE/AMORTIZABLE</b>					
Land	\$ 36,289,821	\$ -	\$ -	\$ -	\$ 36,289,821
Construction in progress	14,779,568	19,205,702	(31,878,314)	-	2,106,956
<i>Total non-depreciable/amortizable</i>	<u>51,069,389</u>	<u>19,205,702</u>	<u>(31,878,314)</u>	<u>-</u>	<u>38,396,777</u>
<b>DEPRECIABLE/AMORTIZABLE</b>					
Infrastructure	245,923,586	5,177,699	-	-	251,101,285
Buildings & improvements	57,711,490	30,178,550	-	-	87,890,040
Machinery, equipment & vehicles	21,529,780	4,118,406	(2,871,334)	32,820	22,809,672
Software - SBITA Subscriptions	582,440	1,634,518	-	-	2,216,958
Equipment - Leases	1,064,942	-	-	-	1,064,942
<i>Total depreciable/amortizable</i>	<u>326,812,238</u>	<u>41,109,173</u>	<u>(2,871,334)</u>	<u>32,820</u>	<u>365,082,897</u>
<b>ACCUMULATED DEPRECIATION/AMORTIZATION</b>					
Infrastructure	(137,218,380)	(9,683,472)	-	-	(146,901,852)
Buildings & improvements	(13,494,968)	(1,532,149)	-	-	(15,027,117)
Machinery, equipment & vehicles	(15,560,662)	(1,746,909)	2,728,401	(32,820)	(14,611,990)
Software - SBITA Subscriptions	(115,580)	(422,552)	-	-	(538,132)
Equipment - Leases	(236,855)	(240,091)	-	-	(476,946)
<i>Total accumulated depreciation/amortization</i>	<u>(166,626,445)</u>	<u>(13,625,173)</u>	<u>2,728,401</u>	<u>(32,820)</u>	<u>(177,556,037)</u>
<i>Total capital assets being depreciated/amortized</i>	<u>160,185,793</u>	<u>27,484,000</u>	<u>(142,933)</u>	<u>-</u>	<u>187,526,860</u>
<i>Capital assets, net of depreciation/amortization</i>	<u>\$ 211,255,182</u>	<u>\$ 46,689,702</u>	<u>\$ (32,021,247)</u>	<u>\$ -</u>	<u>\$ 225,923,637</u>

<i>Business-type Activities:</i>	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Transfers</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	11,709,344	12,352,636	(1,093,862)	-	22,968,118
<i>Total non-depreciable</i>	<u>22,654,494</u>	<u>12,352,636</u>	<u>(1,093,862)</u>	<u>-</u>	<u>33,913,268</u>
<b>DEPRECIABLE</b>					
Water system	148,484,849	3,640,541	-	-	152,125,390
Stormwater system	4,158,612	37,700	-	-	4,196,312
Machinery, equipment & vehicles	6,722,379	582,090	(219,189)	(32,820)	7,052,460
<i>Total depreciable</i>	<u>159,365,840</u>	<u>4,260,331</u>	<u>(219,189)</u>	<u>(32,820)</u>	<u>163,374,162</u>
<b>ACCUMULATED DEPRECIATION</b>					
Water system	(62,160,295)	(3,607,372)	-	-	(65,767,667)
Stormwater system	(858,274)	(87,448)	-	-	(945,722)
Machinery, equipment & vehicles	(5,428,790)	(297,270)	219,189	32,820	(5,474,051)
<i>Total accumulated depreciation</i>	<u>(68,447,359)</u>	<u>(3,992,090)</u>	<u>219,189</u>	<u>32,820</u>	<u>(72,187,440)</u>
<i>Total capital assets being depreciated</i>	<u>90,918,481</u>	<u>268,241</u>	<u>-</u>	<u>-</u>	<u>91,186,722</u>
<i>Capital assets, net of depreciation</i>	<u>\$ 113,572,975</u>	<u>\$ 12,620,877</u>	<u>\$ (1,093,862)</u>	<u>\$ -</u>	<u>\$ 125,099,990</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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

Depreciation and amortization expense was charged to functions/programs as follows:

<i><b>Governmental activities:</b></i>	<i><b>Depreciation</b></i>	<i><b>Amortization</b></i>	<i><b>Total</b></i>
General government	\$ 527,960	\$ 492,482	\$ 1,020,442
Public safety	1,109,067	-	1,109,067
Highways & streets	10,080,031	-	10,080,031
Culture & recreation	1,245,471	170,160	1,415,631
Total depreciation/amortization expense - governmental activities	<u>\$ 12,962,529</u>	<u>\$ 662,642</u>	<u>\$ 13,625,171</u>
<i><b>Business-type activities:</b></i>	<i><b>Depreciation</b></i>	<i><b>Amortization</b></i>	<i><b>Total</b></i>
Water	\$ 3,839,193	\$ -	\$ 3,839,193
Stormwater	152,898	-	152,898
Total depreciation - expense business-type activities	<u>\$ 3,992,091</u>	<u>\$ -</u>	<u>\$ 3,992,091</u>

**Construction Commitments** – As of year-end, the Town had contractual commitments related to park improvements, facility improvements, and water system improvements. At year end the Town had spent \$10.5 million on the projects and had estimated remaining contractual commitments of \$38.3 million.

**NOTE 7 – LOAN PAYABLE**

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

<i><b>Business-type activities:</b></i>	<i><b>Interest Rate (Including Fees)</b></i>	<i><b>Remaining Maturities</b></i>	<i><b>Outstanding Principal June 30, 2024</b></i>	<i><b>Due Within One Year</b></i>
WIFA Loan, 2014	2.65%	7/1/24-29	\$ 1,761,630	\$ 334,128
<i><b>Total</b></i>			<u>\$ 1,761,630</u>	<u>\$ 334,128</u>



**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 7 – LOAN PAYABLE (Continued)**

Principal and interest payments on the business-type activities loan payable at June 30, 2024 is summarized as follows:

Year ending June 30:	<i>Principal</i>	<i>Interest</i>
2025	\$ 334,128	\$ 42,288
2026	342,989	33,310
2027	352,085	24,093
2028	361,422	14,632
2029	371,006	4,920
<i>Total</i>	<u>\$ 1,761,630</u>	<u>\$ • 119,243</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, 2024</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%	7/1/24-28	\$ 640,000	\$ 155,000
Revenue Bonds, 2012	2,580,000	3.50-4.00%	7/1/24-28	840,000	200,000
Pension Obligation Bonds, 2021	17,975,000	0.27-2.70%	7/1/24-39	16,075,000	960,000
Parks and Recreation, 2021	21,120,000	4.00-5.00%	7/1/24-42	19,490,000	715,000
Private placement revenue bonds:					
Refunding Excise Tax Revenue Obligations, 2015	2,529,250	1.91%	7/1/24-26	598,980	297,480
Excise Tax Revenue Obligations, 2016	2,000,000	2.20%	7/1/24-32	1,265,000	146,000
Refunding Excise Tax Revenue Obligations, 2017	1,115,556	2.43%	7/1/24-27	401,148	130,494
Excise Tax Revenue Obligations, 2018	2,035,000	3.02%	7/1/24-34	1,479,000	129,000
<i>Total</i>				<u>\$ 40,789,128</u>	<u>\$ 2,732,974</u>

<i>Purpose</i>	<i>Original Amount Issued</i>	<i>Interest Rates</i>	<i>Remaining Maturities</i>	<i>Outstanding Principal June 30, 2024</i>	<i>Due Within One Year</i>
<b>Business-type activities:</b>					
Private placement revenue bonds:					
Refunding Revenue Bonds, 2015	\$ 1,245,750	1.91%	7/1/24-26	\$ 295,020	\$ 146,520
Refunding Revenue Bonds, 2017	13,186,444	2.43%	7/1/24-27	4,741,846	1,542,506
Excise Tax Revenue Obligations, 2018	6,105,000	3.02%	7/1/24-34	4,437,004	387,000
Refunding Revenue Bonds, 2021	5,582,000	1.16-1.27%	7/1/24-30	3,711,000	760,000
<i>Total</i>				<u>\$ 13,184,870</u>	<u>\$ 2,836,026</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**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:	<b><i>Governmental Activities</i></b>			
	Revenue Bonds		Private Placement Revenue Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 2,030,000	\$ 1,201,676	\$ 702,974	\$ 85,704
2026	2,085,000	1,140,563	717,942	69,565
2027	2,140,000	1,074,363	426,712	55,995
2028	2,195,000	1,003,105	297,000	46,738
2029	1,870,000	936,511	305,250	38,939
2030-2034	10,305,000	3,702,200	1,294,250	78,053
2035-2039	12,085,000	1,897,741	-	-
2040-2042	4,335,000	264,500	-	-
<i>Total</i>	<u>\$ 37,045,000</u>	<u>\$ 11,220,659</u>	<u>\$ 3,744,128</u>	<u>\$ 374,994</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:	<b><i>Business-type Activities</i></b>	
	Private Placement Revenue Bonds	
	Principal	Interest
2025	\$ 2,836,026	\$ 248,084
2026	2,899,058	186,002
2027	2,812,282	125,317
2028	1,210,000	102,847
2029	926,750	79,694
2030-2034	2,500,754	149,721
<i>Total</i>	<u>\$ 13,184,870</u>	<u>\$ 891,665</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**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 \$44.5 million as of June 30, 2024. 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 2042. 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 \$52.4 million. The current total sales tax revenues were \$30.5 million, and the total principal and interest paid on the bonds was \$4.0 million or approximately 13.2 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 \$13.2 million as of June 30, 2024. 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 13 percent of gross revenues. The total principal and interest to be paid on the bonds is \$14.1 million. The current total customer gross revenues were \$21.9 million, and the total principal and interest paid on the bonds was \$3.4 million or 15 percent of gross revenues.

**NOTE 9 – OBLIGATIONS UNDER LEASES**

**Leases** – Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Beginning Lease Liability	Balance June 30, 2024
Copiers	09/30/2022	60 months	6,400	3.5%	349,652	228,978
Golf carts	03/01/2022	36-54 months	13,259	2.5%	637,971	345,709
Fitness equipment	01/15/2022	48 months	1,278	2.5%	58,319	22,555
Total lease agreements					<u>\$ 1,045,942</u>	<u>\$ 597,242</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30	Principal	Interest
2025	\$ 227,098	\$ 14,731
2026	206,903	8,432
2027	150,501	2,638
2028	12,740	60
Total	<u>\$ 597,242</u>	<u>\$ 25,861</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 10 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The Town has obtained the right to use software under the provisions of various subscription-based information technology arrangements.

The total amount of subscription assets are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Beginning SBITA Liability	Balance June 30, 2024
Sensus/Flexnet	07/01/2022	72 months	\$ 3,921	3.75%	\$ 245,267	\$ 170,550
Sprypoint	07/01/2022	48 months	7,750	3.75%	337,173	175,547
Watersmart	8/1/2023	60 months	2,975	3.75%	160,213	130,632
Axon	08/01/2023	60 months	27,375	3.75%	1,474,305	1,202,097
Total SBITA agreements					<u>\$ 2,216,958</u>	<u>\$ 1,678,826</u>

The following schedule details minimum subscription payments to maturity for the Town's subscriptions liability at June 30, 2024:

Year Ending June 30	Principal	Interest
2025	435,581	68,662
2026	454,500	49,743
2027	380,400	30,843
2028	408,345	2,898
Total	<u>\$ 1,678,826</u>	<u>\$ 152,146</u>

**NOTE 11 – FINANCED PURCHASE AGREEMENT**

The Town acquired Community Center fitness equipment under contract at a total purchase price of \$81,722. The following schedule details debt service requirements to maturity for the Town's financed purchases at June 30, 2024.

Year ending June 30:	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2025	\$ 20,574	\$ 2,104
2026	21,671	1,006
2027	7,478	81
Total	<u>\$ 49,723</u>	<u>\$ 3,191</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 12 – CHANGES IN LONG-TERM LIABILITIES**

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

	<i>Outstanding July 1, 2023</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2024</i>	<i>Due Within One Year</i>
<b><i>Governmental activities</i></b>					
Revenue bonds	\$ 39,025,000	\$ -	\$ (1,980,000)	\$ 37,045,000	\$ 2,030,000
Private placement revenue bonds	4,432,370	-	(688,242)	3,744,128	702,974
Premium	3,904,706	-	(205,511)	3,699,195	-
Total bonds payable	47,362,076	-	(2,873,753)	44,488,323	2,732,974
Leases payable	827,109	-	(229,867)	597,242	227,098
Financed purchases	69,254	-	(19,531)	49,723	20,574
Subscriptions liability	466,860	1,634,518	(422,552)	1,678,826	435,581
Net pension liability	18,344,379	3,065,024	-	21,409,403	-
Compensated absences payable	2,440,842	2,428,352	(2,224,494)	2,644,700	2,326,423
Governmental activities long-term liabilities	<u>\$ 69,510,520</u>	<u>\$ 7,127,894</u>	<u>\$ (5,770,197)</u>	<u>\$ 70,868,217</u>	<u>\$ 5,742,650</u>

	<i>Outstanding July 1, 2023</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2024</i>	<i>Due Within One Year</i>
<b><i>Business-type activities</i></b>					
Private placement revenue bonds	\$ 16,231,628	\$ -	\$ (3,046,758)	\$ 13,184,870	\$ 2,836,026
Total bonds payable	16,231,628	-	(3,046,758)	13,184,870	2,836,026
Loan payable	2,087,126	-	(325,496)	1,761,630	334,128
Net pension liability	4,168,490	-	(74,172)	4,094,318	-
Compensated absences payable	362,127	271,326	(283,507)	349,946	277,417
Business-type activities long-term liabilities	<u>\$ 22,849,371</u>	<u>\$ 271,326</u>	<u>\$ (3,729,933)</u>	<u>\$ 19,390,764</u>	<u>\$ 3,447,571</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 13 – TRANSFERS**

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

**Interfund transfers:**

	<i><u>Transfers In</u></i>	<i><u>Transfers Out</u></i>
General Fund	\$ -	\$ 12,274,644
Community Center Fund	-	1,717,203
General Government CIP	10,000,000	1,500,000
Grants and Contributions	138,000	522,701
Municipal Debt Service Fund	3,902,708	-
Non-Major Governmental Funds	1,500,000	46,553
Water Fund	522,701	2,308
	<u>\$ 16,063,409</u>	<u>\$ 16,063,409</u>

Transfers were made from the General, Community Center, Water and General Impact Fee Funds to the Municipal Debt Service Fund for debt service. In addition, transfers were made from the General Fund to the General Government CIP Fund, from the Grants and Contributions Fund to the Water Fund, and from the General Government CIP Fund to the Highway Fund to support capital projects. A transfer was made from the General Fund to the Grants and Contributions fund for grant matching requirements.

