

Town of Oro Valley, Arizona

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED **JUNE 30, 2023**



Charlie Alolkoy, "Morning Celebration"



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TOWN OF ORO VALLEY, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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INTRODUCTORY SECTION

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December 14, 2023

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, 2023.

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

The Town's financial statements have been audited by 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, 2023, 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, 2023, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

It's in our nature...

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PROFILE OF THE TOWN

The Town of Oro Valley was incorporated in 1974. Located in northeastern Pima County, three miles north of Tucson, it sits at an elevation of 2,620 feet. The Town currently occupies a land area of more than 36 square miles and serves an estimated population of 48,906. The population of Oro Valley has increased 65% since the 2000 population of 29,700.

Based on 2022 Census estimates, Oro Valley has a median household income of \$92,548, compared to the median household income for the state of Arizona of \$65,913. 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. Through the fiscal year ending June 30, 2023, the Town operated under the Alternative Expenditure Limitation – Home Rule Option. This option allowed the Town Council to establish budgetary limits locally, rather than being restricted by the State-imposed expenditure limitation. Voters must authorize this option every four years and it was last authorized in August of 2018. 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 takes 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 Leadership Plan for FY 21-22 through 22-23 is the culmination of an extensive four-month process involving Town Council, Town staff, and the Oro Valley community. Rooted deeply in the values and priorities of the Your Voice, Our Future 10-year General Plan, the two-year Strategic Leadership Plan provides organizational direction in seven focus areas:

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

While the Strategic Leadership Plan guides short-term decision-making, the General Plan provides a longer term (up to 10 years) direction regarding the growth, development, and redevelopment of the community. Oro Valley is a community defined by the highest standard of environmental integrity, education, infrastructure, services, and public safety. It is a community of people working together to create the Town's future with a government that is responsive to residents and ensures the long-term financial stability of the Town. Shown below are some of the Town's accomplishments during FY 2022-23.

- Recognized as a "Triple Crown Winner" by the Government Finance Officers Association for receiving the Certificate of Achievement for Excellence in Financial Reporting Award (29th consecutive year), the Distinguished Budget Presentation Award (15th consecutive year) and the Popular Annual Financial Reporting Award (11th consecutive year)
- Ended FY 22-23 with a \$23.8 million fund balance in the General Fund, exceeding budget expectations by \$12.2 million
- Revised and updated comprehensive Town Financial and Budgetary Policies
- Received an unmodified "clean" audit opinion for the Town's annual financial statements
- Continued work on the \$25 million (including premium) bond-funded parks and recreation amenities and improvements, including Naranja Parks improvements, Community Center and golf course irrigation improvements
- Approved zoning amendments and a revised master development plan for revitalization of the Oro Valley Marketplace
- Approved the updated Strategic Plan for FY 23-24 through 24-25
- Approved the public engagement strategy related to the 2026 General Plan

ECONOMIC CONDITIONS AND OUTLOOK

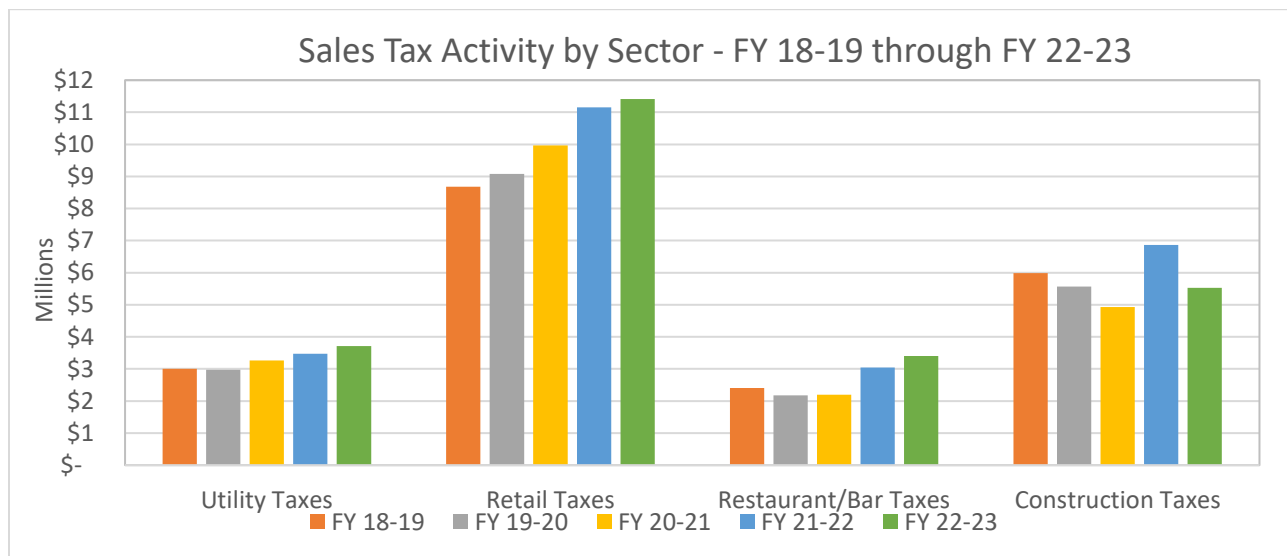
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the Town operates.

Revenues exceeded expectations in FY 22-23, with local sales tax and state shared revenues exceeding budget by 7.8% and 6.3%, respectively. 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 80% of total General Fund revenue for FY 22-23.

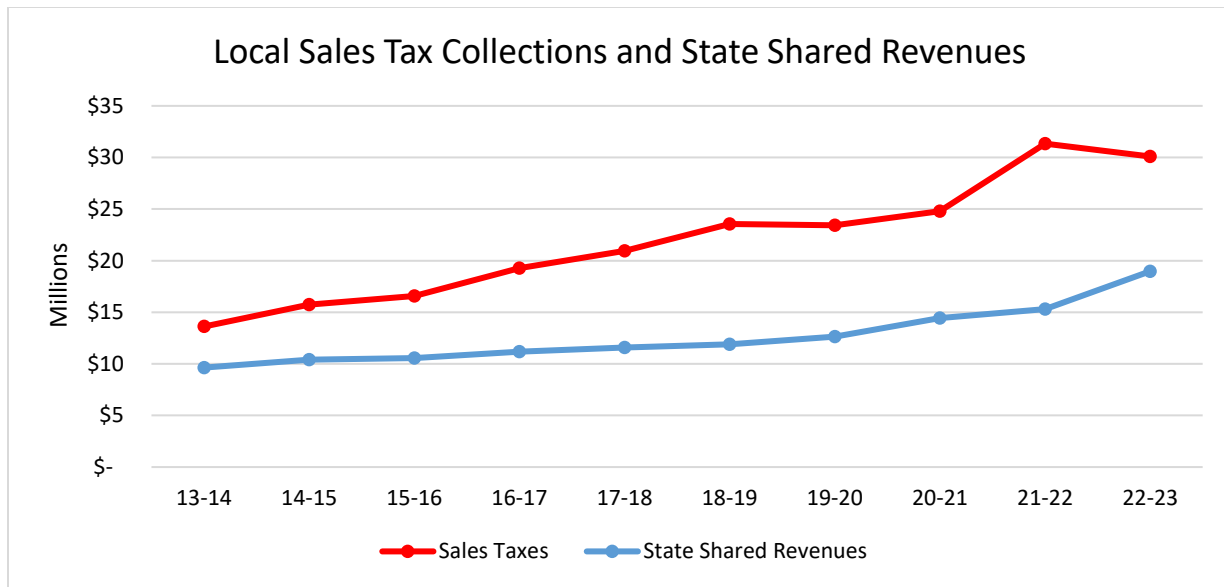
Total local sales tax collections totaled \$30.2 million for FY 22-23, which represents a \$0.4 million, or 1.4% decrease from last fiscal year. This decrease was far less than anticipated and a nice surprise. Major local sales tax categories experiencing year-over-year changes compared to amounts collected in FY 2021-22 are as discussed below:

- Utility tax collections totaled \$3.7 million for FY 22-23, up 6.8%, or more than \$0.2 million over last fiscal year
- Retail tax collections totaled \$11.4 million for FY 22-23, up 2.3%, or nearly \$0.3 million over last fiscal year
- Restaurant and bar tax collections totaled \$3.4 million for the fiscal year, up 11.8%, or nearly \$0.4 million over last fiscal year
- Construction sales tax collections totaled \$5.5 million for the fiscal year, down 19.5% or \$1.3 million from last fiscal year.

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



In FY 22-23, the Town received \$19.0 million for state shared revenues in the General Fund, up 23.8%, or \$3.7 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 below depicts the performance of both of these revenue categories since FY 13-14:

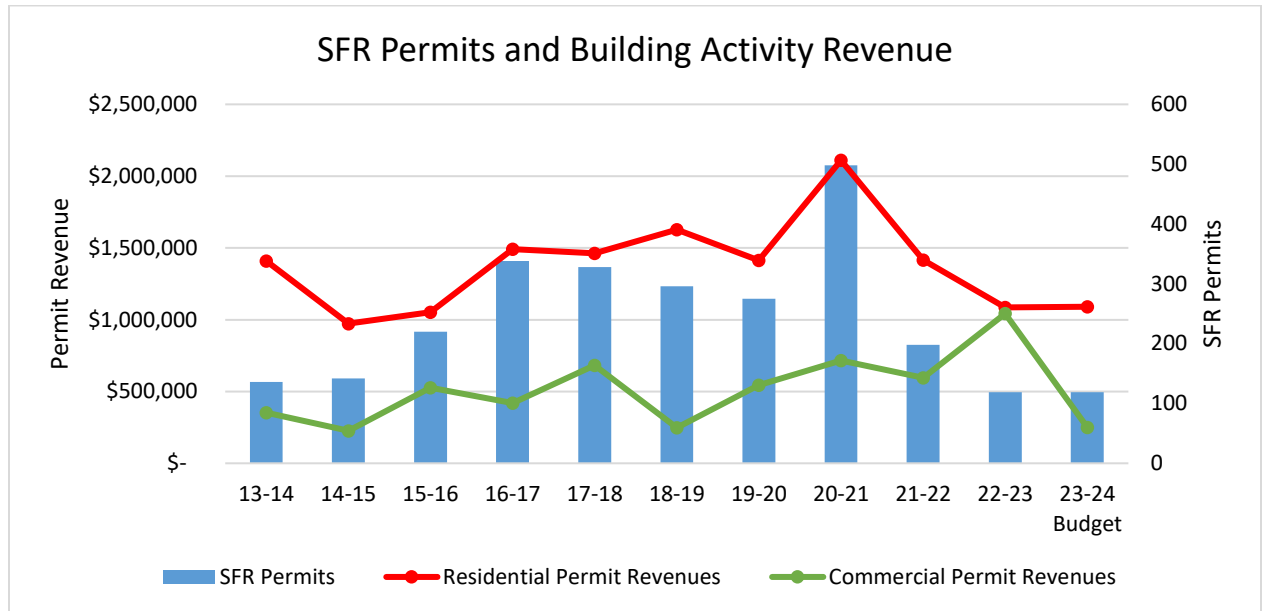


Critical to success in this area is the preparation of realistic growth assumptions helping guide Town revenue projections. Despite inflation and interest rate hikes, there continues to be healthy economic growth and activity in Oro Valley, the Tucson metropolitan region and Statewide. Arizona continues 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.

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 22-23, the Town estimated that 171 single family residential (SFR) building permits would be issued; a total of 119 were issued by year-end. Despite this variance, revenues exceeded budget due to construction valuations, residential improvement activity and increased commercial activity. The FY 23-24 budget assumes 119 SFR permits will be issued during the year.

The below chart depicts the local trends in single family residential (SFR) building permits issued and annual permit revenues from both residential and commercial construction activity from FY 13-14 through FY 23-24 budget projections.



Future Focus

During FY 2023-24, the Town will continue to identify and quantify both one-time revenues derived from construction activity and recurring revenues derived from such areas as local sales taxes and state-shared sources. The Town continues to dedicate one-time revenues to funding one-time expenditures in the budget, specifically for capital improvement projects, while ensuring sufficient recurring revenues exist to fund recurring expenditures. With the current growth and activity expectations in future years, it will be important to continue to analyze the budget in this manner to avoid future reliance on one-time revenues to fund recurring costs.

For FY 23-24, 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:

- The FY 23-24 budget includes the completion of \$25 million in improvements at Naranja Park, the Community Center, and multi-use paths throughout the Town. Because these improvements were funded with a bond issuance from a dedicated funding source via the Town’s half-cent sales tax in its Community Center Fund, there is no impact to the Town General Fund.
- The FY 23-24 budget includes \$2.5 million for the Pavement Preservation Program in the Highway Fund, which maintains the current condition of Town streets.
- The FY 23-24 budget includes nearly \$14.1 million in capital improvements for the Town’s water system, continuing to ensure a safe, reliable and sustainable water supply to meet community needs.