**NOTE 14 – 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 15 – 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 \$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>
2023-24	\$ 361,329	\$ 2,786,657	\$ 2,825,034	\$ 322,952
2022-23	302,655	3,608,672	3,549,998	361,329

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 16 – PENSIONS**

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

**Aggregate Amounts.** On June 30, 2024, the Town reported the following aggregate amounts related to pensions for all plans to which it contributes.

	<i><b>Governmental Activities</b></i>	<i><b>Business-type Activities</b></i>	<i><b>Total</b></i>
Net pension liability	\$ 21,409,403	\$ 4,094,318	\$ 25,503,721
Pension deferred outflows of resources	14,573,869	477,782	15,051,651
Pension deferred inflows of resources	984,964	142,315	1,127,279
Pension expense	5,421,327	471,486	5,892,813

The Town reported \$5.1 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 not covered by the other pension plans described below 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). GASB Statement 75 has not been recorded or further disclosed due to its relative insignificance to the Town's financial statements.



**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 16 – 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 consecutive months of last 120 months	Highest 60 consecutive 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 retirement benefit option chosen determines the survivor benefit. 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.

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. 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 16 – 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 fiscal year ended June 30, 2024, statute required active ASRS members to contribute at the actuarially determined rate of 12.29 percent (12.14 percent for retirement and 0.15 percent for long-term disability) of the members' annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 12.29 percent (12.03 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the active members' annual covered payroll. The Town's contributions for the year ended June 30, 2024, were as follows:

	<u><i>Contributions</i></u>
Pension	\$ 2,024,014

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 9.99 percent (9.94 for retirement and 0.05 percent for long-term disability) of annual covered payroll. ACR contributions are included in employer contributions presented above.

The Town's pension contributions are paid by the same funds as the employee's salary, with the largest component coming from the General Fund. Contributions from the Water Enterprise Fund were 15%, and contributions from the non-major enterprise fund were 4%.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 16 – PENSIONS (Continued)**

**Pension Liability.** The net pension liability was measured as of June 30, 2023. 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, 2022, to the measurement date of June 30, 2023.

The Town's proportion of the net asset/liability was based on the Town's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The Town's proportions measured as of June 30, 2023, and the change from its proportions measured as of June 30, 2022, were:

	<u><i>Net (Asset)/ Liability</i></u>	<u><i>Town % Proportion</i></u>	<u><i>Increase (Decrease)</i></u>
Pension	\$ 19,655,601	0.121	(0.001)

**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, 2024, the Town recognized pension expense as follows:

	<u><i>Expense</i></u>
Pension	\$ 2,491,016

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 16 – 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>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$ 444,138	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension investments	-	695,432
Changes in proportion and differences between contributions and proportionate share of contributions	56,129	56,469
Contributions subsequent to the measurement date	2,024,014	-
<i>Total</i>	<u>\$ 2,524,281</u>	<u>\$ 751,901</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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<i>Pension</i>
2025	\$ (75,442)
2026	(839,244)
2027	749,470
2028	(86,418)
2029	-
Thereafter	-

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 16 – 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, 2022
Actuarial roll forward date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4%
Inflation	2.3%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP
Recovery rates	2012 GLTD for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 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. 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>
Public Equity	44%	3.50%
Fixed income - credit	23%	5.90%
Real Estate	17%	5.90%
Private Equity	10%	6.70%
Interest rate sensitivity bonds	6%	1.50%
<i>Total</i>	<u>100%</u>	

**NOTE 16 – PENSIONS (Continued)**

**Discount Rate.** At June 30, 2023, the discount rate used to measure the ASRS total pension liability was 7.0 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 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

<i>Proportionate share of the net liability</i>				
<i>Current</i>				
	<i>1% Decrease</i>	<i>Discount Rate</i>	<i>1% Increase</i>	
Rate	6.0%	7.0%	8.0%	
Pension	\$ 29,441,204	\$ 19,655,601	\$ 11,496,140	

**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 16 – 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.

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

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 16 – PENSIONS (Continued)**

<b>Retirement and disability</b>	<b>On or after January 1, 2012</b>		
	<b><i>Before January 1, 2012</i></b>	<b><i>and before July 1, 2017</i></b>	<b><i>On or after July 1, 2017</i></b>
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	15 years of credited service, age 52.5* 15 or more years of service, age 55
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years	Highest 60 consecutive months of last 15 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, 2024**

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**NOTE 16 – PENSIONS (Continued)**

**Employees Covered by Benefit Terms.** As of June 30, 2024, the following employees were covered by the agent plan's benefit terms:

	<i>Police</i>	<i>CORP-Dispatchers</i>
Retirees & beneficiaries	57	6
Inactive, non-retired members	22	3
Active members	59	2
<i>Total</i>	138	11

**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, 2024, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<i>PSPRS - Police</i>	<i>CORP - Dispatchers</i>
Active members – pension	7.65%	7.96%
<b>Town:</b>		
Pension	11.00%	128.44%
Health insurance	0.00%	0.00%

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 8 percent for the PSPRS and 126.19 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, 2024**

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**NOTE 16 – PENSIONS (Continued)**

The contributions to the pension plans for the year ended June 30, 2024, were:

	<i>Contributions</i>	
	<i>PSPRS-Police</i>	<i>CORP-Dispatchers</i>
Pension	\$ 3,341,458	\$ 163,919

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

**Pension Liability.** As of June 30, 2024, the Town reported the following liabilities.

	<i>Net Liability</i>	
	<i>PSPRS-Police</i>	<i>CORP-Dispatchers</i>
Pension	\$ 5,789,107	\$ 59,013

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

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

	<i>Pension</i>
Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Projected salary increases	3.0 – 6.25%
Inflation	2.5%
Cost-of-living adjustment	1.85%
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

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

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 16 – PENSIONS (Continued)**

The long-term expected rate of return on PSPRS and CORP plan investments was determined to be 7.2 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment 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:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-term Expected Real Rate of Return</i>
Cash - Mellon	2%	0.69%
Diversifying strategies	5%	3.68%
Core bonds	6%	1.90%
Other assets (Capital Appreciation)	7%	4.49%
International public equity	16%	4.49%
Global private equity	20%	7.28%
Private credit	20%	6.19%
U.S. public equity	24%	3.98%
<i>Total</i>	<u>100%</u>	

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 16 – 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, 2023	\$ 76,438,334	\$ 75,900,900	\$ 537,434
Changes for the year:			
Service cost	1,181,744	-	1,181,744
Interest on the total liability	5,450,177	-	5,450,177
Differences between expected and actual experience in the measurement of the total liability	6,412,956	-	6,412,956
Changes of assumptions or other inputs	-	-	-
Contributions - employer	-	1,446,816	(1,446,816)
Contributions - employee	-	605,765	(605,765)
Net investment income	-	5,770,191	(5,770,191)
Benefit payments, including refunds of employee contributions	(3,846,347)	(3,846,347)	-
Administrative expense	-	(28,833)	28,833
Other	-	(735)	735
Net changes	9,198,530	3,946,857	5,251,673
Balances at June 30, 2024	<u>\$ 85,636,864</u>	<u>\$ 79,847,757</u>	<u>\$ 5,789,107</u>

	Pension Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>CORP - Dispatchers</b>			
Balances at June 30, 2023	\$ 3,721,151	\$ 1,662,090	\$ 2,059,061
Changes for the year:			
Service cost	16,408	-	16,408
Interest on the total liability	261,914	-	261,914
Differences between expected and actual experience in the measurement of the total liability	110,346	-	110,346
Changes of assumptions or other inputs	-	-	-
Contributions - employer	-	2,218,919	(2,218,919)
Contributions - employee	-	14,017	(14,017)
Net investment income	-	160,124	(160,124)
Benefit payments, including refunds of employee contributions	(199,743)	(199,743)	-
Administrative expense	-	(2,293)	2,293
Tiers 1 & 2 Adjustment	-	(2,051)	2,051
Other	-	-	-
Net changes	188,925	2,188,973	(2,000,048)
Balances at June 30, 2024	<u>\$ 3,910,076</u>	<u>\$ 3,851,063</u>	<u>\$ 59,013</u>

**NOTE 16 – PENSIONS (Continued)**

**Discount Rate.** At June 30, 2023, the discount rate used to measure the total pension liability was 7.2 percent.

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 table 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</i>	<i>1% Increase</i>
	<i>6.2%</i>	<i>Discount Rate</i>	<i>8.2%</i>
		<i>7.2%</i>	
<b>PSPRS-Police:</b>			
Net Pension Liability	\$ 18,319,352	\$ 5,789,107	\$ (4,321,048)
<b>CORP-Dispatchers:</b>			
Net Pension Liability	\$ 559,289	\$ 59,013	\$ (352,233)

**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, 2024**

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**NOTE 16 – PENSIONS (Continued)**

**Expense.** For the year ended June 30, 2024, the Town recognized the following as pension expense:

	<u><i>PSPRS-Police</i></u>	<u><i>CORP-Dispatchers</i></u>
Pension Expense	\$ 3,215,892	\$ 185,905

**Deferred Outflows/Inflows of Resources.** At June 30, 2024, 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	\$ 6,387,521	\$ 375,378
Changes of assumptions or other inputs	896,791	-
Net difference between projected and actual earnings on plan investments	1,641,118	-
Contributions subsequent to the measurement date	3,341,458	-
<i>Total</i>	<u>\$ 12,266,888</u>	<u>\$ 375,378</u>
<b>CORP-Dispatchers:</b>		
Differences between expected and actual experience	\$ 55,173	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on plan investments	41,391	-
Contributions subsequent to the measurement date	163,919	-
<i>Total</i>	<u>\$ 260,483</u>	<u>\$ -</u>

***TOWN OF ORO VALLEY, ARIZONA***  
**NOTES TO FINANCIAL STATEMENTS**  
***FOR THE YEAR ENDED JUNE 30, 2024***

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**NOTE 16 – 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, 2025. 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> <i>Pension</i>	<i>CORP-Dispatchers</i> <i>Pension</i>
2025	\$ 2,337,528	\$ 56,127
2026	1,877,287	(11,516)
2027	3,126,834	45,421
2028	1,208,403	6,532
2029	-	-
Thereafter	-	-

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**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, 2024**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Sales taxes	\$ 25,633,318	\$ 25,633,318	\$ 26,715,684	\$ 1,082,366
Franchise taxes	765,000	765,000	715,334	(49,666)
Intergovernmental	25,480,137	25,480,137	25,260,912	(219,225)
Licenses, fees and permits	1,717,118	1,717,118	2,122,503	405,385
Fines, forfeitures and penalties	125,000	125,000	61,640	(63,360)
Charges for services	3,204,246	3,204,246	2,984,059	(220,187)
Donations	-	-	5,122	5,122
Investment income:				
Interest	300,000	300,000	747,818	447,818
Net increase in fair value of investments	-	-	(108,967)	(108,967)
Other	253,000	253,000	573,211	320,211
<i>Total Revenues</i>	<u>57,477,819</u>	<u>57,477,819</u>	<u>59,077,316</u>	<u>1,599,497</u>
<b>EXPENDITURES</b>				
General government:				
Non departmental	2,475,536	2,475,536	2,351,155	124,381
Town council	209,203	209,203	184,698	24,505
Town clerk	419,897	419,897	403,496	16,401
Town manager	1,638,716	1,760,479	1,596,585	163,894
Human resources	590,520	673,755	632,584	41,171
Finance	850,456	850,456	825,859	24,597
Information Technology	6,271,309	6,004,600	5,117,021	887,579
Legal services	1,132,503	1,132,503	1,071,067	61,436
Community and economic development	3,882,445	3,882,445	3,548,853	333,592
Town court	1,010,662	1,010,662	985,129	25,533
Public works	4,800,968	4,877,679	4,792,496	85,183
Public safety:				
Police	20,346,591	20,363,283	20,170,049	193,234
Transit:				
Transit	1,700,968	1,700,968	1,697,772	3,196
Culture and recreation:				
Parks and recreation	4,463,340	4,545,761	4,397,777	147,984
Debt service				
Principal	-	-	489,400	(489,400)
Interest	-	-	91,643	(91,643)
Total debt service	-	-	581,043	(581,043)
Capital outlay	606,500	620,487	1,814,920	(1,194,433)
Contingency	5,000,000	4,405,195	-	4,405,195
<i>Total Expenditures</i>	<u>55,399,614</u>	<u>54,932,909</u>	<u>50,170,504</u>	<u>4,762,405</u>
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>2,078,205</b>	<b>2,544,910</b>	<b>8,906,812</b>	<b>6,361,902</b>
<b>OTHER FINANCING SOURCES/(USES)</b>				
Sale of assets	10,000	10,000	219	(9,781)
Insurance recoveries	-	-	16,106	16,106
Subscription-based information technology arrangements	-	-	1,634,518	1,634,518
Transfers out	(12,274,644)	(12,274,644)	(12,274,644)	-
<i>Total Other Financing Sources/(Uses)</i>	<u>(12,264,644)</u>	<u>(12,264,644)</u>	<u>(10,623,801)</u>	<u>1,640,843</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(10,186,439)</b>	<b>(9,719,734)</b>	<b>(1,716,989)</b>	<b>8,002,745</b>
<b>FUND BALANCE, Beginning of year</b>	<b>23,798,492</b>	<b>23,798,492</b>	<b>23,798,492</b>	<b>-</b>
<b>FUND BALANCE, End of year</b>	<u><b>\$ 13,612,053</b></u>	<u><b>\$ 14,078,758</b></u>	<u><b>\$ 22,081,503</b></u>	<u><b>\$ 8,002,745</b></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, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Sales taxes	\$ 3,726,016	\$ 3,726,016	\$ 3,806,551	\$ 80,535
Charges for services	5,785,386	5,785,386	7,488,363	1,702,977
Investment income:				
Interest	35,000	35,000	33,052	(1,948)
Net decrease in fair value of investments	-	-	(3,904)	(3,904)
Other	162,050	162,050	162,550	500
<i>Total Revenues</i>	<u>9,708,452</u>	<u>9,708,452</u>	<u>11,486,612</u>	<u>1,778,160</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	6,619,982	6,619,982	7,107,757	(487,775)
Capital outlay	1,820,500	2,197,500	1,659,167	538,333
Debt service:				
Principal retirement	-	-	182,550	(182,550)
Interest and fiscal charges	-	-	14,569	(14,569)
Contingency	500,000	100,000	-	100,000
<i>Total Expenditures</i>	<u>8,940,482</u>	<u>8,917,482</u>	<u>8,964,043</u>	<u>(46,561)</u>
<b>REVENUES OVER/(UNDER)</b>				
<b>EXPENDITURES</b>	767,970	790,970	2,522,569	1,731,599
<b>OTHER FINANCING SOURCES/(USES)</b>				
Sale of assets	-	-	1,518	1,518
Transfers out	(1,717,203)	(1,717,203)	(1,717,203)	-
Total other financing sources/(uses)	<u>(1,717,203)</u>	<u>(1,717,203)</u>	<u>(1,715,685)</u>	<u>1,518</u>
<b>NET CHANGE IN FUND BALANCE</b>	(949,233)	(926,233)	806,884	1,733,117
<b>FUND BALANCE, Beginning of year</b>	<u>1,008,233</u>	<u>1,008,233</u>	<u>1,008,233</u>	<u>-</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 59,000</u>	<u>\$ 82,000</u>	<u>\$ 1,815,117</u>	<u>\$ 1,733,117</u>