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 \$23.8 million, or 47% of FY 23-24 adopted expenditures of \$50.4 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, 2022. This was the twenty-ninth 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,



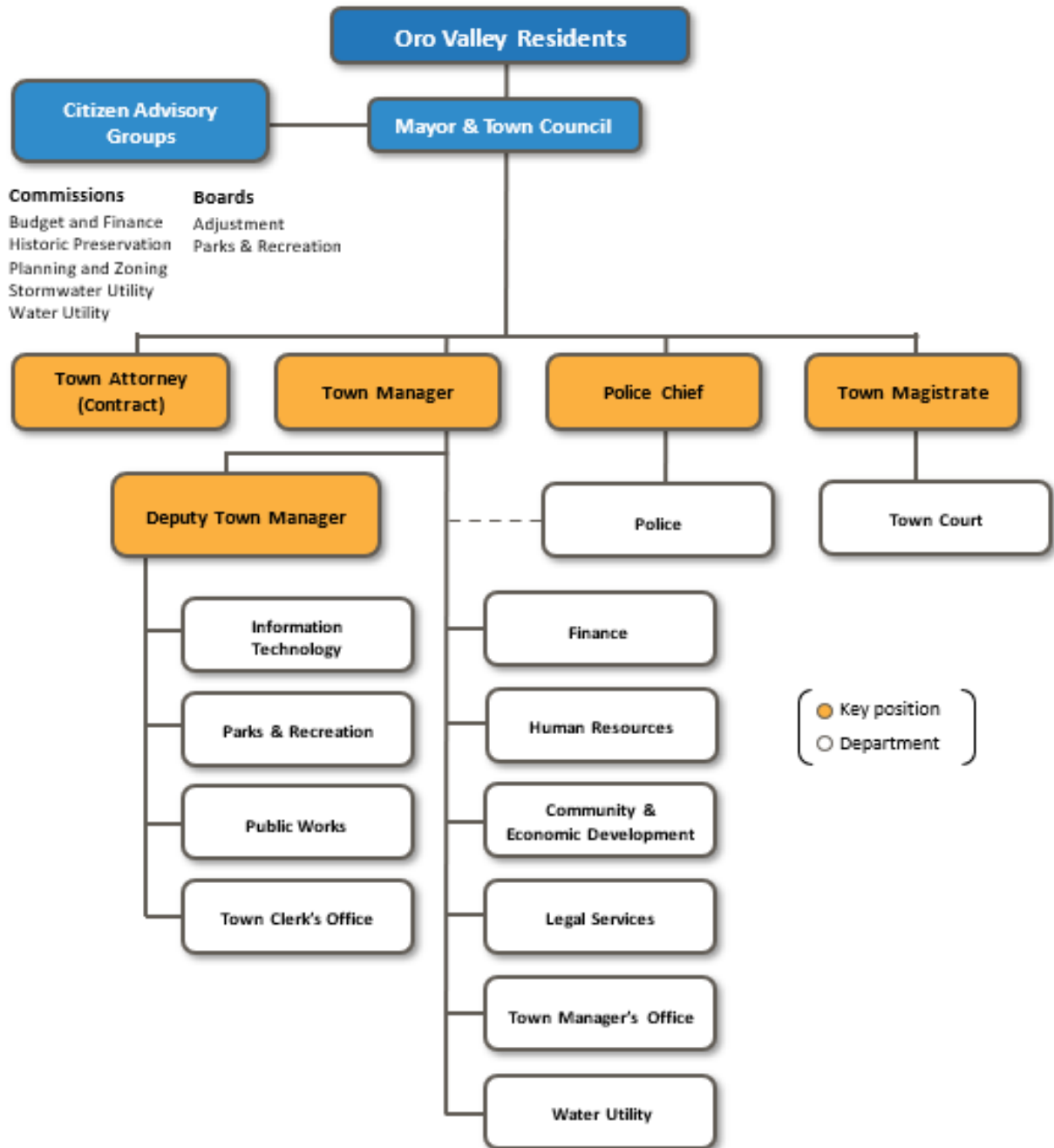
Jeff Wilkins
Town Manager



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 Bohan
Council Member	Dr. Harry “Mo” Greene
Council Member	Ms. Joyce Jones-Ivey
Council Member	Mr. Josh Nicolson
Council Member	Mr. Steve Solomon

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
Chief Information Officer	Scott Zufelt



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Oro Valley
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Town Council of
Town of Oro Valley, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oro Valley (the Town), Arizona, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Oro Valley's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the Town adopted the provisions of GASB Statement No.96, Subscription-Based Information Technology Arrangements, effective July 1, 2022. Our opinions are not modified with respect to this matter.

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 Town noncompliance with the usage 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 of Oro Valley'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 of Oro Valley'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 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, 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 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 14, 2023 on our consideration of the Town of Oro Valley'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 14, 2023

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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, 2023

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, 2023. 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, 2023 as follows.

- The Town's total net position of governmental activities increased \$8.0 million to \$210.1 million and business-type activities increased \$6.6 million to \$121.7 million, representing 63 percent and 37 percent respectively, of the total net position of \$331.8 million.
- General revenues from governmental activities accounted for \$50.9 million in revenue, or 65 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 \$26.9 million or 35 percent of total current fiscal year governmental activities revenues. The Town had \$23.1 million of program revenues and \$447,397 in general revenues related to business-type activities.
- The Town had \$67.9 million in expenses related to governmental activities, an increase of 15.1 percent from the prior fiscal year. This increase is largely attributable to public safety expenses. The Town had \$18.8 million in expenses related to business-type activities, an increase of 7.8 percent from the prior fiscal year.
- Among major funds, the General Fund had \$56.9 million in revenues, which primarily consisted of sales taxes and intergovernmental revenues. The total expenditures of the General Fund were \$48.5 million. The General Fund's fund balance decreased from \$30.4 million to \$23.8 million.
- The Community Center Fund had \$10.3 million in revenues, which consisted primarily of charges for services and sales taxes. The total expenditures of the Community Center Fund were \$8.4 million.
- The General Government CIP Fund had \$1.4 million in revenues consisting primarily of other revenues and interest income. The total expenditures of the General Government CIP Fund were \$19.2 million.
- The Grants and Contributions Fund had \$3.6 million in revenues consisting primarily of intergovernmental revenue. The total expenditures of the Grants and Contributions Fund were \$2.3 million.
- The Municipal Debt Service Fund had \$248,418 in revenues consisting primarily of interest income and other revenues. The total expenditures of the Municipal Debt Service Fund were \$4.3 million.
- The Water Fund had operating revenues of \$17.7 million, exceeding operating expenses of \$16.9 million.

TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023

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, 2023

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 \$331.8 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, 2023

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, 2023, and June 30, 2022.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>2023 Total</i>	<i>2022 Total</i>
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>		
Current and other assets	\$ 67,802,234	\$ 79,733,831	\$ 34,237,373	\$ 34,584,422	\$ 102,039,607	\$ 114,318,253
Capital assets, net	211,255,182	195,997,562	113,572,975	110,547,409	324,828,157	306,544,971
Total assets	279,057,416	275,731,393	147,810,348	145,131,831	426,867,764	420,863,224
Deferred outflows of resources	11,851,971	35,405,005	834,338	1,141,654	12,686,309	36,546,659
Current and other liabilities	8,861,914	9,992,234	3,994,011	3,450,452	12,855,925	13,442,686
Noncurrent liabilities	69,510,520	87,590,713	22,849,371	26,587,131	92,359,891	114,177,844
Total liabilities	78,372,434	97,582,947	26,843,382	30,037,583	105,215,816	127,620,530
Deferred inflows of resources	2,445,306	11,477,494	133,851	1,156,127	2,579,157	12,633,621
Net position						
Net investment in capital assets	181,274,918	179,219,389	95,456,678	87,969,917	276,731,596	267,189,306
Restricted	15,579,039	21,752,087	-	-	15,579,039	21,752,087
Unrestricted	13,237,690	1,104,482	26,210,775	27,109,858	39,448,465	28,214,340
Total net position	\$ 210,091,647	\$ 202,075,958	\$ 121,667,453	\$ 115,079,775	\$ 331,759,100	\$ 317,155,733

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 \$27.0 million in capital assets (net of dispositions) for governmental activities, largely attributable to \$25.0 million in parks and recreation bonds (including premium) issued in 2022.
- The addition of \$11.8 million and \$3.9 million for governmental activities and business-type activities, respectively, in accumulated depreciation due to depreciation expense.
- The \$18.1 million reduction in long-term liabilities for governmental activities, resulting from prior fiscal year funding of the Town's outstanding pension liability in the Public Safety Pension Retirement System.
- Deferred outflows and deferred inflows for governmental activities decreased \$23.9 million and \$10.1 million, respectively, largely attributable to prior fiscal year funding of the Town's outstanding pension liability in the Public Safety Pension Retirement System.

TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023

Changes in net position. The Town's total revenues for the current fiscal year were \$101.4 million. The total cost of all programs and services was \$86.8 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>2023 Total</i>	<i>2022 Total</i>
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>		
Revenues						
Program revenues						
Charges for services	\$ 13,102,775	\$ 13,273,440	\$ 19,176,588	\$ 19,828,827	\$ 32,279,363	\$ 33,102,267
Operating grants and contributions	4,533,920	4,040,118	-	-	4,533,920	4,040,118
Capital grants and contributions	9,258,047	8,493,664	3,964,061	1,612,125	13,222,108	10,105,789
General revenues						
Sales taxes	30,163,507	30,583,921	-	-	30,163,507	30,583,921
Franchise taxes	763,311	756,388	-	-	763,311	756,388
Unrestricted state shared revenues	18,581,727	15,081,806	-	-	18,581,727	15,081,806
Miscellaneous	-	150,100	11,000	15,404	11,000	165,504
Investment earnings						
Interest	1,257,044	287,841	291,272	142,001	1,548,316	429,842
Net increase/(decrease) in fair value	132,918	(1,469,001)	145,125	(1,003,434)	278,043	(2,472,435)
Total revenues	<u>77,793,249</u>	<u>71,198,277</u>	<u>23,588,046</u>	<u>20,594,923</u>	<u>101,381,295</u>	<u>91,793,200</u>
Expenses						
General government	21,233,771	28,083,397	-	-	21,233,771	28,083,397
Public safety	20,002,641	8,232,307	-	-	20,002,641	8,232,307
Highways and streets	12,041,757	10,234,099	-	-	12,041,757	10,234,099
Transit	1,520,300	1,267,596	-	-	1,520,300	1,267,596
Culture and recreation	11,839,715	10,059,071	-	-	11,839,715	10,059,071
Interest on long-term debt	1,291,181	1,149,019	-	-	1,291,181	1,149,019
Water	-	-	17,438,890	16,202,611	17,438,890	16,202,611
Stormwater	-	-	1,409,674	1,282,283	1,409,674	1,282,283
Total expenses	<u>67,929,364</u>	<u>59,025,489</u>	<u>18,848,564</u>	<u>17,484,894</u>	<u>86,777,928</u>	<u>76,510,383</u>
Excess/(Deficiency) before transfers	9,863,885	12,172,788	4,739,482	3,110,029	14,603,367	15,282,817
Transfers	<u>(1,848,196)</u>	<u>(198,665)</u>	<u>1,848,196</u>	<u>198,665</u>	<u>-</u>	<u>-</u>
Change in net position	8,015,689	11,974,123	6,587,678	3,308,694	14,603,367	15,282,817
Beginning net position	<u>202,075,958</u>	<u>190,101,835</u>	<u>115,079,775</u>	<u>111,771,081</u>	<u>317,155,733</u>	<u>301,872,916</u>
Ending 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>

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

- Total expenses increased \$10.3 million, or 13.4 percent. Personnel costs increased as a result of an implemented classification and compensation plan. Other operating costs increased as a result of claim settlement and insurance costs, as well as inflationary impacts on services, supplies and materials.
- Total revenues increased \$9.6 million, or 10.4 percent, due primarily to investment earnings and state shared revenues, as well as capital grants and contributions.

TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023

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.

	<i>June 30, 2023</i>		<i>June 30, 2022</i>	
	<i>Total Expenses</i>	<i>Net (Expense) Revenue</i>	<i>Total Expenses</i>	<i>Net (Expense) Revenue</i>
<i>Governmental Activities</i>				
General government	\$ 21,233,771	\$ (9,557,895)	\$ 28,083,397	\$ (16,548,493)
Public safety	20,002,641	(18,567,023)	8,232,307	(6,958,363)
Highways and streets	12,041,757	(7,054,237)	10,234,099	(5,794,545)
Transit	1,520,300	257,949	1,267,596	251,250
Culture and recreation	11,839,715	(4,822,235)	10,059,071	(3,019,096)
Interest on long-term debt	1,291,181	(1,291,181)	1,149,019	(1,149,019)
<i>Total</i>	<u>\$ 67,929,364</u>	<u>\$ (41,034,622)</u>	<u>\$ 59,025,489</u>	<u>\$ (33,218,266)</u>
<i>Business-type Activities</i>				
Water	\$ 17,438,890	\$ 4,227,629	\$ 16,202,611	\$ 3,726,053
Stormwater drainage	1,409,674	64,456	1,282,283	230,005
<i>Total</i>	<u>\$ 18,848,564</u>	<u>\$ 4,292,085</u>	<u>\$ 17,484,894</u>	<u>\$ 3,956,058</u>

- The cost of all governmental activities this year was \$67.9 million. The increase of \$8.9 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 \$18.8 million. The increase of \$1.4 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 \$41.0 million was financed by general revenues, which are made up of primarily sales taxes and state shared revenues totaling \$48.7 million.

TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023

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 \$54.7 million, a decrease of \$10.8 million. This was primarily due to planned capital spending of bond funds and one-time revenues.

The General Fund comprises 43.5 percent of the total governmental fund balance. Approximately \$11.3 million, or 47.6 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 \$6.6 million to \$23.8 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 \$1.4 million. General Fund expenditures decreased \$2.8 million, due to prior fiscal year funding of the Town's outstanding pension liability in the Public Safety Pension Retirement System, offset with planned capital outlay and increased operating costs.

The Community Center Fund's ending fund balance decreased from \$5.9 million to \$1.0 million, due to planned transfers for capital spending.

The General Government CIP Fund's ending fund balance increased from \$24.0 million to \$24.6 due to transfers in for future capital spending, as well as investment income and other revenues.

The Grants and Contributions Fund's ending fund balance decreased from \$208,250 to \$162,207 due to planned capital outlay and transfers of American Rescue Plan Act funds to the Water Utility Fund for water capital projects.

The Municipal Debt Service Fund's ending fund balance increased from \$164,136 to \$273,718 due to increases in investment income.

Proprietary funds. Net position of the Enterprise Funds at the end of the year amounted to \$121.7 million. This increased by \$6.6 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 \$2.9 million. This increased by \$25,914 during the fiscal year due to increases in investment income.

TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023

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 2022-23 operating and capital budget may occur throughout the year between departments, and between funds in all other funds in a legally permissible manner. A budget adjustment in the General Fund did occur. The budget amendment moved \$526,835 in capacity from General Administration to various departments to adjust for increases in spending due to implementation of the updated Town classification and compensation plan.

Significant General Fund budget variances are summarized as follows:

- The favorable variance of \$6.2 million in revenues was primarily attributable to increased sales taxes and intergovernmental revenue collections from inflation and conservative budgeting. The Town also recognized a one-time donation of land during the fiscal year.
- The unfavorable expenditure variance in general administration was attributable to a required settlement payment for the Vistoso Trails Nature Preserve acquisition.
- The unfavorable variance in capital outlay was attributable to the one-time land donation referenced above as well as changes in accounting principles for subscription-based information technology arrangements. These unfavorable variances were offset by either increases to revenue or other financing sources.

TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the Town had invested \$324.8 million in capital assets (net of accumulated depreciation), including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. This amount represents a net increase of \$18.3 million from last year. This was primarily due to building improvements and construction in progress.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2023 and June 30, 2022.

	<i>Governmental</i>		<i>Increase/ (Decrease)</i>
	<i>Activities</i>		
	<u>2023</u>	<u>2022</u>	
Land and improvements	\$ 36,289,821	\$ 34,674,821	\$ 1,615,000
Infrastructure	245,923,586	242,183,497	3,740,089
Buildings	57,711,490	45,920,567	11,790,923
Machinery, equipment, and vehicles	21,529,780	20,139,411	1,390,369
Right of use asset	1,647,382	851,353	796,029
Construction in progress	14,779,568	7,135,093	7,644,475
Accumulated depreciation/amortization	(166,626,445)	(154,907,180)	(11,719,265)
Net capital assets	<u>\$ 211,255,182</u>	<u>\$ 195,997,562</u>	<u>\$ 15,257,620</u>

	<i>Business-type</i>		<i>Increase/ (Decrease)</i>
	<i>Activities</i>		
	<u>2023</u>	<u>2022</u>	
Land and improvements	\$ 2,410,660	\$ 2,410,660	\$ -
Water rights	8,534,490	8,534,490	-
Water system	148,484,849	145,877,922	2,606,927
Stormwater system	4,158,612	3,650,716	507,896
Machinery, equipment, and vehicles	6,722,379	6,215,124	507,255
Construction in progress	11,709,344	8,412,006	3,297,338
Accumulated depreciation	(68,447,359)	(64,553,509)	(3,893,850)
Net capital assets	<u>\$ 113,572,975</u>	<u>\$ 110,547,409</u>	<u>\$ 3,025,566</u>

The estimated cost to complete current construction projects is \$50.6 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, 2023

Debt Administration. At year end, the Town had \$63.1 million in long-term debt outstanding with \$8.9 million due within one year. Long-term debt decreased by \$6.9 million due to \$7.5 million in maturities and redemptions, offset with leases, financed purchases and subscription liabilities.

The following table presents a summary of the Town's outstanding long-term debt for the fiscal years ended June 30, 2023 and June 30, 2022.

	<i>Governmental</i>		<i>Increase/ (Decrease)</i>
	<i>Activities</i>		
	<u>2023</u>	<u>2022</u>	
Revenue bonds	\$ 43,457,370	\$ 46,353,030	\$ (2,895,660)
Leases	827,109	769,691	57,418
Financed purchases	69,254	-	69,254
Subscription liabilities	466,860	-	466,860
	<u>\$ 44,820,593</u>	<u>\$ 47,122,721</u>	<u>\$ (2,302,128)</u>

	<i>Business-type</i>		<i>Increase/ (Decrease)</i>
	<i>Activities</i>		
	<u>2023</u>	<u>2022</u>	
Revenue bonds	\$ 16,231,628	\$ 20,476,968	\$ (4,245,340)
Loans payable	2,087,126	2,404,213	(317,087)
	<u>\$ 18,318,754</u>	<u>\$ 22,881,181</u>	<u>\$ (4,562,427)</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 \$200.5 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 \$60.2 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, 2023

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 2023-24 budget. Among them:

- The unemployment rate for the Town of Oro Valley is currently 4.1 percent. Pima County's and the State of Arizona's unemployment rates are 4.4 percent and 3.5 percent, respectively.
- The Town's net full cash assessed valuation for the current year is \$1,002,518,296.
- Single family residential (SFR) building permits issued in this fiscal year totaled 119, as compared to 198 SFR building permits issued last fiscal year. Projections for SFR building permits are 119 for fiscal year 2023-24.

The adopted combined operating and capital expenditure budget for fiscal year 2023-24 totals \$148.5 million, an increase of \$785,000, or .5 percent over last year's budget of \$147.7 million. This increase is primarily due to increases in personnel and operations and maintenance costs. The budget for fiscal year 2023-24 continues to place emphasis on achieving the goals identified in the Town's adopted Strategic Plan, which was recently updated in fiscal year 22-23 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, 2023

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
ASSETS			
<i>Current assets:</i>			
Cash and investments	\$ 47,632,156	\$ 31,636,723	\$ 79,268,879
Cash with fiscal agent	12,013,046	-	12,013,046
Taxes receivable	3,580,931	-	3,580,931
Accounts receivable	752,866	2,043,688	2,796,554
Interest receivable	187,925	140,365	328,290
Intergovernmental receivable	1,317,535	-	1,317,535
Lease receivable	1,430,202	-	1,430,202
Inventories	127,713	-	127,713
Prepaid items	759,860	416,597	1,176,457
Total current assets	<u>67,802,234</u>	<u>34,237,373</u>	<u>102,039,607</u>
<i>Noncurrent assets:</i>			
Capital assets, non-depreciable/amortized	51,069,389	22,654,494	73,723,883
Capital assets, depreciable/amortized (net)	160,185,793	90,918,481	251,104,274
Total noncurrent assets	<u>211,255,182</u>	<u>113,572,975</u>	<u>324,828,157</u>
Total Assets	<u>279,057,416</u>	<u>147,810,348</u>	<u>426,867,764</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	202,459	202,459
Pension plan items	11,851,971	631,879	12,483,850
Total Deferred Outflows of Resources	<u>11,851,971</u>	<u>834,338</u>	<u>12,686,309</u>
LIABILITIES			
<i>Current liabilities:</i>			
Accounts payable and accrued expenses	3,522,403	2,062,268	5,584,671
Accrued wages and benefits	1,333,915	183,648	1,517,563
Intergovernmental payable	128,540	861,404	989,944
Interest payable	-	208,968	208,968
Unearned revenue	2,524,345	-	2,524,345
Claims payable	361,329	-	361,329
Customer deposits payable	690,817	677,723	1,368,540
Other accrued liabilities	300,565	-	300,565
Total current liabilities	<u>8,861,914</u>	<u>3,994,011</u>	<u>12,855,925</u>
<i>Noncurrent liabilities:</i>			
Due within one year	5,272,004	3,621,284	8,893,288
Due in more than one year	64,238,516	19,228,087	83,466,603
Total noncurrent liabilities	<u>69,510,520</u>	<u>22,849,371</u>	<u>92,359,891</u>
Total Liabilities	<u>78,372,434</u>	<u>26,843,382</u>	<u>105,215,816</u>
DEFERRED INFLOWS OF RESOURCES			
Leases	1,392,247	-	1,392,247
Pension plan items	1,053,059	133,851	1,186,910
Total Deferred Inflows of Resources	<u>2,445,306</u>	<u>133,851</u>	<u>2,579,157</u>
NET POSITION			
Net investment in capital assets	181,274,918	95,456,678	276,731,596
Restricted for:			
Capital projects	14,035,939	-	14,035,939
Debt service	273,718	-	273,718
Public safety	392,399	-	392,399
Highway and streets	876,983	-	876,983
Unrestricted	13,237,690	26,210,775	39,448,465
Total Net Position	<u>\$ 210,091,647</u>	<u>\$ 121,667,453</u>	<u>\$ 331,759,100</u>

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

TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 21,233,771	\$ 5,567,269	\$ 13,976	\$ 6,094,630
Public safety	20,002,641	245,285	1,190,333	-
Highway and streets	12,041,757	287,013	1,537,091	3,163,417
Transit	1,520,300	-	1,778,249	-
Culture and recreation	11,839,715	7,003,209	14,272	-
Interest on long-term debt	1,291,181	-	-	-
Total governmental activities	67,929,364	13,102,775	4,533,920	9,258,047
Business-type activities:				
Water	17,438,890	17,702,458	-	3,964,061
Stormwater	1,409,674	1,474,130	-	-
Total business-type activities	18,848,564	19,176,588	-	3,964,061
Total Primary Government	\$ 86,777,928	\$ 32,279,363	\$ 4,533,920	\$ 13,222,108

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) Revenue and Changes in Net Position</i>		<i>Net (Expense) Revenue and Changes in Net Position</i>	
<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>	
\$ (9,557,895)	\$ -	\$ (9,557,895)	
(18,567,023)	-	(18,567,023)	
(7,054,237)	-	(7,054,237)	
257,949	-	257,949	
(4,822,235)	-	(4,822,235)	
(1,291,181)	-	(1,291,181)	
<u>(41,034,622)</u>	<u>-</u>	<u>(41,034,622)</u>	
-	4,227,629	4,227,629	
-	64,456	64,456	
-	4,292,085	4,292,085	
<u>\$ (41,034,622)</u>	<u>\$ 4,292,085</u>	<u>\$ (36,742,537)</u>	
30,163,507	-	30,163,507	
763,311	-	763,311	
18,581,727	-	18,581,727	
1,257,044	291,272	1,548,316	
132,918	145,125	278,043	
-	11,000	11,000	
<u>(1,848,196)</u>	<u>1,848,196</u>	<u>-</u>	
<u>49,050,311</u>	<u>2,295,593</u>	<u>51,345,904</u>	
8,015,689	6,587,678	14,603,367	
<u>202,075,958</u>	<u>115,079,775</u>	<u>317,155,733</u>	
<u>\$ 210,091,647</u>	<u>\$ 121,667,453</u>	<u>\$ 331,759,100</u>	

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FUND FINANCIAL STATEMENTS

TOWN OF ORO VALLEY, ARIZONA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>General</u>	<u>Community Center</u>	<u>General Government CIP</u>
<u>ASSETS</u>			
Cash and investments	\$ 22,398,459	\$ 1,271,785	\$ 13,973,000
Cash with fiscal agent	-	-	12,013,046
Taxes receivable	3,296,626	284,305	-
Accounts receivable	597,746	147,716	7,404
Interest receivable	102,354	13,692	18,635
Intergovernmental receivable	531,500	-	-
Lease receivable	1,028,805	401,397	-
Inventories	-	127,713	-
Prepaid items	360,848	56,274	326,791
Total Assets	\$ 28,316,338	\$ 2,302,882	\$ 26,338,876
<u>LIABILITIES</u>			
Accounts payable	\$ 1,023,156	\$ 212,360	\$ 1,788,588
Accrued payroll and related benefits	1,333,915	-	-
Intergovernmental payable	128,540	-	-
Unearned revenue	334,328	396,567	-
Customer deposits payable	690,817	-	-
Other accrued liabilities	-	300,565	-
Total Liabilities	3,510,756	909,492	1,788,588
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Lease related	1,007,090	385,157	-
<u>FUND BALANCES</u>			
Nonspendable	360,848	183,987	326,791
Restricted	-	-	12,013,046
Committed	12,116,181	824,246	-
Assigned	-	-	12,210,451
Unassigned	11,321,463	-	-
Total Fund Balances	23,798,492	1,008,233	24,550,288
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 28,316,338	\$ 2,302,882	\$ 26,338,876

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>
\$ 2,091,844	\$ 273,462	\$ 4,229,293	\$ 44,237,843
-	-	-	12,013,046
-	-	-	3,580,931
-	-	-	752,866
14,769	256	27,864	177,570
71,472	-	714,563	1,317,535
-	-	-	1,430,202
-	-	-	127,713
-	-	1,950	745,863
<u>\$ 2,178,085</u>	<u>\$ 273,718</u>	<u>\$ 4,973,670</u>	<u>\$ 64,383,569</u>
\$ 238,328	\$ -	\$ 98,500	\$ 3,360,932
-	-	-	1,333,915
-	-	-	128,540
1,777,550	-	15,900	2,524,345
-	-	-	690,817
-	-	-	300,565
<u>2,015,878</u>	<u>-</u>	<u>114,400</u>	<u>8,339,114</u>
-	-	-	1,392,247
-	-	1,950	873,576
162,207	273,718	4,840,103	17,289,074
-	-	17,217	12,957,644
-	-	-	12,210,451
-	-	-	11,321,463
<u>162,207</u>	<u>273,718</u>	<u>4,859,270</u>	<u>54,652,208</u>
<u>\$ 2,178,085</u>	<u>\$ 273,718</u>	<u>\$ 4,973,670</u>	<u>\$ 64,383,569</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, 2023

<i>Governmental Fund Balances</i>		\$ 54,652,208
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	377,881,627	
Less accumulated depreciation/amortization	<u>(166,626,445)</u>	211,255,182
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	11,851,971	
Deferred inflows of resources related to pensions	<u>(1,053,059)</u>	10,798,912
The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position.		2,895,865
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable	(2,440,842)	
Revenue bonds payable	(47,362,076)	
Leases payable	(827,109)	
Subscriptions Based Information Technology Arrangements	(466,860)	
Financed purchases	(69,254)	
Net pension liability	<u>(18,344,379)</u>	<u>(69,510,520)</u>
<i>Net Position of Governmental Activities</i>		<u>\$ 210,091,647</u>