See notes to required supplementary information

**TOWN OF ORO VALLEY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – GRANTS AND CONTRIBUTIONS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Intergovernmental	\$ 2,827,700	\$ 2,827,700	\$ 2,135,677	\$ (692,023)
Investment income:				
Interest	25,000	25,000	24,514	(486)
Net decrease in fair value of investments	-	-	(1,172)	(1,172)
Other	560,000	560,000	33,631	(526,369)
<i>Total Revenues</i>	<u>3,412,700</u>	<u>3,412,700</u>	<u>2,192,650</u>	<u>(1,220,050)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	650,000	650,000	-	650,000
Public Safety	354,400	354,400	75,431	278,969
Transit		-	-	-
Culture and Recreation	40,000	40,000	113	39,887
Capital outlay	3,224,752	3,224,752	2,080,167	1,144,585
Contingency	500,000	500,000	-	500,000
<i>Total Expenditures</i>	<u>4,769,152</u>	<u>4,769,152</u>	<u>2,155,711</u>	<u>2,613,441</u>
<b>REVENUES OVER/(UNDER)</b>				
<b>EXPENDITURES</b>	(1,356,452)	(1,356,452)	36,939	1,393,391
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers in	138,000	138,000	138,000	-
Transfers out	-	-	(522,701)	(522,701)
<i>Total other financing sources/(uses)</i>	<u>138,000</u>	<u>138,000</u>	<u>(384,701)</u>	<u>(522,701)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,218,452)	(1,218,452)	(347,762)	870,690
<b>FUND BALANCE, Beginning of year</b>	<u>162,207</u>	<u>162,207</u>	<u>162,207</u>	<u>-</u>
<b>FUND BALANCE, End of year</b>	<u>\$ (1,056,245)</u>	<u>\$ (1,056,245)</u>	<u>\$ (185,555)</u>	<u>\$ 870,690</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 TEN FISCAL YEARS***

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	<u><b>2024</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Town's proportion of the net pension (assets) liability	0.12%	0.12%	0.12%	0.12%	0.13%
Town's proportionate share of the net pension (assets) liability	\$ 19,655,601	\$ 19,916,374	\$ 15,876,526	\$ 21,464,093	\$ 18,808,834
Town's covered payroll	\$ 15,901,116	\$ 14,545,595	\$ 13,511,313	\$ 13,793,013	\$ 13,630,224
Town's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	123.61%	136.92%	117.51%	155.62%	137.99%
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%	69.33%	73.24%

	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Town's proportion of the net pension (assets) liability	0.13%	0.12%	0.12%	0.12%	0.11%
Town's proportionate share of the net pension (assets) liability	\$ 18,237,813	\$ 19,453,870	\$ 20,050,356	\$ 18,575,537	\$ 16,642,712
Town's covered payroll	\$ 13,018,275	\$ 12,193,145	\$ 11,857,622	\$ 11,826,486	\$ 11,086,887
Town's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	140.09%	159.55%	169.09%	157.07%	150.11%
Plan fiduciary net position as a percentage of the total pension liability	73.40%	69.92%	67.06%	68.35%	69.49%

**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 TEN FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
<b>Total pension liability</b>				
Service cost	\$ 1,181,744	\$ 1,373,511	\$ 1,359,359	\$ 1,418,920
Interest	5,450,177	5,155,618	4,928,984	4,573,136
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	6,412,956	1,479,536	(577,199)	1,073,763
Changes of assumptions or other inputs	-	719,444	-	-
Benefit payments, including refunds of employee contributions	(3,846,347)	(3,082,329)	(2,159,116)	(2,104,146)
<b>Net change in total pension liability</b>	<b>9,198,530</b>	<b>5,645,780</b>	<b>3,552,028</b>	<b>4,961,673</b>
<b>Total pension liability—beginning</b>	<b>76,438,334</b>	<b>70,792,554</b>	<b>67,240,526</b>	<b>62,278,853</b>
<b>Total pension liability—ending</b>	<b>\$ 85,636,864</b>	<b>\$ 76,438,334</b>	<b>\$ 70,792,554</b>	<b>\$ 67,240,526</b>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 1,446,816	\$ 30,446,078	\$ 3,343,850	\$ 3,072,830
Contributions—employee	605,765	553,740	554,204	563,652
Net investment income	5,770,191	(3,122,413)	10,961,057	479,186
Benefit payments, including refunds of employee contributions	(3,846,347)	(3,082,329)	(2,159,116)	(2,104,146)
Administrative expense	(28,833)	(56,065)	(51,282)	(39,077)
Other	(735)	-	5,595	(52,206)
<b>Net change in plan fiduciary net position</b>	<b>3,946,857</b>	<b>24,739,011</b>	<b>12,654,308</b>	<b>1,920,239</b>
<b>Plan fiduciary net position—beginning</b>	<b>75,900,900</b>	<b>51,161,889</b>	<b>38,507,581</b>	<b>36,587,342</b>
<b>Plan fiduciary net position—ending</b>	<b>\$ 79,847,757</b>	<b>\$ 75,900,900</b>	<b>\$ 51,161,889</b>	<b>\$ 38,507,581</b>
<b>Net pension (assets) liability—ending</b>	<b>\$ 5,789,107</b>	<b>\$ 537,434</b>	<b>\$ 19,630,665</b>	<b>\$ 28,732,945</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>93.24%</b>	<b>99.30%</b>	<b>72.27%</b>	<b>57.27%</b>
<b>Covered payroll</b>	<b>\$ 6,622,521</b>	<b>\$ 7,265,499</b>	<b>\$ 6,181,716</b>	<b>\$ 6,672,512</b>
<b>Net pension (assets) liability as a percentage of covered payroll</b>	<b>87.42%</b>	<b>7.40%</b>	<b>317.56%</b>	<b>430.62%</b>

See notes to required supplementary information

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 1,552,240	\$ 1,515,028	\$ 1,638,736	\$ 1,363,768	\$ 1,224,807	\$ 1,157,832
4,264,774	3,922,057	3,615,210	3,185,633	2,842,514	2,408,825
-	-	435,327	3,164,555	-	444,387
(303,721)	136,020	247,905	(548,533)	1,312,293	(356,776)
1,627,934	-	747,786	1,902,904	-	3,014,125
(1,884,430)	(1,588,615)	(2,061,668)	(1,106,968)	(1,049,346)	(1,304,993)
5,256,797	3,984,490	4,623,296	7,961,359	4,330,268	5,363,400
57,022,056	53,037,566	48,414,270	40,452,911	36,122,643	30,759,243
<u>\$ 62,278,853</u>	<u>\$ 57,022,056</u>	<u>\$ 53,037,566</u>	<u>\$ 48,414,270</u>	<u>\$ 40,452,911</u>	<u>\$ 36,122,643</u>
\$ 2,624,761	\$ 1,278,293	\$ 1,811,735	\$ 1,505,274	\$ 1,669,125	\$ 1,211,218
575,136	622,233	905,024	840,020	794,478	698,036
1,843,370	2,159,685	3,228,386	154,181	874,562	2,774,126
(1,884,430)	(1,588,615)	(2,061,668)	(1,106,968)	(1,049,346)	(1,304,993)
(33,037)	(33,570)	(28,966)	(22,586)	(21,722)	(22,342)
31,984	107,852	19,066	38,225	93,803	(93,142)
3,157,784	2,545,878	3,873,577	1,408,146	2,360,900	3,262,903
33,429,558	30,883,680	27,010,103	25,601,957	23,241,057	19,978,154
<u>\$ 36,587,342</u>	<u>\$ 33,429,558</u>	<u>\$ 30,883,680</u>	<u>\$ 27,010,103</u>	<u>\$ 25,601,957</u>	<u>\$ 23,241,057</u>
<u>\$ 25,691,511</u>	<u>\$ 23,592,498</u>	<u>\$ 22,153,886</u>	<u>\$ 21,404,167</u>	<u>\$ 14,850,954</u>	<u>\$ 12,881,586</u>
58.75%	58.63%	58.23%	55.79%	63.29%	64.34%
\$ 6,942,593	\$ 7,209,721	\$ 7,199,177	\$ 7,355,092	\$ 7,004,292	\$ 6,021,786
370.06%	327.23%	307.73%	291.01%	212.03%	213.92%

**TOWN OF ORO VALLEY, ARIZONA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM – DISPATCHERS**  
**LAST TEN FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
<b>Total pension liability</b>				
Service cost	\$ 16,408	\$ 16,669	\$ 22,257	\$ 22,224
Interest	261,914	253,314	242,038	233,081
Changes of benefit terms		-	-	-
Differences between expected and actual experience	110,346	42,782	75,279	18,688
Changes of assumptions or other inputs	-	52,917	-	-
Benefit payments, including refunds of employee contributions	(199,743)	(195,826)	(163,212)	(139,459)
<b>Net change in total pension liability</b>	<u>188,925</u>	<u>169,856</u>	<u>176,362</u>	<u>134,534</u>
<b>Total pension liability—beginning</b>	<u>3,721,151</u>	<u>3,551,295</u>	<u>3,374,933</u>	<u>3,240,399</u>
<b>Total pension liability—ending</b>	<u><u>\$ 3,910,076</u></u>	<u><u>\$ 3,721,151</u></u>	<u><u>\$ 3,551,295</u></u>	<u><u>\$ 3,374,933</u></u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 2,218,919	\$ 123,193	\$ 138,372	\$ 122,322
Contributions—employee	14,017	12,377	14,583	16,244
Net investment income	160,124	(66,048)	387,481	38,182
Benefit payments, including refunds of employee contributions	(199,743)	(195,826)	(163,212)	(139,459)
Administrative expense	(2,293)	(1,214)	(1,786)	(1,478)
Other	(2,051)	-	-	(264)
<b>Net change in plan fiduciary net position</b>	<u>2,188,973</u>	<u>(127,518)</u>	<u>375,438</u>	<u>35,547</u>
<b>Plan fiduciary net position—beginning</b>	<u>1,662,090</u>	<u>1,789,608</u>	<u>1,414,170</u>	<u>1,378,623</u>
<b>Plan fiduciary net position—ending</b>	<u><u>\$ 3,851,063</u></u>	<u><u>\$ 1,662,090</u></u>	<u><u>\$ 1,789,608</u></u>	<u><u>\$ 1,414,170</u></u>
<b>Net pension (assets) liability—ending</b>	<u><u>\$ 59,013</u></u>	<u><u>\$ 2,059,061</u></u>	<u><u>\$ 1,761,687</u></u>	<u><u>\$ 1,960,763</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	98.49%	44.67%	50.39%	41.90%
<b>Covered payroll</b>	\$ 154,548	\$ 158,877	\$ 180,822	\$ 210,542
<b>Net pension (assets) liability as a percentage of covered payroll</b>	38.18%	1296.01%	974.27%	931.29%

See notes to required supplementary information



<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 30,922	\$ 34,542	\$ 32,541	\$ 32,257	\$ 52,754	\$ 53,985
215,182	223,773	185,568	182,053	174,403	154,443
-	(175,686)	395,457	14,504	-	29,545
124,217	(73,061)	(12,524)	(12,392)	14,554	(48,767)
61,495	-	85,035	64,514	-	174,536
(136,724)	(141,910)	(132,788)	(119,180)	(148,851)	(68,874)
295,092	(132,342)	553,289	161,756	92,860	294,868
2,945,307	3,077,649	2,524,360	2,362,604	2,269,744	1,974,876
<u>\$ 3,240,399</u>	<u>\$ 2,945,307</u>	<u>\$ 3,077,649</u>	<u>\$ 2,524,360</u>	<u>\$ 2,362,604</u>	<u>\$ 2,269,744</u>
\$ 120,338	\$ 87,566	\$ 77,331	\$ 52,583	\$ 64,005	\$ 63,179
16,099	15,976	18,502	18,982	30,272	32,699
71,209	89,317	136,094	7,237	45,101	146,441
(136,724)	(141,910)	(132,788)	(119,180)	(148,851)	(68,874)
(1,971)	(2,051)	(1,591)	(1,423)	(1,490)	(1,151)
-	(24)	(8)	(8)	(926)	-
68,951	48,874	97,540	(41,809)	(11,889)	172,294
1,309,672	1,260,798	1,163,258	1,205,067	1,216,956	1,044,662
<u>\$ 1,378,623</u>	<u>\$ 1,309,672</u>	<u>\$ 1,260,798</u>	<u>\$ 1,163,258</u>	<u>\$ 1,205,067</u>	<u>\$ 1,216,956</u>
<u>\$ 1,861,776</u>	<u>\$ 1,635,635</u>	<u>\$ 1,816,851</u>	<u>\$ 1,361,102</u>	<u>\$ 1,157,537</u>	<u>\$ 1,052,788</u>
42.54%	44.47%	40.97%	46.08%	51.01%	53.62%
\$ 202,262	\$ 201,687	\$ 233,934	\$ 245,274	\$ 380,303	\$ 387,839
920.48%	810.98%	776.65%	554.93%	304.37%	271.45%