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

TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Community Center</u>	<u>General Government CIP</u>
REVENUES			
Sales taxes	\$ 26,449,853	\$ 3,713,654	\$ -
Franchise taxes	763,311	-	-
Development impact fees	-	-	-
Intergovernmental	21,480,681	-	-
Licenses, fees and permits	2,643,013	-	-
Fines, forfeitures and penalties	84,454	-	-
Charges for services	2,897,311	6,265,647	-
Donations	1,641,102	-	-
Investment income:			
Interest	297,228	50,784	467,728
Net increase/(decrease) in fair value of investments	75,150	59,939	62,610
Other	588,650	178,552	822,494
<i>Total Revenues</i>	<u>56,920,753</u>	<u>10,268,576</u>	<u>1,352,832</u>
EXPENDITURES			
Current:			
General government	20,309,404	-	-
Public safety	19,657,927	-	2,671
Highway and streets	-	-	-
Transit	1,530,444	-	-
Culture and recreation	3,772,206	6,772,295	242,158
Capital outlay	2,965,799	1,467,015	18,942,864
Debt service:			
Principal retirement	193,312	161,740	-
Interest and fiscal charges	35,631	16,914	-
<i>Total Expenditures</i>	<u>48,464,723</u>	<u>8,417,964</u>	<u>19,187,693</u>
REVENUES OVER/(UNDER) EXPENDITURES	8,456,030	1,850,612	(17,834,861)
OTHER FINANCING SOURCES/(USES)			
Lease agreements	349,652	-	-
Financed purchase agreements	-	81,722	-
Subscription-based information technology arrangements	582,440	-	-
Sale of general capital assets	16,924	11,293	113,204
Insurance recoveries	-	-	51,229
Transfers in/(out), net	(15,996,977)	(6,795,852)	18,267,786
<i>Total Other Financing Sources/(Uses)</i>	<u>(15,047,961)</u>	<u>(6,702,837)</u>	<u>18,432,219</u>
NET CHANGE IN FUND BALANCES	(6,591,931)	(4,852,225)	597,358
FUND BALANCES, Beginning of year	<u>30,390,423</u>	<u>5,860,458</u>	<u>23,952,930</u>
FUND BALANCES, End of year	<u>\$ 23,798,492</u>	<u>\$ 1,008,233</u>	<u>\$ 24,550,288</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>
\$ -	\$ -	\$ -	\$ 30,163,507
-	-	-	763,311
-	-	419,210	419,210
3,714,934	13,976	4,700,508	29,910,099
-	-	27,567	2,670,580
-	-	46,176	130,630
-	-	28,711	9,191,669
-	-	-	1,641,102
53,863	141,360	215,847	1,226,810
(125,793)	-	49,467	121,373
-	93,082	7,805	1,690,583
<u>3,643,004</u>	<u>248,418</u>	<u>5,495,291</u>	<u>77,928,874</u>
306,010	-	-	20,615,414
106,153	-	62,510	19,829,261
-	-	2,123,019	2,123,019
-	-	-	1,530,444
-	-	1,948	10,788,607
1,874,260	-	3,243,597	28,493,535
-	2,895,660	-	3,250,712
-	1,444,147	-	1,496,692
<u>2,286,423</u>	<u>4,339,807</u>	<u>5,431,074</u>	<u>88,127,684</u>
1,356,581	(4,091,389)	64,217	(10,198,810)
-	-	-	349,652
-	-	-	81,722
-	-	-	582,440
-	-	-	141,421
-	-	-	51,229
(1,402,624)	4,200,971	(121,500)	(1,848,196)
<u>(1,402,624)</u>	<u>4,200,971</u>	<u>(121,500)</u>	<u>(641,732)</u>
(46,043)	109,582	(57,283)	(10,840,542)
<u>208,250</u>	<u>164,136</u>	<u>4,916,553</u>	<u>65,492,750</u>
<u>\$ 162,207</u>	<u>\$ 273,718</u>	<u>\$ 4,859,270</u>	<u>\$ 54,652,208</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, 2023

Net change in fund balances - total governmental funds \$ (10,840,542)

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 expense.

Expenditures for capital assets	\$ 26,560,522	
Contributed capital	1,615,000	
Less current year depreciation/amortization	<u>(12,832,381)</u>	15,343,141

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. 1,064,686

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	\$ (85,521)	
Compensated absences	<u>372</u>	(85,149)

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. 25,914

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	\$ (1,013,814)	
Lease principal retirement	292,234	
Financed purchases principal retirement	12,468	
Subscriptions-based Information Technology Arrangements principal retirement	115,580	
Revenue bond principal retirement	<u>2,895,660</u>	<u>2,302,128</u>

Change in net position of governmental activities. \$ 8,015,689

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, 2023

	<i>Enterprise Funds</i>			<i>Governmental</i>
	<i>Water</i>	<i>Non-Major Enterprise Fund</i>	<i>Total</i>	<i>Activities: Internal Service Fund</i>
ASSETS				
<i>Current assets:</i>				
Cash and investments	\$ 30,713,611	\$ 923,112	\$ 31,636,723	\$ 3,394,313
Accounts receivable	1,875,241	168,447	2,043,688	-
Interest receivable	134,279	6,086	140,365	10,355
Prepaid items	416,597	-	416,597	13,997
Total current assets	33,139,728	1,097,645	34,237,373	3,418,665
<i>Noncurrent assets:</i>				
Capital assets, non-depreciable	22,654,494	-	22,654,494	-
Capital assets, depreciable (net)	87,341,677	3,576,804	90,918,481	-
Total noncurrent assets	109,996,171	3,576,804	113,572,975	-
Total Assets	143,135,899	4,674,449	147,810,348	3,418,665
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	202,459	-	202,459	-
Pension plan items	503,480	128,399	631,879	-
Total Deferred Outflows of Resources	705,939	128,399	834,338	-
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable and accrued expenses	2,000,827	61,441	2,062,268	161,471
Accrued wages and benefits	147,019	36,629	183,648	-
Intergovernmental payable	861,404	-	861,404	-
Interest payable	208,968	-	208,968	-
Claims payable	-	-	-	361,329
Customer deposits payable	677,723	-	677,723	-
Total current liabilities	3,895,941	98,070	3,994,011	522,800
<i>Noncurrent liabilities:</i>				
Due within one year	3,608,586	12,698	3,621,284	-
Due in more than one year	18,758,707	469,380	19,228,087	-
Total noncurrent liabilities	22,367,293	482,078	22,849,371	-
Total Liabilities	26,263,234	580,148	26,843,382	522,800
DEFERRED INFLOWS OF RESOURCES				
Pension plan items	106,652	27,199	133,851	-
NET POSITION				
Net investment in capital assets	91,879,874	3,576,804	95,456,678	-
Unrestricted	25,592,078	618,697	26,210,775	2,895,865
Total Net Position	\$ 117,471,952	\$ 4,195,501	\$ 121,667,453	\$ 2,895,865

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, 2023

	<i>Enterprise Funds</i>			<i>Governmental</i>
	<i>Water</i>	<i>Non-Major Enterprise Fund</i>	<i>Total</i>	<i>Activities: Internal Service Fund</i>
OPERATING REVENUES:				
Charges for services	\$ 17,571,426	\$ 1,474,130	\$ 19,045,556	\$ -
Other	131,032	-	131,032	-
Self insurance premiums	-	-	-	4,510,710
<i>Total Operating Revenues</i>	<u>17,702,458</u>	<u>1,474,130</u>	<u>19,176,588</u>	<u>4,510,710</u>
OPERATING EXPENSES:				
Costs of sales and services	12,711,852	1,132,161	13,844,013	28,113
Contractual services	425,014	128,593	553,607	830,896
Depreciation	3,782,858	148,920	3,931,778	-
Claims payments	-	-	-	3,667,346
Administrative	-	-	-	220
<i>Total Operating Expenses</i>	<u>16,919,724</u>	<u>1,409,674</u>	<u>18,329,398</u>	<u>4,526,575</u>
OPERATING INCOME/(LOSS)	<u>782,734</u>	<u>64,456</u>	<u>847,190</u>	<u>(15,865)</u>
NONOPERATING REVENUES (EXPENSES):				
Sales of assets	11,000	-	11,000	-
Investment income:				
Interest	279,589	11,683	291,272	30,234
Net increase (decrease) in fair value of investments	147,334	(2,209)	145,125	11,545
Interest expense	(519,166)	-	(519,166)	-
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(81,243)</u>	<u>9,474</u>	<u>(71,769)</u>	<u>41,779</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>701,491</u>	<u>73,930</u>	<u>775,421</u>	<u>25,914</u>
DEVELOPMENT FEES	1,818,383	-	1,818,383	-
CAPITAL CONTRIBUTIONS	2,145,678	-	2,145,678	-
TRANSFERS IN/(OUT), NET	<u>1,848,196</u>	<u>-</u>	<u>1,848,196</u>	<u>-</u>
CHANGES IN NET POSITION	<u>6,513,748</u>	<u>73,930</u>	<u>6,587,678</u>	<u>25,914</u>
NET POSITION, Beginning of year	<u>110,958,204</u>	<u>4,121,571</u>	<u>115,079,775</u>	<u>2,869,951</u>
NET POSITION, End of year	<u>\$ 117,471,952</u>	<u>\$ 4,195,501</u>	<u>\$ 121,667,453</u>	<u>\$ 2,895,865</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, 2023

	<i>Enterprise Funds</i>			<i>Governmental</i>
	<i>Non-major</i>			<i>Activities</i>
	<i>Water</i>	<i>Enterprise Fund</i>	<i>Total</i>	<i>Internal Service Fund</i>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>				
<i>Cash flows from operating activities:</i>				
Cash received from customers	\$ 18,086,783	\$ 1,504,294	\$ 19,591,077	\$ -
Cash received from premiums	-	-	-	4,510,710
Cash payments to suppliers for goods and services	(9,401,171)	(338,777)	(9,739,948)	(861,189)
Cash payments to employees for services	(3,487,605)	(865,601)	(4,353,206)	-
Cash payments for claims	-	-	-	(3,608,672)
Net cash provided by operating activities	5,198,007	299,916	5,497,923	40,849
<i>Cash flows from noncapital and related financing activities:</i>				
Interfund transfers	1,848,196	-	1,848,196	-
Net cash provided by noncapital financing activities	1,848,196	-	1,848,196	-
<i>Cash flows from capital and related financing activities:</i>				
Development impact fees	1,818,383	-	1,818,383	-
Acquisition of capital assets	(4,303,769)	(507,897)	(4,811,666)	-
Proceeds from sale of capital assets	11,000	-	11,000	-
Principal paid on long-term debt	(4,562,427)	-	(4,562,427)	-
Interest on long-term debt	(494,865)	-	(494,865)	-
Net cash used for capital financing activities	(7,531,678)	(507,897)	(8,039,575)	-
<i>Cash flows from investing activities:</i>				
Investment income	347,028	5,952	352,980	32,109
Net cash provided by investing activities	347,028	5,952	352,980	32,109
Net increase (decrease) in cash and cash equivalents	(138,447)	(202,029)	(340,476)	72,958
Cash and cash equivalents, beginning of year	30,852,058	1,125,141	31,977,199	3,321,355
Cash and cash equivalents, end of year	\$ 30,713,611	\$ 923,112	\$ 31,636,723	\$ 3,394,313
<u>Reconciliation of Operating Income (Loss) to</u>				
<u>Net Cash Provided by (Used for) Operating Activities</u>				
Operating income (loss)	\$ 782,734	\$ 64,456	\$ 847,190	\$ (15,865)
<i>Adjustments to reconcile operating income (loss)</i>				
<i>to net cash provided by (used for) operating activities:</i>				
Depreciation	3,782,858	148,920	3,931,778	-
Provision for bad debt	20,266	2,966	23,232	-
<i>Change in assets and liabilities:</i>				
Accounts receivable	385,048	27,198	412,246	-
Prepaid items	(345,488)	-	(345,488)	(13,997)
Accounts payable	561,523	56,709	618,232	12,037
Claims payable	-	-	-	58,674
Accrued wages and benefits	32,069	(328)	31,741	-
Customer deposits payable	(20,989)	-	(20,989)	-
Pension plan items	(14)	(5)	(19)	-
Total adjustments	4,415,273	235,460	4,650,733	56,714
Net cash provided by operating activities	\$ 5,198,007	\$ 299,916	\$ 5,497,923	\$ 40,849
<u>Non-cash capital and financing activities</u>				
Contribution of assets from developers	\$ 2,145,678	\$ -	\$ 2,145,678	\$ -

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 \$5,000 or more and an estimated useful life of more than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Certain capital assets of the Town are depreciated/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.

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 \$200.5 million, and for all other purposes is \$60.2 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.

R. New Pronouncements

For the year ended June 30, 2023, the Town implemented the provisions of GASB Statement No. 96 – Subscription-based Information Technology Arrangements, which (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. As a result, the Town's financial statements have been modified to reflect the implementation of this new standard.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

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

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Town Council through the approval of a Town resolution. Those committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The committed fund balance reported in the General Fund is to be used for contingency reserve. The committed fund balance reported in the Townwide Facilities Projects Fund is used for improvements to Town parks. The committed fund balance reported in the Community Center Fund is used for the culture and recreation activity of the Community Center 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 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, 2023

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	\$ -	\$ 127,713	\$ -	\$ -	\$ -	\$ -
Prepaid items	360,848	56,274	326,791	-	-	1,950
Restricted:						
Highway and Streets	-	-	-	-	-	876,983
Debt service	-	-	-	-	273,718	-
Capital projects	-	-	12,013,046	-	-	3,732,928
Public safety	-	-	-	162,207	-	230,192
Committed:						
Contingency reserve	12,116,181	-	-	-	-	-
Culture & recreation	-	824,246	-	-	-	17,217
Assigned:						
Townwide capital	-	-	12,210,451	-	-	-
Unassigned:						
	11,321,463	-	-	-	-	-
Total Fund Balances	\$ 23,798,492	\$ 1,008,233	\$ 24,550,288	\$ 162,207	\$ 273,718	\$ 4,859,270

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 \$2,199,918 and the bank balance was \$4,148,976. 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 \$8,963.

NOTE 4 – CASH AND INVESTMENTS (Continued)

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

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

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

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

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

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

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 – CASH AND INVESTMENTS (Continued)

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

Investment Type	Fair Value	Category	Investment Maturities (in Years)		Credit Quality Ratings	
			Less than 1	1-5	Moody's	S&P's
Money Market - Wells Fargo	194,045	Level 2	194,045		N/A	N/A
Money Market - Zion Bank	161,695	Level 2	161,695		N/A	N/A
Money Market - US Bank	18,302,746	Level 2	18,302,746		N/A	N/A
Money Market - BNY Mellon	208,911	Level 2	208,911		N/A	N/A
U.S. Treasuries	21,674,574	Level 1	1,998,219	19,676,355	Aaa	AA+
Supra-National Agency:						
Asian Development Bank	1,254,107	Level 1	900,729	353,379	Aaa	AAA
Inter-American Development Bank	527,747	Level 1		527,747	Aaa	AAA
Collateralized Mortgage Obligation:						
FHMS	501,392	Level 1		501,392	Aaa	AA+
FNA	157,848	Level 1		157,848	Aaa	AA+
Federal Home Loan Mortgage Corporation	517,652	Level 1	517,652		Aaa	AA+
Asset-Backed Security:						
Credit Rating - Aaa and AAA	3,815,609	Level 1	726,218	3,089,391	Aaa	AAA
Credit Rating - N/A and AAA	4,615,425	Level 1	881,914	3,733,511	N/A	AAA
Credit Rating - Aaa and N/A	2,994,603	Level 1	374,635	2,619,968	Aaa	N/A
Bank Note:						
Credit Rating - A2 and A	237,819	Level 1		237,819	A2	A
Certificate of Deposit:						
Credit Rating - Aa3 and A+	424,916	Level 1		424,916	Aa3	A+
Credit Rating - Aa3 and AA-	545,211	Level 1		545,211	Aa3	AA-
Corporate Notes:						
Credit Rating - A3 and BBB+	894,499	Level 1	660,089	234,410	A3	BBB+
Credit Rating - A3 and A+	90,249	Level 1		90,249	A3	A+
Credit Rating - A3 and A-	2,547,704	Level 1	386,132	2,161,572	A3	A-
Credit Rating - A3 and AA-	110,709	Level 1		110,709	A3	AA-
Credit Rating - A2 and BBB+	525,679	Level 1	341,255	184,424	A2	BBB+
Credit Rating - A2 and A+	249,431	Level 1		249,431	A2	A+
Credit Rating - A2 and A	1,971,523	Level 1		1,971,523	A2	A
Credit Rating - A2 and A-	1,504,957	Level 1		1,504,957	A2	A-
Credit Rating - A1 and BBB+	359,464	Level 1	147,744	211,721	A1	BBB+
Credit Rating - A1 and A-	2,801,299	Level 1	1,283,181	1,518,118	A1	A-
Credit Rating - A1 and A	2,339,907	Level 1	91,194	2,248,713	A1	A
Credit Rating - A1 and A+	1,038,375	Level 1		1,038,375	A1	A+
Credit Rating - A1 and AA	272,730	Level 1		272,730	A1	AA
Credit Rating - Aaa and AA+	266,024	Level 1		266,024	Aaa	AA+
Credit Rating - Aa2 and A+	245,283	Level 1		245,283	Aa2	A+
Credit Rating - Aa2 and AA	88,385	Level 1		88,385	Aa2	AA
Credit Rating - Aa2 and AA-	110,439	Level 1		110,439	Aa2	AA-
Credit Rating - Aa3 and AA-	2,448,215	Level 1		2,448,215	Aa3	AA-
	73,999,170		<u>27,176,357</u>	<u>46,822,813</u>		
County Treasurer's Investment Pool	305,994	Not applicable	202 days average maturities			N/A
State Treasurer's Investment Pool 5	14,767,853	Not applicable	47 days average maturities			AAA/S1+
Total	<u>89,073,017</u>					

NOTE 4 – CASH AND INVESTMENTS (Continued)

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

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

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

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

Concentration of Credit Risk. The Town places no limit on the amount the Town may invest in any one issuer. The investments in Money Markets, Certificates of Deposit, U.S. Treasuries, Supranational Agency Bonds, Collateralized Mortgage Obligations, Asset-Backed Securities, U.S. Agencies, Corporate Securities, County Treasurer's Investment Pool, and State Treasurer's Investment Pool 5, represent 21%, 1%, 24%, 2%, 2%, 13%, 0%, 20%, 0%, and 17% of the Town's total investments, respectively.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5 – RECEIVABLES

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

	<i>General Fund</i>	<i>Grants Fund</i>	<i>Non-Major Governmental Funds</i>
Intergovernmental receivables:			
Due from federal government	\$ 86,569	\$ 71,472	\$ -
Due from state government	407,992	-	391,353
Due from other governments	36,939	-	323,210
Net intergovernmental receivables	<u>\$ 531,500</u>	<u>\$ 71,472</u>	<u>\$ 714,563</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, 2023, the Town recognized total lease-related revenues of \$105,327.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 – CAPITAL AND INTANGIBLE ASSETS

A summary of capital and intangible asset activity for the year ended June 30, 2023, was as follows:

Governmental Activities:	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Transfers</i>	<i>Ending Balance</i>
NON-DEPRECIABLE/AMORTIZABLE					
Land	\$ 34,674,821	\$ 1,745,000	\$ (130,000)	\$ -	\$ 36,289,821
Construction in progress	7,135,093	18,364,600	(10,720,125)	-	14,779,568
<i>Total non-depreciable/amortizable</i>	<u>41,809,914</u>	<u>20,109,600</u>	<u>(10,850,125)</u>	<u>-</u>	<u>51,069,389</u>
DEPRECIABLE/AMORTIZABLE					
Infrastructure	242,183,497	3,740,089	-	-	245,923,586
Buildings & improvements	45,920,567	11,790,923	-	-	57,711,490
Machinery, equipment & vehicles	20,139,411	2,452,943	(1,100,502)	37,928	21,529,780
Software - SBITA Subscriptions	-	582,440	-	-	582,440
Equipment - Leases	851,353	349,652	(136,063)	-	1,064,942
<i>Total depreciable/amortizable</i>	<u>309,094,828</u>	<u>18,916,047</u>	<u>(1,236,565)</u>	<u>37,928</u>	<u>326,812,238</u>
ACCUMULATED DEPRECIATION/AMORTIZATION					
Infrastructure	(127,614,346)	(9,604,034)	-	-	(137,218,380)
Buildings & improvements	(12,260,090)	(1,234,878)	-	-	(13,494,968)
Machinery, equipment & vehicles	(14,965,998)	(1,635,747)	1,079,011	(37,928)	(15,560,662)
Software - SBITA Subscriptions	-	(115,580)	-	-	(115,580)
Equipment - Leases	(66,746)	(242,142)	72,033	-	(236,855)
<i>Total accumulated depreciation/amortization</i>	<u>(154,907,180)</u>	<u>(12,832,381)</u>	<u>1,151,044</u>	<u>(37,928)</u>	<u>(166,626,445)</u>
<i>Total capital assets being depreciated/amortized</i>	<u>154,187,648</u>	<u>6,083,666</u>	<u>(85,521)</u>	<u>-</u>	<u>160,185,793</u>
<i>Capital assets, net of depreciation/amortization</i>	<u>\$ 195,997,562</u>	<u>\$ 26,193,266</u>	<u>\$ (10,935,646)</u>	<u>\$ -</u>	<u>\$ 211,255,182</u>
<i>Business-type Activities:</i>	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Transfers</i>	<i>Ending Balance</i>
NON-DEPRECIABLE					
Land	\$ 2,410,660	\$ -	\$ -	\$ -	\$ 2,410,660
Water rights	8,534,490	-	-	-	8,534,490
Construction in progress	8,412,006	3,647,017	(349,679)	-	11,709,344
<i>Total non-depreciable</i>	<u>19,357,156</u>	<u>3,647,017</u>	<u>(349,679)</u>	<u>-</u>	<u>22,654,494</u>
DEPRECIABLE					
Water system	145,877,922	2,606,927	-	-	148,484,849
Stormwater system	3,650,716	507,896	-	-	4,158,612
Machinery, equipment & vehicles	6,215,124	545,183	-	(37,928)	6,722,379
<i>Total depreciable</i>	<u>155,743,762</u>	<u>3,660,006</u>	<u>-</u>	<u>(37,928)</u>	<u>159,365,840</u>
ACCUMULATED DEPRECIATION					
Water system	(58,607,599)	(3,552,696)	-	-	(62,160,295)
Stormwater system	(780,399)	(77,875)	-	-	(858,274)
Machinery, equipment & vehicles	(5,165,511)	(301,207)	-	37,928	(5,428,790)
<i>Total accumulated depreciation</i>	<u>(64,553,509)</u>	<u>(3,931,778)</u>	<u>-</u>	<u>37,928</u>	<u>(68,447,359)</u>
<i>Total capital assets being depreciated</i>	<u>91,190,253</u>	<u>(271,772)</u>	<u>-</u>	<u>-</u>	<u>90,918,481</u>
<i>Capital assets, net of depreciation</i>	<u>\$ 110,547,409</u>	<u>\$ 3,375,245</u>	<u>\$ (349,679)</u>	<u>\$ -</u>	<u>\$ 113,572,975</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 – CAPITAL AND INTANGIBLE ASSETS (Continued)

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

<i>Governmental activities:</i>	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
General government	\$ 541,922	\$ 197,866	\$ 739,788
Public safety	1,035,835	-	1,035,835
Highways & streets	9,924,018	-	9,924,018
Culture & recreation	972,884	159,856	1,132,740
Total depreciation/amortization expense - governmental activities	<u>\$ 12,474,659</u>	<u>\$ 357,722</u>	<u>\$ 12,832,381</u>
 <i>Business-type activities:</i>	 <u>Depreciation</u>	 <u>Amortization</u>	 <u>Total</u>
Water	\$ 3,782,858	\$ -	\$ 3,782,858
Stormwater	148,920	-	148,920
Total depreciation - expense business-type activities	<u>\$ 3,931,778</u>	<u>\$ -</u>	<u>\$ 3,931,778</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 \$29.7 million on the projects and had estimated remaining contractual commitments of \$50.6 million.

NOTE 7 – LOAN PAYABLE

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

<i>Business-type activities:</i>	<i>Interest Rate (Including Fees)</i>	<i>Remaining Maturities</i>	<i>Outstanding Principal June 30, 2023</i>	<i>Due Within One Year</i>
WIFA Loan, 2014	2.65%	7/1/23-29	\$ 2,087,126	\$ 325,496
<i>Total</i>			<u>\$ 2,087,126</u>	<u>\$ 325,496</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 – LOAN PAYABLE (Continued)

Principal and interest payments on the business-type activities loan payable at June 30, 2023 is summarized as follows:

Year ending June 30:	<u>Principal</u>	<u>Interest</u>
2024	\$ 325,496	\$ 51,034
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>\$ 2,087,126</u>	<u>\$ 170,277</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.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2023</u>	<u>Due Within One Year</u>
Governmental activities:					
Revenue bonds:					
Excise Tax Revenue Obligations, 2010	\$ 2,445,000	5.49-6.59%	7/1/23-28	\$ 790,000	\$ 150,000
Revenue Bonds, 2012	2,580,000	3.50-4.00%	7/1/23-28	1,030,000	190,000
Pension Obligation Bonds, 2021	17,975,000	0.27-2.70%	7/1/23-39	17,035,000	960,000
Parks and Recreation, 2021	21,120,000	4.00-5.00%	7/1/23-42	20,170,000	680,000
Private placement revenue bonds:					
Refunding Excise Tax Revenue Obligations, 2015	2,529,250	1.91%	7/1/23-26	891,770	292,790
Excise Tax Revenue Obligations, 2016	2,000,000	2.20%	7/1/23-32	1,408,000	143,000
Refunding Excise Tax Revenue Obligations, 2017	1,115,556	2.43%	7/1/23-27	528,600	127,452
Excise Tax Revenue Obligations, 2018	2,035,000	3.02%	7/1/23-34	1,604,000	125,000
<i>Total</i>				<u>\$ 43,457,370</u>	<u>\$ 2,668,242</u>

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2023</u>	<u>Due Within One Year</u>
Business-type activities:					
Private placement revenue bonds:					
Refunding Revenue Bonds, 2015	\$ 1,245,750	1.91%	7/1/23-25	\$ 439,230	\$ 144,210
Refunding Revenue Bonds, 2017	13,186,444	2.43%	7/1/23-27	6,248,394	1,506,548
Excise Tax Revenue Obligations, 2018	6,105,000	3.02%	7/1/23-34	4,812,004	375,000
Refunding Revenue Bonds, 2021	5,582,000	1.16-1.27%	7/1/23-30	4,732,000	1,021,000
<i>Total</i>				<u>\$ 16,231,628</u>	<u>\$ 3,046,758</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 8 – REVENUE BONDS PAYABLE (Continued)

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

Year ending June 30:	<i>Governmental Activities</i>			
	Revenue Bonds		Private Placement Revenue Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 1,980,000	\$ 1,258,121	\$ 688,242	\$ 101,489
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
2029-2033	9,975,000	4,033,682	1,431,000	114,448
2034-2038	11,710,000	2,285,949	168,500	2,544
2039-2042	6,910,000	481,321	-	-
<i>Total</i>	<u>\$ 39,025,000</u>	<u>\$ 12,478,780</u>	<u>\$ 4,432,370</u>	<u>\$ 476,483</u>

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

Year ending June 30:	<i>Business-type Activities</i>	
	Private Placement Revenue Bonds	
	Principal	Interest
2024	\$ 3,046,758	\$ 311,895
2025	2,836,026	248,084
2026	2,899,058	186,002
2027	2,812,282	125,317
2028	1,210,000	102,847
2029-2033	2,922,000	229,415
2034	505,504	-
<i>Total</i>	<u>\$ 16,231,628</u>	<u>\$ 1,203,560</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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 \$47.4 million as of June 30, 2023. 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 \$56.4 million. The current total sales tax revenues were \$30.2 million, and the total principal and interest paid on the bonds was \$4.3 million or approximately 14.2 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 \$16.2 million as of June 30, 2023. Proceeds from the original bond issuances, including those subsequently refunded, provided financing for the construction and improvements to the Town’s water systems and infrastructure. The bonds are paid solely from water utility revenues and are payable through 2034. Total annual principal and interest payments for all water revenue bond issuances are expected to require approximately 25 percent of gross revenues. The total principal and interest to be paid on the bonds is \$17.4 million. The current total customer gross revenues were \$19.5 million, and the total principal and interest paid on the bonds was \$4.6 million or 23 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, 2023
Copiers	07/01/2021	34 months	\$ 4,149	2.5%	\$ 136,063	\$ -
Copiers	09/30/2022	60 months	6,400	3.5%	349,652	295,826
Golf carts	03/01/2022	36-54 months	13,259	2.5%	637,971	494,154
Fitness equipment	01/15/2022	48 months	1,278	2.5%	58,319	37,129
Total lease agreements					<u>\$ 1,182,005</u>	<u>\$ 827,109</u>

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

Year Ending June 30	Principal	Interest
2024	\$ 229,867	\$ 21,375
2025	227,098	14,731
2026	206,903	8,432
2027	150,501	2,638
2028	12,740	60
Total	<u>\$ 827,109</u>	<u>\$ 47,236</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023
Sensus/Flexnet	07/01/2022	72 months	\$ 3,921	3.75%	\$ 245,267	\$ 208,776
Sprypoint	07/01/2022	48 months	7,750	3.75%	337,173	258,084
Total SBITA agreements					<u>\$ 582,440</u>	<u>\$ 466,860</u>

The following schedule details minimum subscription payments to maturity for the Town’s subscriptions liability at June 30, 2023:

June 30	Principal	Interest
2024	\$ 120,763	\$ 19,284
2025	126,015	14,032
2026	131,276	8,771
2027	43,518	3,529
2028	45,288	1,759
Total	<u>\$ 466,860</u>	<u>\$ 47,375</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, 2023.