**TOWN OF ORO VALLEY, ARIZONA**  
**SCHEDULE OF PENSION CONTRIBUTIONS – ALL PENSION PLANS**  
**LAST TEN FISCAL YEARS**

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	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Arizona State Retirement System:</b>				
Actuarially determined contribution	\$ 2,024,014	\$ 1,895,413	\$ 1,746,926	\$ 1,574,068
Contributions in relation to the actuarially determined contribution	<u>2,024,014</u>	<u>1,895,413</u>	<u>1,746,926</u>	<u>1,574,068</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	\$ 16,824,722	\$ 15,901,116	\$ 14,545,595	\$ 13,511,313
Contributions as a percentage of covered payroll	12.03%	11.92%	12.01%	11.65%
 <b>Public Safety Personnel Retirement System - Police:</b>				
Actuarially determined contribution	\$ 841,458	\$ 1,523,896	\$ 3,165,578	\$ 2,572,830
Contributions in relation to the actuarially determined contribution	<u>3,341,458</u>	<u>1,523,896</u>	<u>30,216,213</u>	<u>3,072,830</u>
Contribution deficiency (excess)	<u>(2,500,000)</u>	<u>-</u>	<u>(27,050,635)</u>	<u>(500,000)</u>
Town's covered payroll	\$ 7,649,618	\$ 6,622,521	\$ 7,265,499	\$ 6,181,716
Contributions as a percentage of covered payroll	11.00%	23.01%	43.57%	41.62%
 <b>Public Safety Personnel Retirement System - Dispatchers</b>				
Actuarially determined contribution	\$ 163,919	\$ 183,062	\$ 125,878	\$ 136,575
Contributions in relation to the actuarially determined contribution	<u>163,919</u>	<u>2,219,857</u>	<u>125,878</u>	<u>136,575</u>
Contribution deficiency (excess)	<u>-</u>	<u>(2,036,795)</u>	<u>-</u>	<u>-</u>
Town's covered payroll	\$ 127,623	\$ 154,548	\$ 158,877	\$ 180,822
Contributions as a percentage of covered payroll	128.44%	1436.36%	79.23%	75.53%

**See notes to required supplementary information**

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<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,579,300	\$ 1,523,859	\$ 1,418,992	\$ 1,314,421	\$ 1,286,552	\$ 1,207,362
<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>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 13,793,013	\$ 13,630,224	\$ 13,018,275	\$ 12,193,145	\$ 11,857,622	\$ 11,826,486
11.45%	11.18%	10.90%	10.78%	10.85%	10.21%
\$ 2,552,903	\$ 2,548,626	\$ 2,485,191	\$ 1,679,568	\$ 1,554,131	\$ 1,354,630
<u>3,052,903</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>
<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 6,672,512	\$ 6,942,593	\$ 7,209,721	\$ 7,199,177	\$ 7,355,092	\$ 7,004,292
38.26%	36.71%	34.47%	23.33%	21.13%	19.34%
\$ 126,199	\$ 124,108	\$ 87,996	\$ 77,830	\$ 54,083	\$ 64,005
<u>126,199</u>	<u>124,108</u>	<u>87,996</u>	<u>77,830</u>	<u>54,083</u>	<u>64,005</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 210,542	\$ 202,262	\$ 201,687	\$ 233,934	\$ 245,274	\$ 380,303
59.94%	61.36%	43.63%	33.27%	22.05%	16.83%

**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 – BUDGETING AND BUDGETARY CONTROL**

A.R.S. requires the Town to prepare and adopt a balanced budget annually for each governmental fund. The Town Council must approve such operating budgets on or before the third Monday in July. A.R.S. prohibits expenditures in excess of the amounts budgeted.

Expenditures may not legally exceed appropriations at the department level for the General Fund or at the fund level for all other funds. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon Town Manager or Town Council approval, respectively.

**NOTE 3 – 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.** Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plan's or plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date.

These changes also increased the PSPRS-required contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date.

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

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## **GOVERNMENTAL FUNDS**

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

JUNE 30, 2024

			<i><b>Total Non-Major Governmental Funds</b></i>
	<i><b>Special Revenue</b></i>	<i><b>Capital Projects</b></i>	
<b><u>ASSETS</u></b>			
Cash and investments	\$ 633,972	\$ 3,233,644	\$ 3,867,616
Interest receivable	7,102	31,015	38,117
Intergovernmental receivable	425,986	-	425,986
Lease Receivable	-	295,222	295,222
<b><i>Total Assets</i></b>	<b><u>\$ 1,067,060</u></b>	<b><u>\$ 3,559,881</u></b>	<b><u>\$ 4,626,941</u></b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 129,950	\$ 14,028	\$ 143,978
Unearned revenue	-	7,600	7,600
<b><i>Total Liabilities</i></b>	<b><u>129,950</u></b>	<b><u>21,628</u></b>	<b><u>151,578</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Lease Related	-	280,741	280,741
<b><u>FUND BALANCES</u></b>			
Restricted	937,110	3,239,535	4,176,645
Committed	-	17,977	17,977
<b><i>Total Fund Balances</i></b>	<b><u>937,110</u></b>	<b><u>3,257,512</u></b>	<b><u>4,194,622</u></b>
<b><i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i></b>	<b><u>\$ 1,067,060</u></b>	<b><u>\$ 3,559,881</u></b>	<b><u>\$ 4,626,941</u></b>



**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, 2024**

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	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>REVENUES</b>			
Development impact fees	\$ -	\$ 461,552	\$ 461,552
Charges for Services	-	38,225	38,225
Intergovernmental	4,221,036	22,042	4,243,078
Licenses, fees and permits	25,869	-	25,869
Fines, forfeitures and penalties	129,883	-	129,883
Investment income:			
Interest	200,984	120,413	321,397
Net decrease in fair value of investments	(4,112)	(14,511)	(18,623)
Other	766	-	766
<i>Total Revenues</i>	<u>4,574,426</u>	<u>627,721</u>	<u>5,202,147</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	44,983	154	45,137
Highway and streets	2,293,792	78,765	2,372,557
Culture and recreation	-	540	540
Capital outlay	3,921,615	994,342	4,915,957
<i>Total Expenditures</i>	<u>6,260,390</u>	<u>1,073,801</u>	<u>7,334,191</u>
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	(1,685,964)	(446,080)	(2,132,044)
<b>OTHER FINANCING SOURCES/(USES)</b>			
Insurance Recoveries	13,949	-	13,949
Transfers in/(out)	1,500,000	(46,553)	1,453,447
<i>Total Other Financing Sources (Uses)</i>	<u>1,513,949</u>	<u>(46,553)</u>	<u>1,467,396</u>
<b>NET CHANGE IN FUND BALANCES</b>	(172,015)	(492,633)	(664,648)
<b>FUND BALANCES, Beginning of year</b>	<u>1,109,125</u>	<u>3,750,145</u>	<u>4,859,270</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 937,110</u>	<u>\$ 3,257,512</u>	<u>\$ 4,194,622</u>

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## **SPECIAL REVENUE FUNDS**

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

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

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

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

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING BALANCE SHEET – NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2024**

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	<i><b>HURF</b></i>	<i><b>State Seizures and Forfeitures</b></i>	<i><b>Federal Seizures and Forfeitures</b></i>	<i><b>Totals</b></i>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 302,772	\$ 121,920	\$ 209,280	\$ 633,972
Interest receivable	7,102	-	-	7,102
Intergovernmental receivable	425,986	-	-	425,986
<b><i>Total Assets</i></b>	<b><u>\$ 735,860</u></b>	<b><u>\$ 121,920</u></b>	<b><u>\$ 209,280</u></b>	<b><u>\$ 1,067,060</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities:</b>				
Accounts payable	\$ 129,813	\$ 128	\$ 9	\$ 129,950
<b><i>Total Liabilities</i></b>	<b><u>129,813</u></b>	<b><u>128</u></b>	<b><u>9</u></b>	<b><u>129,950</u></b>
<b>Fund balances:</b>				
Restricted	606,047	121,792	209,271	937,110
<b><i>Total Fund Balances</i></b>	<b><u>606,047</u></b>	<b><u>121,792</u></b>	<b><u>209,271</u></b>	<b><u>937,110</u></b>
<b><i>Total Liabilities and Fund Balances</i></b>	<b><u>\$ 735,860</u></b>	<b><u>\$ 121,920</u></b>	<b><u>\$ 209,280</u></b>	<b><u>\$ 1,067,060</u></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, 2024**

	<u><i>HURF</i></u>	<u><i>State Seizures and Forfeitures</i></u>	<u><i>Federal Seizures and Forfeitures</i></u>	<u><i>Totals</i></u>
<b>REVENUES</b>				
Intergovernmental	\$ 4,221,036	\$ -	\$ -	\$ 4,221,036
Licenses, fees and permits	25,869	-	-	25,869
Fines, forfeitures and penalties	-	-	129,883	129,883
Investment income:				
Interest	185,013	7,669	8,302	200,984
Net decrease in fair value of investments	(4,112)	-	-	(4,112)
Other	766	-	-	766
<i>Total Revenues</i>	<u>4,428,572</u>	<u>7,669</u>	<u>138,185</u>	<u>4,574,426</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	37,482	7,501	44,983
Highway and streets	2,293,792	-	-	2,293,792
Capital outlay	3,921,615	-	-	3,921,615
<i>Total Expenditures</i>	<u>6,215,407</u>	<u>37,482</u>	<u>7,501</u>	<u>6,260,390</u>
<b>OTHER FINANCING SOURCES/(USES)</b>				
Insurance recoveries	13,949	-	-	13,949
Transfers in	1,500,000	-	-	1,500,000
Total other financing sources/(uses)	<u>1,513,949</u>	<u>-</u>	<u>-</u>	<u>1,513,949</u>
<b>NET CHANGE IN FUND BALANCES</b>	(272,886)	(29,813)	130,684	(172,015)
<b>FUND BALANCES, Beginning of year</b>	<u>878,933</u>	<u>151,605</u>	<u>78,587</u>	<u>1,109,125</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 606,047</u>	<u>\$ 121,792</u>	<u>\$ 209,271</u>	<u>\$ 937,110</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, 2024**

	<b>HURF</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
<b>REVENUES</b>			
Intergovernmental	\$ 4,334,608	\$ 4,221,036	\$ (113,572)
Licenses, fees and permits	25,000	25,869	869
Fines, forfeitures and penalties	-	-	-
Investment income:			
Interest	70,000	185,013	115,013
Net decrease in fair value of investments	-	(4,112)	(4,112)
Other	3,000	766	(2,234)
<i>Total Revenues</i>	<u>4,432,608</u>	<u>4,428,572</u>	<u>(4,036)</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	-	-	-
Highway and streets	2,298,791	2,293,792	4,999
Capital outlay	4,170,000	3,921,615	248,385
Contingency	200,000	-	200,000
<i>Total Expenditures</i>	<u>6,668,791</u>	<u>6,215,407</u>	<u>453,384</u>
<b>REVENUES OVER/ (UNDER) EXPENDITURES</b>	<u>(2,236,183)</u>	<u>(1,786,835)</u>	<u>449,348</u>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Insurance recoveries	-	13,949	13,949
Transfers in	1,500,000	1,500,000	-
Total other financing sources/(uses)	<u>1,500,000</u>	<u>1,513,949</u>	<u>13,949</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(736,183)</u>	<u>(272,886)</u>	<u>463,297</u>
<b>FUND BALANCE, Beginning of year</b>	<u>878,933</u>	<u>878,933</u>	<u>-</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 142,750</u>	<u>\$ 606,047</u>	<u>\$ 463,297</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
85,000	-	(85,000)	15,000	129,883	114,883
3,000	7,669	4,669	-	8,302	8,302
-	-	-	-	-	-
-	-	-	-	-	-
88,000	7,669	(80,331)	15,000	138,185	123,185
100,000	37,482	62,518	-	7,501	(7,501)
-	-	-	-	-	-
-	-	-	-	-	-
50,000	-	50,000	50,000	-	50,000
150,000	37,482	112,518	50,000	7,501	42,499
(62,000)	(29,813)	32,187	(35,000)	130,684	165,684
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(62,000)	(29,813)	32,187	(35,000)	130,684	165,684
151,605	151,605	-	78,587	78,587	-
\$ 89,605	\$ 121,792	\$ 32,187	\$ 43,587	\$ 209,271	\$ 165,684

**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, 2024**

	<i>Totals</i>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
<b>REVENUES</b>			
Intergovernmental	\$ 4,334,608	\$ 4,221,036	\$ (113,572)
Licenses, fees and permits	25,000	25,869	869
Fines, forfeitures and penalties	100,000	129,883	29,883
Investment income:			
Interest	73,000	200,984	127,984
Net decrease in fair value of investments	-	(4,112)	(4,112)
Other	3,000	766	(2,234)
<i>Total Revenues</i>	<u>4,535,608</u>	<u>4,574,426</u>	<u>38,818</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	100,000	44,983	55,017
Highway and streets	2,298,791	2,293,792	4,999
Capital outlay	4,170,000	3,921,615	248,385
Contingency	300,000	-	300,000
<i>Total Expenditures</i>	<u>6,868,791</u>	<u>6,260,390</u>	<u>608,401</u>
<b>REVENUES OVER/ (UNDER) EXPENDITURES</b>	<u>(2,333,183)</u>	<u>(1,685,964)</u>	<u>647,219</u>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Insurance recoveries	-	13,949	13,949
Transfers in	1,500,000	1,500,000	-
Total other financing sources/(uses)	<u>1,500,000</u>	<u>1,513,949</u>	<u>13,949</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(833,183)</u>	<u>(172,015)</u>	<u>661,168</u>
<b>FUND BALANCE, Beginning of year</b>	<u>1,109,125</u>	<u>1,109,125</u>	<u>-</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 275,942</u>	<u>\$ 937,110</u>	<u>\$ 661,168</u>



## 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.

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING BALANCE SHEET – NON-MAJOR CAPITAL PROJECT FUNDS**  
**JUNE 30, 2024**

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	<i>Townwide Roadway Development Impact Fees</i>	<i>General Impact Fees</i>	<i>Townwide Facilities Projects</i>	<i>PAG/RTA</i>	<i>Totals</i>
<b><u>ASSETS</u></b>					
Cash and investments	\$ 2,537,526	\$ 257,888	\$ 17,866	\$ 420,364	\$ 3,233,644
Interest receivable	24,870	4,096	111	1,938	31,015
Lease receivable	-	-	-	295,222	295,222
<b>Total Assets</b>	<b>\$ 2,562,396</b>	<b>\$ 261,984</b>	<b>\$ 17,977</b>	<b>\$ 717,524</b>	<b>\$ 3,559,881</b>
<b><u>LIABILITIES</u></b>					
Accounts payable	\$ 4,100	\$ 3,630	\$ -	\$ 6,298	\$ 14,028
Unearned revenue	7,600	-	-	-	7,600
<b>Total Liabilities</b>	<b>11,700</b>	<b>3,630</b>	<b>-</b>	<b>6,298</b>	<b>21,628</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Lease Related	-	-	-	280,741	280,741
<b><u>FUND BALANCES</u></b>					
Restricted	2,550,696	258,354	-	430,485	3,239,535
Committed	-	-	17,977	-	17,977
<b>Total Fund Balances</b>	<b>2,550,696</b>	<b>258,354</b>	<b>17,977</b>	<b>430,485</b>	<b>3,257,512</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,562,396</b>	<b>\$ 261,984</b>	<b>\$ 17,977</b>	<b>\$ 717,524</b>	<b>\$ 3,559,881</b>

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**NON-MAJOR CAPITAL PROJECT FUNDS**  
**YEAR ENDED JUNE 30, 2024**

	<i>Townwide Roadway Development Impact Fees</i>	<i>General Impact Fees</i>	<i>Townwide Facilities Projects</i>	<i>PAG/RTA</i>	<i>Totals</i>
<b>REVENUES</b>					
Development impact fees	\$ 304,746	\$ 156,806	\$ -	\$ -	\$ 461,552
Charges for services	-	-	-	38,225	38,225
Intergovernmental	-	-	-	22,042	22,042
Investment income:					
Interest	69,997	13,547	841	36,028	120,413
Net decrease in fair value of investments	(11,443)	(1,120)	(81)	(1,867)	(14,511)
<i>Total Revenues</i>	<u>363,300</u>	<u>169,233</u>	<u>760</u>	<u>94,428</u>	<u>627,721</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	-	154	-	-	154
Highway and streets	1,157	-	-	77,608	78,765
Culture and recreation	-	540	-	-	540
Capital outlay	-	600,000	-	394,342	994,342
<i>Total Expenditures</i>	<u>1,157</u>	<u>600,694</u>	<u>-</u>	<u>471,950</u>	<u>1,073,801</u>
<b>REVENUES OVER/(UNDER)</b>					
<b>EXPENDITURES</b>	<u>362,143</u>	<u>(431,461)</u>	<u>760</u>	<u>(377,522)</u>	<u>(446,080)</u>
<b>OTHER FINANCING USES</b>					
Transfers out	-	(46,553)	-	-	(46,553)
<b>NET CHANGE IN FUND BALANCES</b>	362,143	(478,014)	760	(377,522)	(492,633)
<b>FUND BALANCES, Beginning of year</b>	<u>2,188,553</u>	<u>736,368</u>	<u>17,217</u>	<u>808,007</u>	<u>3,750,145</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 2,550,696</u>	<u>\$ 258,354</u>	<u>\$ 17,977</u>	<u>\$ 430,485</u>	<u>\$ 3,257,512</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, 2024**

	<b><i>Townwide Roadway Development Impact Fees</i></b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
<b>REVENUES</b>			
Development impact fees	\$ 286,810	\$ 304,746	\$ 17,936
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment income:			
Interest	15,000	69,997	54,997
Net decrease in fair value of investments	-	(11,443)	(11,443)
Other	-	-	-
<i>Total Revenues</i>	<u>301,810</u>	<u>363,300</u>	<u>61,490</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Highway and streets	6,429	1,157	5,272
Culture and recreation	-	-	-
Capital outlay	-	-	-
Contingency	300,000	-	300,000
<i>Total Expenditures</i>	<u>306,429</u>	<u>1,157</u>	<u>305,272</u>
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	<u>(4,619)</u>	<u>362,143</u>	<u>366,762</u>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Sale of general capital assets	-	-	-
Insurance recoveries	-	-	-
Transfers in/(out), net	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,619)	362,143	366,762
<b>FUND BALANCE, Beginning of year</b>	<u>2,188,553</u>	<u>2,188,553</u>	<u>-</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 2,183,934</u>	<u>\$ 2,550,696</u>	<u>\$ 366,762</u>

<i>General Impact Fees</i>			<i>Townwide Facilities Projects</i>		
<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
\$ 172,314	\$ 156,806	\$ (15,508)	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
4,700	13,547	8,847	100	841	741
-	(1,120)	(1,120)	-	(81)	(81)
-	-	-	-	-	-
177,014	169,233	(7,781)	100	760	660
-	-	-	-	-	-
857	154	703	-	-	-
-	-	-	-	-	-
3,000	540	2,460	-	-	-
600,000	600,000	-	-	-	-
235,000	-	235,000	16,610	-	16,610
838,857	600,694	238,163	16,610	-	16,610
(661,843)	(431,461)	230,382	(16,510)	760	17,270
-	-	-	-	-	-
-	-	-	-	-	-
(46,553)	(46,553)	-	-	-	-
(46,553)	(46,553)	-	-	-	-
(708,396)	(478,014)	230,382	(16,510)	760	17,270
736,368	736,368	-	17,217	17,217	-
\$ 27,972	\$ 258,354	\$ 230,382	\$ 707	\$ 17,977	\$ 17,270

**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, 2024**

	<i>General Government CIP</i>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
<b>REVENUES</b>			
Development impact fees	\$ -	\$ -	\$ -
Intergovernmental	620,000	464,000	(156,000)
Charges for services	-	-	-
Investment income:			
Interest	100,000	716,598	616,598
Net decrease in fair value of investments	-	(69,737)	(69,737)
Other	892,540	892,575	35
<i>Total Revenues</i>	<u>1,612,540</u>	<u>2,003,436</u>	<u>390,896</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	92,386	(92,386)
Public safety	-	-	-
Highway and streets	-	-	-
Culture and recreation	350,145	287,938	62,207
Capital outlay	23,515,716	18,199,380	5,316,336
Contingency	2,500,000	-	2,500,000
<i>Total Expenditures</i>	<u>26,365,861</u>	<u>18,579,704</u>	<u>7,786,157</u>
<b>REVENUES OVER/(UNDER)</b>			
<b>EXPENDITURES</b>	<u>(24,753,321)</u>	<u>(16,576,268)</u>	<u>8,177,053</u>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Sale of general capital assets	100,000	71,733	(28,267)
Insurance recoveries	15,000	131,977	116,977
Transfers in/(out), net	8,500,000	8,500,000	-
<i>Total other financing sources (uses)</i>	<u>8,615,000</u>	<u>8,703,710</u>	<u>88,710</u>
<b>NET CHANGE IN FUND BALANCE</b>	(16,138,321)	(7,872,558)	8,265,763
<b>FUND BALANCE, Beginning of year</b>	<u>24,550,288</u>	<u>24,550,288</u>	<u>-</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 8,411,967</u>	<u>\$ 16,677,730</u>	<u>\$ 8,265,763</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>
\$ -	\$ -	\$ -	\$ 459,124	\$ 461,552	\$ 2,428
30,000	22,042	(7,958)	650,000	486,042	(163,958)
28,125	38,225	10,100	28,125	38,225	10,100
7,000	36,028	29,028	126,800	837,011	710,211
-	(1,867)	(1,867)	-	(84,248)	(84,248)
-	-	-	892,540	892,575	35
65,125	94,428	29,303	2,156,589	2,631,157	474,568
-	-	-	-	92,386	(92,386)
-	-	-	857	154	703
30,000	77,608	(47,608)	36,429	78,765	(42,336)
-	-	-	353,145	288,478	64,667
438,000	394,342	43,658	24,553,716	19,193,722	5,359,994
120,000	-	120,000	3,171,610	-	3,171,610
588,000	471,950	116,050	28,115,757	19,653,505	8,462,252
(522,875)	(377,522)	145,353	(25,959,168)	(17,022,348)	8,936,820
-	-	-	100,000	71,733	(28,267)
-	-	-	15,000	131,977	116,977
-	-	-	8,453,447	8,453,447	-
-	-	-	8,568,447	8,657,157	88,710
(522,875)	(377,522)	145,353	(17,390,721)	(8,365,191)	9,025,530
808,007	808,007	-	28,300,433	28,300,433	-
\$ 285,132	\$ 430,485	\$ 145,353	\$ 10,909,712	\$ 19,935,242	\$ 9,025,530

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## **MUNICIPAL DEBT SERVICE FUND**

Debt Service Funds are created to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**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, the Series 2018 Excise Tax Revenue Obligations, the Series 2021 Parks and Recreation Excise Tax Revenue Obligations, and the 2021 Excise Tax PSPRS Pension Obligation Bonds.

**TOWN OF ORO VALLEY****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – MUNICIPAL DEBT SERVICE FUND**

YEAR ENDED JUNE 30, 2024

	<i>Municipal Debt Service</i>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
<b>REVENUES</b>			
Intergovernmental	\$ 25,146	\$ 25,649	\$ 503
Investment income:			
Interest	60,000	66,529	6,529
Other	100,000	94,980	(5,020)
<i>Total Revenues</i>	<u>185,146</u>	<u>187,158</u>	<u>2,012</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement	2,668,242	2,668,242	-
Interest and fiscal charges	1,369,612	1,369,340	272
Contingency	100,000	-	100,000
<i>Total Expenditures</i>	<u>4,137,854</u>	<u>4,037,582</u>	<u>100,272</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,952,708)</u>	<u>(3,850,424)</u>	<u>102,284</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	3,902,708	3,902,708	-
Total other financing sources	<u>3,902,708</u>	<u>3,902,708</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(50,000)	52,284	102,284
<b>FUND BALANCE, Beginning of year</b>	<u>273,718</u>	<u>273,718</u>	<u>-</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 223,718</u>	<u>\$ 326,002</u>	<u>\$ 102,284</u>

## **STATISTICAL SECTION**

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

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

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

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# **TOWN OF ORO VALLEY, ARIZONA**

## **NET POSITION BY COMPONENT**

### **LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 195,184,523	\$ 181,274,918	\$ 179,219,389	\$ 184,355,212	\$ 152,604,355
Restricted	4,502,647	15,579,039	21,752,087	5,392,323	6,601,283
Unrestricted	17,270,579	13,237,690	1,104,482	335,300	(11,756,943)
<i>Total governmental activities net position</i>	<u>\$ 216,957,749</u>	<u>\$ 210,091,647</u>	<u>\$ 202,075,958</u>	<u>\$ 190,082,835</u>	<u>\$ 147,448,695</u>
<b>Business-type Activities:</b>					
Net investment in capital assets	\$ 110,254,720	\$ 95,456,678	\$ 87,969,917	\$ 84,049,866	\$ 76,933,346
Restricted	14,427,924				
Unrestricted	3,810,899	26,210,775	27,109,858	27,721,215	25,077,357
<i>Total business-type activities net position</i>	<u>\$ 128,493,543</u>	<u>\$ 121,667,453</u>	<u>\$ 115,079,775</u>	<u>\$ 111,771,081</u>	<u>\$ 102,010,703</u>
<b>Primary Government:</b>					
Net investment in capital assets	\$ 305,439,243	\$ 276,731,596	\$ 267,189,306	\$ 268,405,078	\$ 229,537,701
Restricted	18,930,571	15,579,039	21,752,087	5,392,323	6,601,283
Unrestricted	21,081,478	39,448,465	28,214,340	28,056,515	13,320,414
<i>Total primary government net position</i>	<u>\$ 345,451,292</u>	<u>\$ 331,759,100</u>	<u>\$ 317,155,733</u>	<u>\$ 301,853,916</u>	<u>\$ 249,459,398</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 141,506,384	\$ 137,311,856	\$ 133,414,691	\$ 132,419,826	\$ 133,800,218
Restricted	5,752,355	4,424,244	6,006,584	4,653,905	3,599,966
Unrestricted	(10,619,492)	(11,583,669)	(15,397,688)	(10,883,206)	(9,493,907)
<i>Total governmental activities net position</i>	<u>\$ 136,639,247</u>	<u>\$ 130,152,431</u>	<u>\$ 124,023,587</u>	<u>\$ 126,190,525</u>	<u>\$ 127,906,277</u>
<b>Business-type Activities:</b>					
Net investment in capital assets	\$ 73,170,068	\$ 69,036,006	\$ 66,755,370	\$ 61,261,271	\$ 54,858,448
Unrestricted	23,499,030	21,397,377	18,721,247	19,504,748	20,092,694
<i>Total business-type activities net position</i>	<u>\$ 96,669,098</u>	<u>\$ 90,433,383</u>	<u>\$ 85,476,617</u>	<u>\$ 80,766,019</u>	<u>\$ 74,951,142</u>
<b>Primary Government:</b>					
Net investment in capital assets	\$ 214,676,452	\$ 206,347,862	\$ 200,170,061	\$ 193,681,097	\$ 188,658,666
Restricted	5,752,355	4,424,244	6,006,584	4,653,905	3,599,966
Unrestricted	12,879,538	9,813,708	3,323,559	8,621,542	10,598,787
<i>Total primary government net position</i>	<u>\$ 233,308,345</u>	<u>\$ 220,585,814</u>	<u>\$ 209,500,204</u>	<u>\$ 206,956,544</u>	<u>\$ 202,857,419</u>