Year ending June 30:	<i>Governmental Activities</i>	
	<i>Principal</i>	<i>Interest</i>
2024	\$ 19,531	\$ 3,146
2025	20,574	2,104
2026	21,671	1,006
2027	7,478	81
Total	<u>\$ 69,254</u>	<u>\$ 6,337</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES

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

	<i>Outstanding July 1, 2022</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2023</i>	<i>Due Within One Year</i>
<i>Governmental activities</i>					
Revenue bonds	\$ 41,250,000	\$ -	\$ (2,225,000)	\$ 39,025,000	\$ 1,980,000
Private placement revenue bonds	5,103,030	-	(670,660)	4,432,370	688,242
Premium	4,110,217	-	(205,511)	3,904,706	-
Total bonds payable	<u>50,463,247</u>	<u>-</u>	<u>(3,101,171)</u>	<u>47,362,076</u>	<u>2,668,242</u>
Leases payable	769,691	349,652	(292,234)	827,109	229,867
Financed purchases	-	81,722	(12,468)	69,254	19,531
Subscriptions liability	-	582,440	(115,580)	466,860	120,763
Net pension liability	33,916,561	-	(15,572,182)	18,344,379	-
Compensated absences payable	2,441,214	2,233,418	(2,233,790)	2,440,842	2,233,604
Governmental activities long-term liabilities	<u>\$ 87,590,713</u>	<u>\$ 3,247,232</u>	<u>\$ (21,327,425)</u>	<u>\$ 69,510,520</u>	<u>\$ 5,272,007</u>

	<i>Outstanding July 1, 2022</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2023</i>	<i>Due Within One Year</i>
<i>Business-type activities</i>					
Revenue bonds	\$ 1,815,000	\$ -	\$ (1,815,000)	\$ -	\$ -
Private placement revenue bonds	18,661,968	-	(2,430,340)	16,231,628	3,046,758
Total bonds payable	<u>20,476,968</u>	<u>-</u>	<u>(4,245,340)</u>	<u>16,231,628</u>	<u>3,046,758</u>
Loan payable	2,404,213	-	(317,087)	2,087,126	325,496
Net pension liability	3,352,317	816,173	-	4,168,490	-
Compensated absences payable	353,633	253,278	(244,784)	362,127	249,031
Business-type activities long-term liabilities	<u>\$ 26,587,131</u>	<u>\$ 1,069,451</u>	<u>\$ (4,807,211)</u>	<u>\$ 22,849,371</u>	<u>\$ 3,621,285</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 13 – TRANSFERS

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

Interfund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 15,996,977
Community Center Fund	-	6,795,852
General Government CIP	18,267,786	-
Grants and Contributions	448,012	1,850,636
Municipal Debt Service Fund	4,200,971	-
Non-Major Governmental Funds	-	121,500
Water Fund	1,848,196	-
	<u>\$ 24,764,965</u>	<u>\$ 24,764,965</u>

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

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>
2022-23	\$ 302,655	\$ 3,608,672	\$ 3,549,998	\$ 361,329
2021-22	328,352	2,384,594	2,410,291	302,655

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, the Town reported the following aggregate amounts related to pensions for all plans to which it contributes.

	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>
	<i>Activities</i>	<i>Activities</i>	<i>Total</i>
Net pension liability	\$ 18,344,379	\$ 4,168,490	\$ 22,512,869
Pension deferred outflows of resources	11,851,971	631,879	12,483,850
Pension deferred inflows of resources	1,053,059	133,851	1,186,910
Pension expense	4,182,831	391,630	4,574,461

The Town reported \$4.6 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. 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, 2023

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 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%
	*With actuarially reduced benefits	

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member’s death. For retired members, the 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, 2023, statute required active ASRS members to contribute at the actuarially determined rate of 12.17 percent (12.03 percent for retirement and 0.14 percent for long-term disability) of the members’ annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members’ annual covered payroll. The Town’s contributions for the year ended June 30, 2023, were as follows:

	<u>Contributions</u>
Pension	\$ 1,895,413

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 9.68 percent (9.62 for retirement and 0.06 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 16%, 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, 2023

NOTE 16 – PENSIONS (Continued)

Pension Liability. The net pension liability was measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022.

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, 2022. The Town’s proportions measured as of June 30, 2022, and the change from its proportions measured as of June 30, 2021, were:

	<u><i>Net (Asset)/ Liability</i></u>	<u><i>Town % Proportion</i></u>	<u><i>Increase (Decrease)</i></u>
Pension	\$ 19,916,374	0.122	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, 2023, the Town recognized pension expense as follows:

	<u><i>Expense</i></u>
Pension	\$ 1,895,331

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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>	<u>Pension</u>
Differences between expected and actual experience	\$ 169,699
Changes of assumptions or other inputs	988,488
Net difference between projected and actual earnings on pension investments	-
Changes in proportion and differences between contributions and proportionate share of contributions	118,497
Contributions subsequent to the measurement date	1,895,413
<i>Total</i>	<u>\$ 3,172,097</u>

<i>Deferred Inflows of Resources</i>	<u>Pension</u>
Differences between expected and actual experience	\$ -
Changes of assumptions or other inputs	-
Net difference between projected and actual earnings on pension investments	524,617
Changes in proportion and differences between contributions and proportionate share of contributions	147,325
<i>Total</i>	<u>\$ 671,942</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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Pension</u>
2024	\$ 858,429
2025	(182,503)
2026	(910,858)
2027	839,674
2028	-
Thereafter	-

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2021
Actuarial roll forward date	June 30, 2022
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, 2021 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>
Equity	50%	3.90%
Fixed income - credit	20%	5.30%
Interest rate sensitivity bonds	10%	-0.20%
Real estate	20%	6.00%
<i>Total</i>	<u>100%</u>	

NOTE 16 – PENSIONS (Continued)

Discount Rate. At June 30, 2022, 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	\$ 29,386,018	\$ 19,916,374	\$ 12,020,171

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

NOTE 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.

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, 2023

NOTE 16 – PENSIONS (Continued)

Retirement and disability	<u><i>Before January 1, 2012</i></u>	<u><i>On or after January 1, 2012 and before July 1, 2017</i></u>	<u><i>On or after July 1, 2017</i></u>
Years of service and age required to receive benefit	20-25 years of service, any age 15 years of service, age 62 10 years, age 62	25 years of service or 15 years of credited service, age 52.5 10 years, age 62	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	
Survivor benefit			
Retired members		80%-100% of retired member's pension benefit	
Active members		80%-100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

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

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

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 – PENSIONS (Continued)

Employees Covered by Benefit Terms. As of June 30, 2023, the following employees were covered by the agent plan’s benefit terms:

	<u>Police</u>	<u>CORP-Dispatchers</u>
Retirees & beneficiaries	52	6
Inactive, non-retired members	15	3
Active members	71	2
<i>Total</i>	<u>138</u>	<u>11</u>

Contributions. State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2023, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	<u>PSPRS - Police</u>	<u>CORP - Dispatchers</u>
Active members – pension	7.65% to 11.65%	7.96%
Town:		
Pension	43.47%	118.45%
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 30.38 percent for the PSPRS and 115.62 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, 2023

NOTE 16 – PENSIONS (Continued)

The contributions to the pension plans for the year ended June 30, 2023, were:

	<i>Contributions</i>	
	<u><i>PSPRS-Police</i></u>	<u><i>CORP-Dispatchers</i></u>
Pension	\$ 1,523,896	\$ 2,219,857

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, 2023, the Town reported the following liabilities.

	<i>Net Liability</i>	
	<u><i>PSPRS-Police</i></u>	<u><i>CORP-Dispatchers</i></u>
Pension	\$ 537,434	\$ 2,059,061

The net pension liability was measured as of June 30, 2022, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2022, reflects changes of actuarial assumptions, including decreasing the investment rate of return from 7.3 percent to 7.2 percent, changing the wage inflation from 3.5 percent to a range of 3.0-6.25 percent, and increasing the cost-of-living adjustment from 1.75 percent to 1.85 percent.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 – PENSIONS (Continued)

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

	<u>Pension</u>
Actuarial valuation date	June 30, 2022
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, 2022 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash - Mellon	1%	-0.35%
Core bonds	2%	0.45%
Other assets (Capital Appreciation)	7%	4.83%
Diversifying strategies	10%	2.68%
International public equity	16%	4.47%
Global private equity	20%	7.18%
Private credit	20%	5.10%
U.S. public equity	24%	3.49%
<i>Total</i>	<u>100%</u>	

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 – PENSIONS (Continued)

Changes in Net Liability

	Pension Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2022	\$ 70,792,554	\$ 51,161,889	\$ 19,630,665
Changes for the year:			
Service cost	1,373,511	-	1,373,511
Interest on the total liability	5,155,618	-	5,155,618
Differences between expected and actual experience in the measurement of the total liability	1,479,536	-	1,479,536
Changes of assumptions or other inputs	719,444	-	719,444
Contributions - employer	-	30,446,078	(30,446,078)
Contributions - employee	-	553,740	(553,740)
Net investment income	-	(3,122,413)	3,122,413
Benefit payments, including refunds of employee contributions	(3,082,329)	(3,082,329)	-
Administrative expense	-	(56,065)	56,065
Other	-	-	-
Net changes	5,645,780	24,739,011	(19,093,231)
Balances at June 30, 2023	\$ 76,438,334	\$ 75,900,900	\$ 537,434

	Pension Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2022	\$ 3,551,295	\$ 1,789,608	\$ 1,761,687
Changes for the year:			
Service cost	16,669	-	16,669
Interest on the total liability	253,314	-	253,314
Differences between expected and actual experience in the measurement of the total liability	42,782	-	42,782
Changes of assumptions or other inputs	52,917	-	52,917
Contributions - employer	-	123,193	(123,193)
Contributions - employee	-	12,377	(12,377)
Net investment income	-	(66,048)	66,048
Benefit payments, including refunds of employee contributions	(195,826)	(195,826)	-
Administrative expense	-	(1,214)	1,214
Other	-	-	-
Net changes	169,856	(127,518)	297,374
Balances at June 30, 2023	\$ 3,721,151	\$ 1,662,090	\$ 2,059,061

NOTE 16 – PENSIONS (Continued)

Discount Rate. At June 30, 2022, the discount rate used to measure the total pension liability was 7.2 percent, which was a decrease of .1 percent from the discount rate used as of June 30, 2021.