# TOWN OF ORO VALLEY, ARIZONA

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 22,885,243	\$ 21,118,167	\$ 28,083,397	\$ 19,633,975	\$ 17,210,855	\$ 14,727,150	\$ 12,639,867	\$ 12,130,905	\$ 11,888,794	\$ 11,533,702
Public safety	21,516,996	20,002,651	8,232,307	18,291,873	19,416,010	18,958,436	17,683,197	22,251,172	16,123,500	16,587,168
Highways and streets	12,407,093	12,041,764	10,234,099	11,629,477	10,201,832	10,791,469	7,505,589	9,417,459	9,089,318	9,400,140
Transit	1,691,450	1,520,300	1,267,596	939,341	1,106,750	1,125,490	1,505,341	1,533,258	1,432,910	1,404,646
Culture and recreation	13,167,591	11,839,721	10,059,071	9,396,975	9,551,170	9,699,357	10,111,731	10,204,276	9,695,639	4,572,490
Interest on long-term debt	1,270,041	1,406,761	1,149,019	290,251	362,651	355,545	350,404	511,502	494,732	439,027
<b>Total governmental activities expenses</b>	<b>72,938,414</b>	<b>67,929,364</b>	<b>59,025,489</b>	<b>60,181,892</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>Business-type activities:</b>										
Water	18,305,199	17,438,890	16,202,611	16,157,523	15,953,546	15,089,673	15,568,288	14,753,418	14,406,074	13,608,931
Stormwater	1,486,716	1,409,674	1,282,283	1,368,001	1,444,865	1,291,490	1,190,898	1,115,494	917,898	854,510
<b>Total business-type activities expenses</b>	<b>19,791,915</b>	<b>18,848,564</b>	<b>17,484,894</b>	<b>17,525,524</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>Total primary government expenses</b>	<b>\$ 92,730,329</b>	<b>\$ 86,777,928</b>	<b>\$ 76,510,383</b>	<b>\$ 77,707,416</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>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services</b>										
General government	\$ 4,714,761	\$ 5,567,269	\$ 5,519,724	\$ 6,305,121	\$ 5,205,012	\$ 4,920,132	\$ 5,084,396	\$ 4,901,504	\$ 4,096,927	\$ 3,516,359
Public safety	290,374	245,285	341,334	340,430	157,312	173,488	128,651	138,075	168,808	29,097
Highways and streets	369,376	287,013	378,585	739,936	1,675,929	754,388	1,039,542	1,052,167	764,397	496,098
Transit	-	-	-	463	110,309	138,125	119,536	100,052	88,684	72,783
Culture and recreation	8,579,288	7,003,209	7,033,797	5,236,021	4,391,639	5,014,018	5,096,804	4,611,576	4,373,693	1,108,734
<b>Operating grants and contributions</b>	<b>3,237,521</b>	<b>4,533,920</b>	<b>4,040,118</b>	<b>8,171,190</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>Capital grants and contributions</b>	<b>7,512,562</b>	<b>9,258,047</b>	<b>8,493,664</b>	<b>25,566,365</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>Total governmental activities program revenues</b>	<b>24,703,882</b>	<b>26,894,742</b>	<b>25,807,222</b>	<b>46,359,527</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>Business-type activities:</b>										
<b>Charges for services</b>										
Water	19,550,645	17,702,458	18,333,445	18,199,075	20,218,758	17,519,158	19,455,685	18,158,385	16,739,580	16,088,681
Stormwater	1,521,238	1,474,130	1,495,382	1,472,363	1,443,616	1,426,246	1,386,278	1,314,787	828,258	771,594
<b>Operating grants and contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,000.00</b>	<b>-</b>
<b>Capital grants and contributions</b>	<b>4,257,006</b>	<b>3,964,061</b>	<b>1,612,125</b>	<b>7,603,672</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>Total business-type activities program revenues</b>	<b>25,328,889</b>	<b>23,140,649</b>	<b>21,440,952</b>	<b>27,275,110</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>Total primary government program revenues</b>	<b>\$ 50,032,771</b>	<b>\$ 50,035,391</b>	<b>\$ 47,248,174</b>	<b>\$ 73,634,637</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>Net (expense)/revenue:</b>										
<b>Governmental activities</b>	<b>\$ (48,234,532)</b>	<b>\$ (41,034,622)</b>	<b>\$ (33,218,267)</b>	<b>\$ (13,822,365)</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>Business-type activities</b>	<b>5,536,974</b>	<b>4,292,085</b>	<b>3,956,058</b>	<b>9,749,586</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>Total primary government net expense</b>	<b>\$ (42,697,558)</b>	<b>\$ (36,742,537)</b>	<b>\$ (29,262,209)</b>	<b>\$ (4,072,779)</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>

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

**Governmental activities:**

Taxes:																				
Sales	\$	30,522,235	\$	30,163,507	\$	30,583,921	\$	24,056,793	\$	22,757,403	\$	22,924,400	\$	21,664,398	\$	19,767,720	\$	16,998,464	\$	16,132,159
Franchise		715,334		763,311		756,388		722,700		662,048		635,494		656,664		647,830		621,546		582,064
Unrestricted state revenue sharing		22,500,362		18,581,727		15,081,806		14,435,336		12,638,148		11,879,950		11,577,834		11,177,729		10,549,196		10,413,464
Investment earnings		1,790,527		1,389,962		(1,181,160)		136,789		1,098,267		1,132,215		74,542		68,435		238,210		216,175
Miscellaneous		92,569		-		150,100		-		-		-		-		-		-		-
Transfers		(520,393)		(1,848,196)		(198,665)		2,522		2,472		2,581		2,847		2,942		3,030		3,119
<b>Total governmental activities</b>		<b>55,100,634</b>	<b>49,050,311</b>	<b>45,192,390</b>	<b>39,354,140</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>Business-type activities:</b>																				
Investment earnings		750,242		436,397		(861,433)		59		910,920		774,842		5,916		11,995		204,669		124,887
Miscellaneous		18,481		11,000		15,404		13,255		-		-		-		-		-		-
Transfers		520,393		1,848,196		198,665		(2,522)		(2,472)		(2,581)		(2,847)		(2,942)		(3,030)		(3,119)
<b>Total business-type activities</b>		<b>1,289,116</b>	<b>2,295,593</b>	<b>(647,364)</b>	<b>10,792</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>Total primary government</b>		<b>\$ 56,389,750</b>	<b>\$ 51,345,904</b>	<b>\$ 44,545,026</b>	<b>\$ 39,364,932</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>Change in Net Position</b>																				
<b>Governmental activities</b>		<b>6,866,102</b>	<b>8,015,689</b>	<b>11,974,123</b>	<b>25,531,775</b>	<b>10,809,448</b>	<b>4,889,599</b>	<b>6,128,844</b>	<b>(2,166,938)</b>	<b>(1,715,752)</b>	<b>(3,839,998)</b>									
<b>Business-type activities</b>		<b>6,826,090</b>	<b>6,587,678</b>	<b>3,308,694</b>	<b>9,760,378</b>	<b>5,341,605</b>	<b>6,235,715</b>	<b>4,956,766</b>	<b>4,710,598</b>	<b>5,814,877</b>	<b>4,497,639</b>									
<b>Total primary government</b>		<b>\$ 13,692,192</b>	<b>\$ 14,603,367</b>	<b>\$ 15,282,817</b>	<b>\$ 35,292,153</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>									

Source: Town of Oro Valley Finance Department

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>General fund</i>					
Nonspendable	\$ 686,393	\$ 360,848	\$ 1,279,770	\$ 204,193	\$ 45,553
Committed	15,051,151	12,116,181	12,813,742	9,883,194	10,485,304
Assigned	-	-	-	-	-
Unassigned	6,343,959	11,321,463	16,296,912	22,321,155	10,368,691
<i>Total general fund</i>	<u>\$ 22,081,503</u>	<u>\$ 23,798,492</u>	<u>\$ 30,390,424</u>	<u>\$ 32,408,542</u>	<u>\$ 20,899,548</u>
<i>All other governmental funds</i>					
Nonspendable	\$ 370,497	\$ 512,728	\$ 308,947	\$ 157,497	\$ 73,201
Restricted	4,502,647	17,289,074	29,043,570	5,392,323	5,471,396
Committed	1,651,557	841,463	5,749,810	2,602,097	805,717
Assigned	16,488,770	12,210,451	-	2,438,272	2,410,736
Unassigned	(185,555)	-	-	-	-
<i>Total all other governmental funds</i>	<u>\$ 22,827,916</u>	<u>\$ 30,853,716</u>	<u>\$ 35,102,327</u>	<u>\$ 10,590,189</u>	<u>\$ 8,761,050</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>General fund</i>					
Nonspendable	\$ 129,504	\$ 141,676	\$ 130,030	\$ 97,269	\$ 31,278
Committed	13,608,565	-	-	-	-
Assigned	2,584,994	1,441,862	1,441,862	1,441,862	1,553,999
Unassigned	3,248,602	14,384,104	11,831,322	8,985,422	8,566,598
<i>Total general fund</i>	<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>
<i>All other governmental funds</i>					
Nonspendable	\$ 105,403	\$ 130,202	\$ 132,538	\$ 127,600	\$ 149,348
Restricted	5,752,355	4,424,244	6,006,584	4,031,923	3,599,966
Committed	406,247	1,594,293	1,829,232	2,617,856	4,637,773
Assigned	3,611,045	2,209,618	1,716,361	1,340,991	1,421,593
Unassigned	-	(201,765)	(237,769)	(29,198)	-
<i>Total all other governmental funds</i>	<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>

Source: Town of Oro Valley Finance Department



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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Revenues</b>										
Taxes	\$ 31,237,569	\$ 30,926,818	\$ 31,340,309	\$ 24,779,493	\$ 23,419,451	\$ 23,559,894	\$ 22,321,062	\$ 20,415,550	\$ 17,620,010	\$ 16,714,223
Intergovernmental	32,129,316	29,910,099	27,545,642	31,780,507	30,840,092	24,375,992	21,634,143	22,118,633	19,488,066	17,714,991
Fines, forfeitures, & penalties	191,523	130,630	233,228	233,331	183,381	247,283	529,687	558,692	283,470	221,571
Licenses, fees, & permits	2,148,372	2,670,580	2,418,918	3,362,933	2,400,899	2,387,832	2,679,690	2,388,951	1,915,992	1,605,937
Charges for services	10,510,647	9,191,669	9,392,716	7,162,259	7,463,179	7,206,705	6,599,847	6,226,578	5,956,058	2,991,826
Contributions & donations	5,122	1,641,102	-	-	-	-	133,928	150,000	149,513	-
Special assessments	-	-	-	172,640	175,197	174,066	175,854	175,539	189,525	178,078
Development impact fees	461,552	419,210	605,406	1,256,426	980,302	1,039,763	1,346,402	1,348,528	795,471	439,637
Investment income	1,707,505	1,348,183	(1,091,168)	132,373	1,098,267	1,132,215	74,542	68,435	238,210	216,175
Other revenues	1,757,713	1,690,583	691,442	1,024,290	965,588	841,111	576,970	572,886	504,796	141,618
<b>Total revenues</b>	<b>\$ 80,149,319</b>	<b>\$ 77,928,874</b>	<b>\$ 71,136,493</b>	<b>\$ 69,904,252</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>Expenditures</b>										
General government	\$ 21,601,329	\$ 20,615,414	\$ 28,445,524	\$ 17,610,897	\$ 16,531,008	\$ 14,424,463	\$ 11,998,586	\$ 11,098,844	\$ 11,426,687	\$ 10,862,553
Public safety	20,290,617	19,829,261	35,253,398	16,438,199	16,767,994	16,250,498	16,731,963	15,725,029	15,494,532	15,071,396
Highways & streets	2,372,557	2,123,019	1,779,889	1,795,203	1,904,698	2,999,923	3,092,143	2,993,402	2,754,413	2,602,321
Transit	1,697,772	1,530,444	1,328,131	930,687	1,110,444	1,150,322	1,536,294	1,528,654	1,432,910	1,404,646
Culture & recreation	11,794,125	10,788,607	9,284,693	8,363,664	8,735,394	8,880,611	9,399,598	9,433,339	9,097,752	4,078,817
Capital outlay	28,669,591	28,493,535	13,545,876	9,993,713	20,637,466	15,293,326	10,081,427	9,196,801	7,995,340	8,093,704
Debt service										
Principal	3,340,192	3,250,712	1,034,249	1,146,027	1,262,487	1,124,885	1,304,226	1,075,466	897,637	649,840
Interest	1,475,552	1,496,692	557,218	290,251	365,454	327,421	356,661	314,914	336,510	436,010
Issuance cost on bonds	-	-	728,808	-	-	35,000	-	67,959	104,533	-
<b>Total expenditures</b>	<b>\$ 91,241,735</b>	<b>\$ 88,127,684</b>	<b>\$ 91,957,786</b>	<b>\$ 56,568,641</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>Excess of revenues over/ (under) expenditures</b>	<b>\$ (11,092,416)</b>	<b>\$ (10,198,810)</b>	<b>\$ (20,821,293)</b>	<b>\$ 13,335,611</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>Other financing sources/(uses)</b>										
Proceeds from lease agreements	-	349,652	-	-	-	-	-	-	1,043,214	-
Proceeds from financed purchase agreements	-	81,722	-	-	-	-	-	-	-	-
Proceeds from subscription-based information technology arrangements	1,634,518	582,440	-	-	-	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-	-	-	(1,171,447)	(2,523,121)	-
Issuance of long-term debt	-	-	39,095,000	-	-	2,035,000	-	3,115,556	2,529,250	-
Premium on bonds issued	-	-	4,247,224	-	-	-	-	-	-	-
Sale of general capital assets	73,470	141,421	150,796	-	-	-	-	-	-	-
Insurance recoveries	162,032	51,229	20,957	-	-	-	-	-	-	-
Transfers in	15,540,708	22,916,769	6,401,665	2,747,343	2,046,718	4,407,180	3,342,890	2,953,072	1,872,026	4,326,627
Transfers out	(16,061,101)	(24,764,965)	(6,600,330)	(2,744,821)	(2,044,246)	(4,404,599)	(3,640,043)	(3,250,130)	(1,868,996)	(4,323,508)
<b>Total other financing sources/(uses)</b>	<b>1,349,627</b>	<b>(641,732)</b>	<b>43,315,312</b>	<b>2,522</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>Net change in fund balances</b>	<b>\$ (9,742,789)</b>	<b>\$ (10,840,542)</b>	<b>\$ 22,494,019</b>	<b>\$ 13,338,133</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>Debt service as a percentage of noncapital expenditures</b>	<b>7.45%</b>	<b>7.71%</b>	<b>2.01%</b>	<b>3.06%</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>