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 Discount Rate</i>	<i>1% Increase</i>
	<u>6.2%</u>	<u>7.2%</u>	<u>8.2%</u>
PSPRS-Police:			
Net Pension Liability	\$ 11,646,071	\$ 537,434	\$ (8,440,783)
CORP-Dispatchers:			
Net Pension Liability	\$ 2,521,353	\$ 2,059,061	\$ 1,678,219

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

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 – PENSIONS (Continued)

Expense. For the year ended June 30, 2023, the Town recognized the following as pension expense:

	<u><i>PSPRS-Police</i></u>	<u><i>CORP-Dispatchers</i></u>
Pension Expense	\$ 2,460,488	\$ 218,642

Deferred Outflows/Inflows of Resources. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
PSPRS-Police:		
Differences between expected and actual experience	\$ 1,752,776	\$ 514,967
Changes of assumptions or other inputs	1,273,242	-
Net difference between projected and actual earnings on plan investments	2,479,324	-
Contributions subsequent to the measurement date	1,523,896	-
<i>Total</i>	<u>\$ 7,029,238</u>	<u>\$ 514,967</u>
CORP-Dispatchers:		
Differences between expected and actual experience	\$ 21,391	\$ -
Changes of assumptions or other inputs	26,459	-
Net difference between projected and actual earnings on plan investments	14,810	-
Contributions subsequent to the measurement date	2,219,857	-
<i>Total</i>	<u>\$ 2,282,517</u>	<u>\$ -</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2024. 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>CORP-Dispatchers</i>
	<i>Pension</i>	<i>Pension</i>
2024	\$ 1,273,935	\$ 47,397
2025	1,129,125	(5,578)
2026	668,884	(18,048)
2027	1,918,431	38,889
2028	-	-
Thereafter	-	-

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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
REVENUES				
Sales taxes	\$ 24,505,959	\$ 24,505,959	\$ 26,449,853	\$ 1,943,894
Franchise taxes	765,000	765,000	763,311	(1,689)
Intergovernmental	19,673,693	19,673,693	21,480,681	1,806,988
Licenses, fees and permits	2,223,824	2,223,824	2,643,013	419,189
Fines, forfeitures and penalties	125,000	125,000	84,454	(40,546)
Charges for services	3,046,515	3,046,515	2,897,311	(149,204)
Donations	-	-	1,641,102	1,641,102
Investment income:				
Interest	150,000	150,000	297,228	147,228
Net increase in fair value of investments	-	-	75,150	75,150
Other	239,000	239,000	588,650	349,650
<i>Total Revenues</i>	<u>50,728,991</u>	<u>50,728,991</u>	<u>56,920,753</u>	<u>6,191,762</u>
EXPENDITURES				
General government:				
General administration	3,507,609	2,980,774	3,299,058	(318,284)
Town council	199,145	199,145	197,986	1,159
Town clerk	422,705	470,168	428,728	41,440
Town manager	1,160,173	1,393,915	1,354,289	39,626
Human resources	569,905	598,616	545,050	53,566
Finance	1,111,460	921,857	888,629	33,228
Innovation and technology	4,787,809	4,889,643	4,252,139	637,504
Legal services	1,015,753	1,015,753	1,030,534	(14,781)
Community and economic development	3,280,764	3,413,324	3,148,683	264,641
Town court	1,020,674	1,020,674	931,765	88,909
Public works	4,546,199	4,551,542	4,232,543	318,999
Public safety:				
Police	20,348,472	20,348,472	19,657,927	690,545
Transit:				
Transit	1,477,228	1,533,711	1,530,444	3,267
Culture and recreation:				
Parks and recreation	3,643,162	3,753,464	3,772,206	(18,742)
Debt service				
Principal	-	-	193,312	(193,312)
Interest	-	-	35,631	(35,631)
Total debt service	-	-	228,943	(228,943)
Capital outlay	982,425	982,425	2,965,799	(1,983,374)
Contingency	5,000,000	5,000,000	-	5,000,000
<i>Total Expenditures</i>	<u>53,073,483</u>	<u>53,073,483</u>	<u>48,464,723</u>	<u>4,608,760</u>
REVENUES OVER/(UNDER) EXPENDITURES	(2,344,492)	(2,344,492)	8,456,030	10,800,522
OTHER FINANCING SOURCES/(USES)				
Sale of assets	10,000	10,000	16,924	6,924
Lease agreements	-	-	349,652	349,652
Subscription-based information technology arrangements	-	-	582,440	582,440
Transfers out	(16,446,977)	(16,446,977)	(15,996,977)	450,000
<i>Total Other Financing Sources/(Uses)</i>	<u>(16,436,977)</u>	<u>(16,436,977)</u>	<u>(15,047,961)</u>	<u>1,389,016</u>
NET CHANGE IN FUND BALANCE	(18,781,469)	(18,781,469)	(6,591,931)	12,189,538
FUND BALANCE, Beginning of year	30,390,423	30,390,423	30,390,423	-
FUND BALANCE, End of year	\$ 11,608,954	\$ 11,608,954	\$ 23,798,492	\$ 12,189,538

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Sales taxes	\$ 3,477,236	\$ 3,477,236	\$ 3,713,654	\$ 236,418
Charges for services	4,868,049	4,868,049	6,265,647	1,397,598
Investment income:				
Interest	3,000	3,000	50,784	47,784
Net increase in fair value of investments	-	-	59,939	59,939
Other	159,050	159,050	178,552	19,502
<i>Total Revenues</i>	<u>8,507,335</u>	<u>8,507,335</u>	<u>10,268,576</u>	<u>1,761,241</u>
EXPENDITURES				
Current:				
Culture and recreation	6,419,192	6,419,192	6,772,295	(353,103)
Capital outlay	2,666,700	2,666,700	1,467,015	1,199,685
Debt service:				
Principal retirement	-	-	161,740	(161,740)
Interest and fiscal charges	-	-	16,914	(16,914)
Contingency	3,000,000	3,000,000	-	3,000,000
<i>Total Expenditures</i>	<u>12,085,892</u>	<u>12,085,892</u>	<u>8,417,964</u>	<u>3,667,928</u>
REVENUES OVER/(UNDER)				
EXPENDITURES	(3,578,557)	(3,578,557)	1,850,612	5,429,169
OTHER FINANCING SOURCES/(USES)				
Sale of assets	-	-	11,293	11,293
Financed purchase agreements	-	-	81,722	81,722
Transfers out	(4,085,380)	(4,085,380)	(6,795,852)	(2,710,472)
<i>Total other financing sources/(uses)</i>	<u>(4,085,380)</u>	<u>(4,085,380)</u>	<u>(6,702,837)</u>	<u>(2,617,457)</u>
NET CHANGE IN FUND BALANCE	(7,663,937)	(7,663,937)	(4,852,225)	2,811,712
FUND BALANCE, Beginning of year	<u>5,860,458</u>	<u>5,860,458</u>	<u>5,860,458</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ (1,803,479)</u>	<u>\$ (1,803,479)</u>	<u>\$ 1,008,233</u>	<u>\$ 2,811,712</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 8,721,047	\$ 8,721,047	\$ 3,714,934	\$ (5,006,113)
Investment income:				
Interest	50	50	53,863	53,813
Net increase in fair value of investments		-	(125,793)	(125,793)
Other	1,500,000	1,500,000	-	(1,500,000)
<i>Total Revenues</i>	<u>10,221,097</u>	<u>10,221,097</u>	<u>3,643,004</u>	<u>(6,578,093)</u>
EXPENDITURES				
Current:				
General Government	1,900,000	1,900,000	306,010	1,593,990
Public Safety	178,750	178,750	106,153	72,597
Transit	61,000	61,000	-	61,000
Culture and Recreation	40,000	40,000	-	40,000
Capital outlay	3,561,309	3,561,309	1,874,260	1,687,049
Contingency	100,000	100,000	-	100,000
<i>Total Expenditures</i>	<u>5,841,059</u>	<u>5,841,059</u>	<u>2,286,423</u>	<u>3,554,636</u>
REVENUES OVER/(UNDER)				
EXPENDITURES	4,380,038	4,380,038	1,356,581	(3,023,457)
OTHER FINANCING SOURCES/(USES)				
Transfers in	898,012	898,012	448,012	(450,000)
Transfers out	(5,378,000)	(5,378,000)	(1,850,636)	3,527,364
Total other financing sources/(uses)	<u>(4,479,988)</u>	<u>(4,479,988)</u>	<u>(1,402,624)</u>	<u>3,077,364</u>
NET CHANGE IN FUND BALANCE	(99,950)	(99,950)	(46,043)	53,907
FUND BALANCE, Beginning of year	<u>208,250</u>	<u>208,250</u>	<u>208,250</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 108,300</u>	<u>\$ 108,300</u>	<u>\$ 162,207</u>	<u>\$ 53,907</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 NINE FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Town's proportion of the net pension (assets) liability	0.12%	0.12%	0.12%	0.13%	0.13%
Town's proportionate share of the net pension (assets) liability	\$ 19,916,374	\$ 15,876,526	\$ 21,464,093	\$ 18,808,834	\$ 18,237,813
Town's covered payroll	\$ 14,545,595	\$ 13,511,313	\$ 13,793,013	\$ 13,630,224	\$ 13,018,275
Town's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	136.92%	117.51%	155.62%	137.99%	140.09%
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%	73.24%	73.40%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Town's proportion of the net pension (assets) liability	0.12%	0.12%	0.12%	0.11%	Unavailable
Town's proportionate share of the net pension (assets) liability	\$ 19,453,870	\$ 20,050,356	\$ 18,575,537	\$ 16,642,712	
Town's covered payroll	\$ 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	159.55%	169.09%	157.07%	150.11%	
Plan fiduciary net position as a percentage of the total pension liability	69.92%	67.06%	68.35%	69.49%	

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

See notes to required supplementary information

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total pension liability				
Service cost	\$ 1,373,511	\$ 1,359,359	\$ 1,418,920	\$ 1,552,240
Interest	5,155,618	4,928,984	4,573,136	4,264,774
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	1,479,536	(577,199)	1,073,763	(303,721)
Changes of assumptions or other inputs	719,444	-	-	1,627,934
Benefit payments, including refunds of employee contributions	(3,082,329)	(2,159,116)	(2,104,146)	(1,884,430)
Net change in total pension liability	<u>5,645,780</u>	<u>3,552,028</u>	<u>4,961,673</u>	<u>5,256,797</u>
Total pension liability—beginning	<u>70,792,554</u>	<u>67,240,526</u>	<u>62,278,853</u>	<u>57,022,056</u>
Total pension liability—ending	<u>\$ 76,438,334</u>	<u>\$ 70,792,554</u>	<u>\$ 67,240,526</u>	<u>\$ 62,278,853</u>
Plan fiduciary net position				
Contributions—employer	\$ 30,446,078	\$ 3,343,850	\$ 3,072,830	\$ 2,624,761
Contributions—employee	553,740	554,204	563,652	575,136
Net investment income	(3,122,413)	10,961,057	479,186	1,843,370
Benefit payments, including refunds of employee contributions	(3,082,329)	(2,159,116)	(2,104,146)	(1,884,430)
Administrative expense	(56,065)	(51,282)	(39,077)	(33,037)
Other	-	5,595	(52,206)	31,984
Net change in plan fiduciary net position	<u>24,739,011</u>	<u>12,654,308</u>	<u>1,920,239</u>	<u>3,157,784</u>
Plan fiduciary net position—beginning	<u>51,161,889</u>	<u>38,507,581</u>	<u>36,587,342</u>	<u>33,429,558</u>
Plan fiduciary net position—ending	<u>\$ 75,900,900</u>	<u>\$ 51,161,889</u>	<u>\$ 38,507,581</u>	<u>\$ 36,587,342</u>
Net pension (assets) liability—ending	<u>\$ 537,434</u>	<u>\$ 19,630,665</u>	<u>\$ 28,732,945</u>	<u>\$ 25,691,511</u>
Plan fiduciary net position as a percentage of the total pension liability	99.30%	72.27%	57.27%	58.75%
Covered payroll	\$ 7,265,499	\$ 6,181,716	\$ 6,672,512	\$ 6,942,593
Net pension (assets) liability as a percentage of covered payroll	7.40%	317.56%	430.62%	370.06%

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

See notes to required supplementary information

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
\$ 1,515,028	\$ 1,638,736	\$ 1,363,768	\$ 1,224,807	\$ 1,157,832	Unavailable
3,922,057	3,615,210	3,185,633	2,842,514	2,408,825	
-	435,327	3,164,555	-	444,387	
136,020	247,905	(548,533)	1,312,293	(356,776)	
-	747,786	1,902,904	-	3,014,125	
<u>(1,588,615)</u>	<u>(2,061,668)</u>	<u>(1,106,968)</u>	<u>(1,049,346)</u>	<u>(1,304,993)</u>	
3,984,490	4,623,296	7,961,359	4,330,268	5,363,400	
<u>53,037,566</u>	<u>48,414,270</u>	<u>40,452,911</u>	<u>36,122,643</u>	<u>30,759,243</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>	
\$ 1,278,293	\$ 1,811,735	\$ 1,505,274	\$ 1,669,125	\$ 1,211,218	
622,233	905,024	840,020	794,478	698,036	
2,159,685	3,228,386	154,181	874,562	2,774,126	
(1,588,615)	(2,061,668)	(1,106,968)	(1,049,346)	(1,304,993)	
(33,570)	(28,966)	(22,586)	(21,722)	(22,342)	
<u>107,852</u>	<u>19,066</u>	<u>38,225</u>	<u>93,803</u>	<u>(93,142)</u>	
2,545,878	3,873,577	1,408,146	2,360,900	3,262,903	
<u>30,883,680</u>	<u>27,010,103</u>	<u>25,601,957</u>	<u>23,241,057</u>	<u>19,978,154</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>\$ 23,592,498</u>	<u>\$ 22,153,886</u>	<u>\$ 21,404,167</u>	<u>\$ 14,850,954</u>	<u>\$ 12,881,586</u>	
58.63%	58.23%	55.79%	63.29%	64.34%	
\$ 7,209,721	\$ 7,199,177	\$ 7,355,092	\$ 7,004,292	\$ 6,021,786	
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 NINE FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total pension liability				
Service cost	\$ 16,669	\$ 22,257	\$ 22,224	\$ 30,922
Interest	253,314	242,038	233,081	215,182
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	42,782	75,279	18,688	124,217
Changes of assumptions or other inputs	52,917	-	-	61,495
Benefit payments, including refunds of employee contributions	(195,826)	(163,212)	(139,459)	(136,724)
Net change in total pension liability	169,856	176,362	134,534	295,092
Total pension liability—beginning	3,551,295	3,374,933	3,240,399	2,945,307
Total pension liability—ending	<u>\$ 3,721,151</u>	<u>\$ 3,551,295</u>	<u>\$ 3,374,933</u>	<u>\$ 3,240,399</u>
Plan fiduciary net position				
Contributions—employer	\$ 123,193	\$ 138,372	\$ 122,322	\$ 120,338
Contributions—employee	12,377	14,583	16,244	16,099
Net investment income	(66,048)	387,481	38,182	71,209
Benefit payments, including refunds of employee contributions	(195,826)	(163,212)	(139,459)	(136,724)
Administrative expense	(1,214)	(1,786)	(1,478)	(1,971)
Other	-	-	(264)	-
Net change in plan fiduciary net position	(127,518)	375,438	35,547	68,951
Plan fiduciary net position—beginning	1,789,608	1,414,170	1,378,623	1,309,672
Plan fiduciary net position—ending	<u>\$ 1,662,090</u>	<u>\$ 1,789,608</u>	<u>\$ 1,414,170</u>	<u>\$ 1,378,623</u>
Net pension (assets) liability—ending	<u>\$ 2,059,061</u>	<u>\$ 1,761,687</u>	<u>\$ 1,960,763</u>	<u>\$ 1,861,776</u>
Plan fiduciary net position as a percentage of the total pension liability	44.67%	50.39%	41.90%	42.54%
Covered payroll	\$ 158,877	\$ 180,822	\$ 210,542	\$ 202,262
Net pension (assets) liability as a percentage of covered payroll	1296.01%	974.27%	931.29%	920.48%