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, 2024</i>					<i>June 30, 2015</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	\$ 2,610,894	1	8.55%	Taxpayer A	Utility	\$ 1,813,674	1	11.24%
Taxpayer B	Retail	1,972,061	2	6.46%	Taxpayer I	Accomodation	1,117,925	2	6.93%
Taxpayer C	Construction	1,902,634	3	6.23%	Taxpayer B	Retail	879,702	3	5.45%
Taxpayer D	Accomodation	1,682,326	4	5.51%	Taxpayer C	Retail	677,765	4	4.20%
Taxpayer E	Retail	1,255,467	5	4.11%	Taxpayer D	Utility	463,623	5	2.87%
Taxpayer F	Retail	1,220,261	6	4.00%	Taxpayer F	Utility	456,911	6	2.83%
Taxpayer G	Utility	751,696	7	2.46%	Taxpayer G	Retail	419,305	7	2.60%
Taxpayer H	Utility	696,219	8	2.28%	Taxpayer H	Retail	361,373	8	2.24%
Taxpayer I	Retail	602,223	9	1.97%	Taxpayer E	Construction	313,305	9	1.94%
Taxpayer J	Construction	534,622	10	1.75%	Taxpayer J	Retail	310,394	10	1.92%
		<u>\$ 13,228,403</u>		<u>43.34%</u>			<u>\$ 6,813,977</u>		<u>42.22%</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>									
	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
Construction	\$ 5,336	\$ 5,311	\$ 5,804	\$ 3,893	\$ 4,363	\$ 4,191	\$ 4,653	\$ 4,295	\$ 2,131	\$ 3,199
Manufacturing	644	724	639	283	198	173	140	137	156	141
Transportation, Warehousing, Communications & Utilities	4,347	3,921	3,771	3,593	3,288	3,335	3,384	3,171	3,133	3,068
Wholesale Trade	405	371	265	228	211	183	154	136	131	125
Retail Trade	11,695	11,381	12,058	10,890	9,830	8,430	7,733	7,086	6,844	5,808
Restaurants, Bars & Lodging	5,535	6,206	5,906	3,374	3,011	4,299	3,907	3,473	3,295	2,803
Finance, Insurance & Real Estate	427	376	383	313	442	1,114	646	562	443	270
Services	1,881	1,722	1,526	1,276	1,004	963	840	702	672	599
All Other	250	150	232	206	409	237	206	202	190	115
Cable Franchise	715	763	756	723	662	635	657	648	622	582
<i>Total</i>	<u>\$ 31,235</u>	<u>\$ 30,925</u>	<u>\$ 31,340</u>	<u>\$ 24,779</u>	<u>\$ 23,418</u>	<u>\$ 23,560</u>	<u>\$ 22,320</u>	<u>\$ 20,412</u>	<u>\$ 17,617</u>	<u>\$ 16,710</u>
Town Sales Tax Rate*	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.00%	2.00%

Source: Arizona Department of Revenue

\* Note: .5% Additional Sales Tax Effective March 1, 2015

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

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<i>Fiscal Year Ended June 30,</i>	<i>Town of Oro Valley</i>				<i>Pima County</i>
	<i>Sales Tax</i>	<i>Bed Tax</i>	<i>Construction</i>	<i>Utility</i>	<i>Sales</i>
			<i>Sales Tax</i>	<i>Sales Tax</i>	
2015*	2.50%	6.00%	4.00%	4.00%	6.10%
2016	2.50%	6.00%	4.00%	4.00%	6.10%
2017	2.50%	6.00%	4.00%	4.00%	6.10%
2018	2.50%	6.00%	4.00%	4.00%	6.10%
2019	2.50%	6.00%	4.00%	4.00%	6.10%
2020	2.50%	6.00%	4.00%	4.00%	6.10%
2021	2.50%	6.00%	4.00%	4.00%	6.10%
2022	2.50%	6.00%	4.00%	4.00%	6.10%
2023	2.50%	6.00%	4.00%	4.00%	6.10%
2024	2.50%	6.00%	4.00%	4.00%	6.10%

Source: Arizona Department of Revenue

\*Note:  
.5% Additional Sales Tax Effective March 1, 2015

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

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<i><b>Fiscal Year Ended June 30,</b></i>	<i><b>Net Limited Assessed Value</b></i>	<i><b>Net Full Cash Assessed Value</b></i>	<i><b>Estimated Full Cash Value</b></i>	<i><b>Total Outstanding General Obligation Bond Debt</b></i>
2015	556,566,167	560,863,509	5,252,917,489	-
2016	572,696,599	593,299,222	5,616,655,680	-
2017	593,580,247	616,216,705	5,688,443,027	-
2018	612,684,205	633,479,221	6,058,189,523	-
2019	645,311,769	683,985,966	6,456,152,108	-
2020	678,873,768	730,293,104	6,937,292,543	-
2021	758,352,130	813,753,982	7,742,926,046	-
2022	786,505,278	838,744,317	8,023,965,026	-
2023	828,970,219	1,002,518,296	9,695,469,656	-
2024	873,032,771	1,209,485,802	11,785,654,511	-

Source: 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, 2024**

<b>Revenue Source</b>	<b>Projected</b>		<b>Audited</b>							
	<b>Fiscal Year 2026</b>	<b>Fiscal Year 2025</b>	<b>Fiscal Year 2024</b>	<b>Fiscal Year 2023</b>	<b>Fiscal Year 2022</b>	<b>Fiscal Year 2021</b>	<b>Fiscal Year 2020</b>	<b>Fiscal Year 2019</b>	<b>Fiscal Year 2018</b>	<b>Fiscal Year 2017</b>
Town Sales Tax	\$ 27,993,293	\$ 27,993,025	\$ 26,715,684	\$ 26,449,853	\$ 27,048,414	\$ 21,109,373	\$ 20,172,487	\$ 20,454,936	\$ 19,333,457	\$ 17,568,254
Franchise Fees	765,000	715,800	715,334	763,311	756,388	722,700	662,048	635,494	656,664	647,830
Licenses & Permits	2,357,215	1,698,022	2,122,503	2,670,580	2,418,918	3,362,933	2,400,899	2,387,832	2,679,690	2,313,504
Fines	127,513	55,000	61,640	130,630	132,636	135,547	111,611	165,669	131,393	131,637
State-shared Sales Tax	7,876,399	7,300,876	7,281,900	7,077,517	6,637,079	5,462,343	4,694,491	4,469,774	4,210,168	3,989,179
State-shared Income Tax	10,647,744	10,276,631	12,779,482	9,082,721	6,174,401	6,580,331	5,870,231	5,370,779	5,422,693	5,329,864
<i>Subtotal</i>	<u>\$ 49,767,164</u>	<u>\$ 48,039,354</u>	<u>\$ 49,676,543</u>	<u>\$ 46,174,612</u>	<u>\$ 43,167,836</u>	<u>\$ 37,373,227</u>	<u>\$ 33,911,767</u>	<u>\$ 33,484,484</u>	<u>\$ 32,434,065</u>	<u>\$ 29,980,268</u>
Parks and Recreation Sales Tax	3,966,910	3,879,440	3,792,744	3,713,654	3,535,507	2,947,420	2,584,916	2,469,464	2,330,941	2,199,466
<b>Total</b>	<u>\$ 53,734,074</u>	<u>\$ 51,918,794</u>	<u>\$ 53,469,287</u>	<u>\$ 49,888,266</u>	<u>\$ 46,703,343</u>	<u>\$ 40,320,647</u>	<u>\$ 36,496,683</u>	<u>\$ 35,953,948</u>	<u>\$ 34,765,006</u>	<u>\$ 32,179,734</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>Leases</i>	<i>Financed Purchases</i>	<i>Subscription Liabilities</i>	<i>Note Payable</i>	<i>Excise Tax Bonds</i>	<i>Special Assessment Bonds</i>	<i>Revenue Bonds</i>	<i>Leases</i>	<i>Loan Payable</i>			
2015	\$ 128,594	\$ -	\$ -	\$ 1,000,000	\$ 8,215,673	\$ 925,000	\$ 37,683,805	\$ 118,862	\$ 8,169,765	\$ 56,241,699	3.25%	1,331
2016	966,962	-	-	700,000	7,716,638	780,000	34,517,647	80,423	8,879,907	53,641,577	2.95%	1,231
2017	716,622	-	-	350,000	9,341,559	640,000	30,804,327	40,814	8,284,407	50,177,729	2.69%	1,146
2018	458,744	-	-	-	8,788,954	490,000	28,079,939	-	7,690,874	45,508,511	2.35%	1,022
2019	254,070	-	-	-	10,051,867	335,000	30,135,034	-	7,079,179	47,855,150	2.37%	1,059
2020	33,937	-	-	-	9,171,710	170,000	25,669,708	-	6,448,759	41,494,114	1.95%	901
2021	-	-	-	-	8,229,620	-	24,909,835	-	2,713,108	35,852,563	1.62%	762
2022	769,691	-	-	-	50,463,247	-	20,476,968	-	2,404,213	74,114,119	3.15%	1,537
2023 *	827,109	69,254	466,860	-	47,362,076	-	16,231,628	-	2,087,126	66,507,939	2.55%	1,360
2024	597,242	49,723	1,678,826	-	44,488,323	-	13,184,870	-	1,761,630	61,760,614	2.15%	1,258

\*Note:

2023 Excise Tax Bonds figure for Governmental Activities revised to include bond premium

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, 2024**

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<i>Governmental Unit</i>	<i>Debt Outstanding</i>	<i>Estimated Percentage Applicable</i>	<i>Estimated Share of Overlapping Debt</i>
Pima County	\$ 48,445,000	7.60%	\$ 3,679,846
Amphitheater Unified School District	67,530,000	42.47%	28,678,347
Golder Ranch Fire District	57,871,682	69.95%	40,483,773
Subtotal, overlapping debt			72,841,966
Town of Oro Valley	46,814,114	100.00%	46,814,114
<i>Total estimated direct and overlapping debt</i>			<u>\$ 119,656,080</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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Debt Limit</i>	\$ 314,466,309	\$ 260,654,757	\$ 215,707,584	\$ 211,576,035	\$ 189,876,207
<i>Total net debt applicable to limit</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Legal debt margin</i>	<u>\$ 314,466,309</u>	<u>\$ 260,654,757</u>	<u>\$ 215,707,584</u>	<u>\$ 211,576,035</u>	<u>\$ 189,876,207</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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Debt Limit</i>	\$ 177,836,351	\$ 164,704,598	\$ 160,216,343	\$ 154,257,798	\$ 145,824,512
<i>Total net debt applicable to limit</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Legal debt margin</i>	<u>\$ 177,836,351</u>	<u>\$ 164,704,598</u>	<u>\$ 160,216,343</u>	<u>\$ 154,257,798</u>	<u>\$ 145,824,512</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, 2024**

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<b>Net Full Cash Assessed Valuation</b>		<b>\$ 1,209,485,802</b>
 Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds		
<hr/>		
Debt Limit - 20% of net full cash assessed valuation		\$ 241,897,160
Debt applicable to limit		
General obligation bonds outstanding	\$	
Less amount set aside for repayment of debt	<hr/>	
Net debt applicable to limit		<hr/>
20% legal debt margin		\$ 241,897,160
 All other general obligation bonds		
<hr/>		
Debt Limit - 6% of net full cash assessed valuation		\$ 72,569,148
Debt applicable to limit		
General obligation bonds outstanding	\$	
Less amount set aside for repayment of debt	<hr/>	
Net debt applicable to limit		<hr/>
All other general obligation bonds debt margin		<hr/> \$ 72,569,148
<b>Total legal debt margin</b>		<b><u><u>\$ 314,466,309</u></u></b>

Source: Pima County Assessor's Officer

**TOWN OF ORO VALLEY, ARIZONA**  
**PLEDGED REVENUE COVERAGE**  
**JUNE 30, 2024**

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**Water Utility Revenue Bonds**

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2015	\$ 16,213,273	\$ 2,995,560	\$ 1,372,024	\$ 4,367,584	3.71
2016	16,943,615	3,054,080	1,239,488	4,293,568	3.95
2017	18,169,402	3,054,060	870,547	3,924,607	4.63
2018	19,455,685	2,607,710	897,871	3,505,581	5.55
2019	17,519,158	3,933,228	839,823	4,773,051	3.67
2020	20,218,758	4,348,648	775,538	5,124,186	3.95
2021	22,304,186	3,544,910	661,932	4,206,842	5.30
2022	19,515,935	4,051,414	527,252	4,578,666	4.26
2023	19,531,841	4,245,340	449,395	4,694,735	4.16
2024	21,936,531	3,046,758	311,895	3,358,653	6.53

**Governmental Revenue Bonds**

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2015	\$ 31,739,256	\$ 479,440	\$ 367,991	\$ 847,431	37.45
2016	31,883,978	530,920	289,630	820,550	38.86
2017	31,739,256	334,940	281,475	616,415	51.49
2018	34,262,128	544,290	280,170	824,460	41.56
2019	36,414,803	763,772	284,213	1,047,985	34.75
2020	36,511,067	877,352	312,875	1,190,227	30.68
2021	37,951,105	942,090	273,354	1,215,444	31.22
2022	43,590,851	971,586	243,858	1,215,444	35.86
2023	48,018,775	2,895,660	1,435,398	4,331,058	11.09
2024	48,020,003	2,668,242	1,359,610	4,027,852	11.92

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**

<b>Revenues:</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Water revenues	\$ 16,252,902	\$ 14,539,682	\$ 14,406,542	\$ 14,679,253	\$ 13,764,702	\$ 12,413,502	\$ 13,586,667	\$ 12,493,557	\$ 12,018,429	\$ 11,280,269
Water impact fees	2,367,405	1,818,383	1,167,086	4,100,556	-	-	-	-	-	-
Water connection fees	-	-	-	-	810,689	621,106	816,045	816,353	544,852	591,045
Alternative water connection fees	-	-	-	-	1,627,435	1,246,838	1,638,175	1,638,792	1,094,460	1,172,170
Groundwater preservation fees	2,391,910	2,256,987	2,413,719	2,617,452	2,389,953	2,213,303	2,611,075	2,440,045	2,371,100	2,330,231
Other revenues	924,314	916,789	1,528,588	906,925	1,625,979	1,024,407	803,723	769,638	710,740	714,965
Interest income	725,801	426,923	(830,161)	(1,211)	887,772	758,457	-	11,020	203,857	124,593
<b>Total Revenues</b>	<b>22,662,332</b>	<b>19,958,764</b>	<b>18,685,774</b>	<b>22,302,975</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>Expenses:</b>										
Personnel	3,616,586	3,519,660	3,233,737	3,480,942	3,392,481	3,236,682	3,155,109	3,021,915	2,952,249	2,767,143
Operations & maintenance	5,109,857	5,037,212	4,414,647	4,133,238	4,288,975	3,445,511	3,838,409	4,719,579	5,059,998	4,530,436
CAP water costs	5,081,666	4,223,033	4,123,353	3,736,489	3,696,131	3,393,317	3,523,052	2,892,392	1,952,117	1,570,793
<b>Total Expenses</b>	<b>13,808,109</b>	<b>12,779,905</b>	<b>11,771,737</b>	<b>11,350,669</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>Net water system revenues</b>	<b>8,854,223</b>	<b>7,178,859</b>	<b>6,914,037</b>	<b>10,952,306</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>Water supported debt service</b>										
2007 WIFA Loan	-	-	-	2,198,236	306,657	310,866	311,000	311,130	311,256	311,377
2009 WIFA Loan	-	-	-	1,310,973	147,425	149,175	149,226	149,275	149,322	149,367
2014 WIFA Loan	376,530	376,642	372,565	372,867	373,072	377,060	377,158	395,534	361,059	296,972
2005 Excise tax bonds	-	-	-	-	-	-	-	-	-	152,516
2007 Excise tax bonds	-	-	-	-	-	-	-	1,245,403	1,197,678	1,255,948
2012 Refunding bonds	-	1,896,532	1,820,750	4,168,782	1,930,382	1,996,381	1,963,731	1,980,781	1,995,481	1,971,082
2013 Refunding bonds	-	-	-	-	1,010,000	1,024,645	1,024,073	1,033,428	1,022,420	1,046,558
2015 Refunding revenue obligations	149,356	148,640	148,678	148,666	149,924	152,339	150,259	25,101	17,116	-
2017 Refunding revenue obligations	1,621,774	1,622,426	1,623,122	1,623,896	1,624,758	1,658,306	235,873	-	-	-
2018 Excise tax revenue obligations	508,998	509,822	509,580	510,498	409,122	-	-	-	-	-
2021 Refunding revenue bonds	1,078,037	517,315	432,538	18,838	-	-	-	-	-	-
2021 Refunding revenue bonds	-	-	24,778	11,081	-	-	-	-	-	-
<b>Total water supported debt service</b>	<b>\$ 3,734,695</b>	<b>\$ 5,071,377</b>	<b>\$ 4,932,011</b>	<b>\$ 10,363,837</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>Debt service coverage</b>	<b>2.37</b>	<b>1.42</b>	<b>1.40</b>	<b>1.06</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>

Source: Town of Oro Valley Finance Department

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

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<i>Fiscal Year Ended June 30,</i>	<i>Population</i>	<i>Personal Income</i>	<i>Per Capita Personal Income</i>	<i>Unemployment Rate</i>
2015	42,259	1,728,773,431	40,909	5.2%
2016	43,565	1,817,844,597	41,727	5.3%
2017	43,781	1,863,394,821	42,562	4.6%
2018	44,517	1,932,614,654	43,413	4.8%
2019	45,184	2,014,980,480	44,595	4.9%
2020	46,044	2,128,752,252	46,233	8.6%
2021	47,070	2,213,843,310	47,033	5.5%
2022	48,222	2,349,424,062	48,721	3.4%
2023	48,906	2,612,118,366	53,411	4.1%
2024	49,111	2,874,319,497	58,527	3.4%

Source: U.S. Census Bureau, Arizona Commerce Authority, Arizona Employment statistics, and Pima Association of Governments

**TOWN OF ORO VALLEY, ARIZONA**  
**PRINCIPAL EMPLOYERS**  
**CURRENT FISCAL YEAR AND NINE YEARS PRIOR**

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<i>June 30, 2024</i>			<i>June 30, 2015</i>		
<i>Employer</i>	<i>Employees</i>	<i>Rank</i>	<i>Employer</i>	<i>Employees</i>	<i>Rank</i>
Roche Tissue Diagnostics	1,800	1	Ventana Medical Systems	1,200	1
Oro Valley Hospital	700	2	Oro Valley Hospital	672	2
Simpleview	450	3	Town of Oro Valley	478	3
Town of Oro Valley	449	4	Amphitheater Public Schools	449	4
Amphitheater Public Schools	439	5	El Conquistador Tucson	337	5
Walmart	338	6	Fry's Food & Drug	272	6
El Conquistador Tucson	294	7	Walmart	226	7
Splendido at Rancho Vistoso	200	8	Splendido at Rancho Vistoso	185	8
Fry's Food & Drug	182	9	Securaplane	174	9
Casa de la Luz Hospice	155	10	Home Depot	143	10
	<u>5,007</u>		<i>Total</i>	<u>4,136</u>	

Source: Town of Oro Valley Finance Department

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

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<i>Function/Program</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
<i>Administration</i>										
Town Clerk	3.96	3.73	4.73	4.73	4.73	4.73	4.69	4.54	4.56	4.56
Town Manager	11.38	10.38	8.38	8.38	10.38	10.38	7.38	7.38	7.38	8.00
Human Resources	4.00	4.00	4.00	4.00	4.00	4.00	3.48	3.48	3.50	3.50
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	3.00	3.00	3.00	2.00
Finance	6.20	7.20	8.20	7.20	8.00	8.00	7.00	7.00	7.00	7.00
Information Systems	18.80	16.80	15.80	13.80	9.00	9.00	8.00	7.00	7.00	7.00
Legal	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
<i>Development &amp; Infrastructure Services</i>	27.78	27.78	26.78	26.78	27.38	27.38	26.88	103.63	83.76	81.45
<i>Parks &amp; Recreation</i>	68.56	67.08	63.06	63.10	63.10	63.10	60.78	48.02	49.36	36.20
<i>Cultural Resources</i>	-	-	-	-	-	-	-	-	0.20	-
<i>Police</i>										
Civilians	31.73	31.73	30.73	30.25	31.25	31.25	30.25	31.25	30.25	30.25
Officers	107.00	107.00	104.00	106.88	106.88	101.88	104.88	101.88	102.88	102.88
<i>Town Court</i>	9.46	8.98	8.50	8.48	8.48	8.00	8.00	8.00	8.00	8.00
<i>Public Works</i>	76.30	75.71	71.37	70.89	70.29	70.29	65.79	-	-	-
<i>Water Utility</i>	40.48	40.48	40.48	40.48	39.48	39.48	39.48	39.48	38.48	37.48
<i>Total</i>	<u>413.65</u>	<u>408.87</u>	<u>393.03</u>	<u>391.97</u>	<u>389.97</u>	<u>384.49</u>	<u>375.61</u>	<u>370.66</u>	<u>351.37</u>	<u>334.32</u>

Source: Town of Oro Valley Finance Department

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

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<i>Fiscal Year</i> <i>Ended</i> <i>June 30,</i>	<i>Residential</i>	<i>Commercial</i>	<i>Irrigation</i>	<i>Irrigation</i> <i>Reclaimed</i>	<i>Construction</i>	<i>Construction</i> <i>Reclaimed</i>	<i>Turf</i>	<i>Turf</i> <i>Reclaimed</i>	<i>Total</i>
2015	\$ 7,649,136	\$ 779,877	\$ 981,545	\$ 214,848	\$ 271,815	\$ -	\$ 115,955	\$ 1,267,093	\$ 11,280,269
2016	8,103,644	778,915	1,129,741	50,479	310,609	-	114,427	1,530,107	12,017,922
2017	8,416,714	814,041	1,170,946	51,373	224,532	8,733	104,880	1,702,338	12,493,557
2018	8,990,121	860,124	1,371,555	61,504	520,324	13,735	103,126	1,666,178	13,586,667
2019	8,849,732	856,941	1,087,648	69,363	302,780	9,627	69,091	1,168,322	12,413,504
2020	9,798,411	925,233	1,193,423	65,007	345,149	8,787	85,600	1,343,092	13,764,702
2021	10,394,919	902,536	1,513,518	65,537	228,950	8,575	65,356	1,499,862	14,679,253
2022	10,287,598	974,823	1,322,881	66,053	378,582	8,682	100,890	1,267,033	14,406,542
2023	10,552,884	1,034,275	1,298,563	82,649	297,443	41,631	82,598	1,149,640	14,539,682
2024	11,658,979	1,101,693	1,771,471	137,029	147,152	16,566	126,185	1,293,827	16,252,902

Source: Town of Oro Valley Water Utility Department



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

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<i>Function/Program</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
<i>Police</i>										
Burglaries	51	32	49	41	42	50	77	71	85	77
Citations (traffic)	2,606	2,752	2,987	3,516	2,681	3,117	2,992	3,446	3,890	4,486
Investigations	860	928	977	1,164	932	963	915	818	824	832
Total arrests	1,693	1,359	1,385	1,438	1,251	1,488	1,786	1,458	1,598	1,721
Thefts	555	529	544	534	501	504	567	493	586	500
<i>Development &amp; Infrastructure Services</i>										
Street resurfacing (miles)	74	71	69	54	51	88	44	89	92	101
<i>Parks &amp; Recreation</i>										
Recreation programs held annually	155	112	97	45	105	96	73	55	52	38
Months of public pool operations	12	11	12	11	12	12	12	12	12	12
Parks maintenance staff hours worked	25,912	21,145	19,677	18,720	18,220	18,311	17,842	15,463	15,083	16,255
<i>Water</i>										
New connections	198	186	183	505	273	264	331	340	176	202
Total connections	21,498	21,300	21,149	20,966	20,461	20,188	19,924	19,588	19,355	19,179
<i>Transit</i>										
Total route miles	654,173	625,554	593,117	350,248	455,777	454,277	468,346	568,657	529,170	392,071
Passengers	66,768	61,447	56,001	28,686	39,902	47,847	49,474	51,131	45,202	39,102

Source: Town of Oro Valley Finance Department

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

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<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>
2015	14.19	2.27	3.10	4.23	5.76	0.90	14.19
2016	14.19	2.32	3.19	4.40	6.05	0.90	14.19
2017	14.62	2.34	3.25	4.53	6.29	0.90	14.62
2018	16.45	2.34	3.25	4.53	6.29	0.90	14.62
2019	18.26	2.34	3.25	4.53	6.29	0.90	14.62
2020	18.26	2.34	3.25	4.53	6.29	0.90	14.62
2021	18.26	2.34	3.25	4.53	6.29	0.90	14.62
2022	18.99	2.40	3.35	4.80	6.70	0.90	14.62
2023	19.94	2.52	3.52	5.04	7.04	0.90	14.62
2024	21.14	2.65	3.88	6.05	8.80	0.90	14.62

Source: Town of Oro Valley Water Utility Department

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

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<i>Function/Program</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
<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	83	79	81	84	84	78	78	72	77	74
Other fleet	64	66	57	41	42	46	65	67	44	45
<i>Development &amp; Infrastructure Services</i>										
Streets (miles)	439	431	430	421	421	421	421	421	421	421
Streetlights	104	103	95	95	95	95	95	95	95	95
Traffic signals	22	22	22	22	22	22	22	19	19	19
<i>Parks &amp; Recreation</i>										
Acreage	651	651	449	449	449	449	449	448	448	448
Playgrounds	3	3	3	3	3	2	2	2	2	2
Baseball/softball diamonds	7	7	7	7	7	7	7	7	7	7
Community centers	1	1	1	1	1	1	1	1	1	1
Golf course holes	45	45	45	36	45	45	45	45	45	45
Tennis courts	31	31	31	31	32	32	32	32	32	32
Swimming pools	2	2	2	2	2	3	4	4	4	4
<i>Water</i>										
Number of Wells	18	18	18	18	18	19	20	20	20	20
Reservoir Storage Capacity	11	11	11	11	11	11	11	11	12	12
Number of Booster Stations	26	26	26	26	26	26	26	26	27	27
<i>Transit</i>										
Transit vans	4	5	6	6	7	7	7	4	4	7
Transit mini buses	26	24	24	23	21	21	21	22	22	19

Source: Town of Oro Valley Finance Department

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