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

See notes to required supplementary information

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
\$ 34,542	\$ 32,541	\$ 32,257	\$ 52,754	\$ 53,985	Unavailable
223,773	185,568	182,053	174,403	154,443	
(175,686)	395,457	14,504	-	29,545	
(73,061)	(12,524)	(12,392)	14,554	(48,767)	
-	85,035	64,514	-	174,536	
<u>(141,910)</u>	<u>(132,788)</u>	<u>(119,180)</u>	<u>(148,851)</u>	<u>(68,874)</u>	
(132,342)	553,289	161,756	92,860	294,868	
<u>3,077,649</u>	<u>2,524,360</u>	<u>2,362,604</u>	<u>2,269,744</u>	<u>1,974,876</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>	
\$ 87,566	\$ 77,331	\$ 52,583	\$ 64,005	\$ 63,179	
15,976	18,502	18,982	30,272	32,699	
89,317	136,094	7,237	45,101	146,441	
(141,910)	(132,788)	(119,180)	(148,851)	(68,874)	
(2,051)	(1,591)	(1,423)	(1,490)	(1,151)	
<u>(24)</u>	<u>(8)</u>	<u>(8)</u>	<u>(926)</u>	<u>-</u>	
48,874	97,540	(41,809)	(11,889)	172,294	
<u>1,260,798</u>	<u>1,163,258</u>	<u>1,205,067</u>	<u>1,216,956</u>	<u>1,044,662</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>\$ 1,635,635</u>	<u>\$ 1,816,851</u>	<u>\$ 1,361,102</u>	<u>\$ 1,157,537</u>	<u>\$ 1,052,788</u>	
44.47%	40.97%	46.08%	51.01%	53.62%	
\$ 201,687	\$ 233,934	\$ 245,274	\$ 380,303	\$ 387,839	
810.98%	776.65%	554.93%	304.37%	271.45%	

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Arizona State Retirement System:				
Actuarially determined contribution	\$ 1,895,413	\$ 1,746,926	\$ 1,574,068	\$ 1,579,300
Contributions in relation to the actuarially determined contribution	<u>1,895,413</u>	<u>1,746,926</u>	<u>1,574,068</u>	<u>1,579,300</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	\$ 15,901,116	\$ 14,545,595	\$ 13,511,313	\$ 13,793,013
Contributions as a percentage of covered payroll	11.92%	12.01%	11.65%	11.45%
Public Safety Personnel Retirement System - Police:				
Actuarially determined contribution	\$ 1,523,896	\$ 3,165,578	\$ 2,572,830	\$ 2,552,903
Contributions in relation to the actuarially determined contribution	<u>1,523,896</u>	<u>30,216,213</u>	<u>3,072,830</u>	<u>3,052,903</u>
Contribution deficiency (excess)	<u>-</u>	<u>(27,050,635)</u>	<u>(500,000)</u>	<u>(500,000)</u>
Town's covered payroll	\$ 6,622,521	\$ 7,265,499	\$ 6,181,716	\$ 6,672,512
Contributions as a percentage of covered payroll	23.01%	43.57%	41.62%	38.26%
Public Safety Personnel Retirement System - Dispatchers				
Actuarially determined contribution	\$ 183,062	\$ 125,878	\$ 136,575	\$ 126,199
Contributions in relation to the actuarially determined contribution	<u>2,219,857</u>	<u>125,878</u>	<u>136,575</u>	<u>126,199</u>
Contribution deficiency (excess)	<u>(2,036,795)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	\$ 154,548	\$ 158,877	\$ 180,822	\$ 210,542
Contributions as a percentage of covered payroll	1436.36%	79.23%	75.53%	59.94%

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

See notes to required supplementary information

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,523,859	\$ 1,418,992	\$ 1,314,421	\$ 1,286,552	\$ 1,207,362	Unavailable
<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>	
\$ 13,630,224	\$ 13,018,275	\$ 12,193,145	\$ 11,857,622	\$ 11,826,486	
11.18%	10.90%	10.78%	10.85%	10.21%	
\$ 2,548,626	\$ 2,485,191	\$ 1,679,568	\$ 1,554,131	\$ 1,354,630	
<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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
\$ 6,942,593	\$ 7,209,721	\$ 7,199,177	\$ 7,355,092	\$ 7,004,292	
36.71%	34.47%	23.33%	21.13%	19.34%	
\$ 124,108	\$ 87,996	\$ 77,830	\$ 54,083	\$ 64,005	
<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>	
\$ 202,262	\$ 201,687	\$ 233,934	\$ 245,274	\$ 380,303	
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, 2023

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 803,142	\$ 3,426,151	\$ 4,229,293
Interest receivable	4,325	23,539	27,864
Intergovernmental receivable	397,487	317,076	714,563
Prepaid items	1,950	-	1,950
Total Assets	<u>\$ 1,206,904</u>	<u>\$ 3,766,766</u>	<u>\$ 4,973,670</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 97,779	\$ 721	\$ 98,500
Unearned revenue	-	15,900	15,900
Total Liabilities	<u>97,779</u>	<u>16,621</u>	<u>114,400</u>
 Fund balances:			
Nonspendable	1,950	-	1,950
Restricted	1,107,175	3,732,928	4,840,103
Committed	-	17,217	17,217
Total Fund Balances	<u>1,109,125</u>	<u>3,750,145</u>	<u>4,859,270</u>
Total Liabilities and Fund Balances	<u>\$ 1,206,904</u>	<u>\$ 3,766,766</u>	<u>\$ 4,973,670</u>

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, 2023

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
REVENUES			
Development impact fees	\$ -	\$ 419,210	\$ 419,210
Charges for Services	-	28,711	28,711
Intergovernmental	4,129,268	571,240	4,700,508
Licenses, fees and permits	27,567	-	27,567
Fines, forfeitures and penalties	46,176	-	46,176
Investment income:			
Interest	182,497	33,350	215,847
Net decrease in fair value of investments	(4,837)	54,304	49,467
Other	7,805	-	7,805
<i>Total Revenues</i>	<u>4,388,476</u>	<u>1,106,815</u>	<u>5,495,291</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	61,953	557	62,510
Highway and streets	2,070,069	52,950	2,123,019
Culture and recreation	-	1,948	1,948
Capital outlay	2,592,177	651,420	3,243,597
<i>Total Expenditures</i>	<u>4,724,199</u>	<u>706,875</u>	<u>5,431,074</u>
REVENUES OVER/(UNDER) EXPENDITURES	(335,723)	399,940	64,217
OTHER FINANCING SOURCES/(USES)			
Transfers in/(out)	-	(121,500)	(121,500)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(121,500)</u>	<u>(121,500)</u>
NET CHANGE IN FUND BALANCES	(335,723)	278,440	(57,283)
FUND BALANCES, Beginning of year	<u>1,444,848</u>	<u>3,471,705</u>	<u>4,916,553</u>
FUND BALANCES, End of year	<u>\$ 1,109,125</u>	<u>\$ 3,750,145</u>	<u>\$ 4,859,270</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, 2023

	<u>HURF</u>	<u>State Seizures and Forfeitures</u>	<u>Federal Seizures and Forfeitures</u>	<u>Totals</u>
<u>ASSETS</u>				
Cash and investments	\$ 579,084	\$ 151,605	\$ 72,453	\$ 803,142
Interest receivable	4,325	-	-	4,325
Intergovernmental receivable	391,353	-	6,134	397,487
Prepaid items	1,950	-	-	1,950
Total Assets	\$ 976,712	\$ 151,605	\$ 78,587	\$ 1,206,904
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 97,779	\$ -	\$ -	\$ 97,779
Total Liabilities	97,779	-	-	97,779
Fund balances:				
Nonspendable	1,950	-	-	1,950
Restricted	876,983	151,605	78,587	1,107,175
Total Fund Balances	878,933	151,605	78,587	1,109,125
Total Liabilities and Fund Balances	\$ 976,712	\$ 151,605	\$ 78,587	\$ 1,206,904

TOWN OF ORO VALLEY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2023

	<u>HURF</u>	<u>State Seizures and Forfeitures</u>	<u>Federal Seizures and Forfeitures</u>	<u>Totals</u>
REVENUES				
Intergovernmental	\$ 4,129,268	\$ -	\$ -	\$ 4,129,268
Licenses, fees and permits	27,567	-	-	27,567
Fines, forfeitures and penalties	-	43,888	2,288	46,176
Investment income:				
Interest	174,391	4,535	3,571	182,497
Net decrease in fair value of investments	(4,837)	-	-	(4,837)
Other	7,805	-	-	7,805
<i>Total Revenues</i>	<u>4,334,194</u>	<u>48,423</u>	<u>5,859</u>	<u>4,388,476</u>
EXPENDITURES				
Current:				
Public safety	-	40,925	21,028	61,953
Highway and streets	2,070,069	-	-	2,070,069
Capital outlay	2,592,177	-	-	2,592,177
<i>Total Expenditures</i>	<u>4,662,246</u>	<u>40,925</u>	<u>21,028</u>	<u>4,724,199</u>
NET CHANGE IN FUND BALANCES	(328,052)	7,498	(15,169)	(335,723)
FUND BALANCES, Beginning of year	<u>1,206,985</u>	<u>144,107</u>	<u>93,756</u>	<u>1,444,848</u>
FUND BALANCES, End of year	<u>\$ 878,933</u>	<u>\$ 151,605</u>	<u>\$ 78,587</u>	<u>\$ 1,109,125</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, 2023

	<i>HURF</i>		
	Budget	Actual	Variance with Budget
REVENUES			
Intergovernmental	\$ 4,127,100	\$ 4,129,268	\$ 2,168
Licenses, fees and permits	25,000	27,567	2,567
Fines, forfeitures and penalties	-	-	-
Investment income:			
Interest	8,000	174,391	166,391
Net decrease in fair value of investments	-	(4,837)	(4,837)
Other	3,000	7,805	4,805
<i>Total Revenues</i>	<u>4,163,100</u>	<u>4,334,194</u>	<u>171,094</u>
EXPENDITURES			
Current:			
Public safety	-	-	-
Highway and streets	2,026,189	2,070,069	(43,880)
Capital outlay	2,626,000	2,592,177	33,823
Contingency	200,000	-	200,000
<i>Total Expenditures</i>	<u>4,852,189</u>	<u>4,662,246</u>	<u>189,943</u>
REVENUES OVER/ (UNDER) EXPENDITURES	<u>(689,089)</u>	<u>(328,052)</u>	<u>361,037</u>
NET CHANGE IN FUND BALANCE	<u>(689,089)</u>	<u>(328,052)</u>	<u>361,037</u>
FUND BALANCE, Beginning of year	<u>1,206,985</u>	<u>1,206,985</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 517,896</u>	<u>\$ 878,933</u>	<u>\$ 361,037</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, 2023

<i>State Seizures and Forfeitures</i>			<i>Federal Seizures and Forfeitures</i>		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
85,000	43,888	(41,112)	15,000	2,288	(12,712)
2,000	4,535	2,535	-	3,571	3,571
-	-	-	-	-	-
-	-	-	-	-	-
<u>87,000</u>	<u>48,423</u>	<u>(38,577)</u>	<u>15,000</u>	<u>5,859</u>	<u>(9,141)</u>
100,000	40,925	59,075	-	21,028	(21,028)
-	-	-	-	-	-
-	-	-	-	-	-
50,000	-	50,000	50,000	-	50,000
<u>150,000</u>	<u>40,925</u>	<u>109,075</u>	<u>50,000</u>	<u>21,028</u>	<u>28,972</u>
<u>(63,000)</u>	<u>7,498</u>	<u>70,498</u>	<u>(35,000)</u>	<u>(15,169)</u>	<u>19,831</u>
<u>(63,000)</u>	<u>7,498</u>	<u>70,498</u>	<u>(35,000)</u>	<u>(15,169)</u>	<u>19,831</u>
<u>144,107</u>	<u>144,107</u>	<u>-</u>	<u>93,756</u>	<u>93,756</u>	<u>-</u>
<u>\$ 81,107</u>	<u>\$ 151,605</u>	<u>\$ 70,498</u>	<u>\$ 58,756</u>	<u>\$ 78,587</u>	<u>\$ 19,831</u>

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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, 2023**

	<i>Totals</i>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Intergovernmental	\$ 4,127,100	\$ 4,129,268	\$ 2,168
Licenses, fees and permits	25,000	27,567	2,567
Fines, forfeitures and penalties	100,000	46,176	(53,824)
Investment income:			
Interest	10,000	182,497	172,497
Net decrease in fair value of investments	-	(4,837)	(4,837)
Other	3,000	7,805	4,805
<i>Total Revenues</i>	<u>4,265,100</u>	<u>4,388,476</u>	<u>123,376</u>
EXPENDITURES			
Current:			
Public safety	100,000	61,953	38,047
Highway and streets	2,026,189	2,070,069	(43,880)
Capital outlay	2,626,000	2,592,177	33,823
Contingency	300,000	-	300,000
<i>Total Expenditures</i>	<u>5,052,189</u>	<u>4,724,199</u>	<u>327,990</u>
REVENUES OVER/ (UNDER) EXPENDITURES	<u>(787,089)</u>	<u>(335,723)</u>	<u>451,366</u>
NET CHANGE IN FUND BALANCE	<u>(787,089)</u>	<u>(335,723)</u>	<u>451,366</u>
FUND BALANCE, Beginning of year	<u>1,444,848</u>	<u>1,444,848</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 657,759</u>	<u>\$ 1,109,125</u>	<u>\$ 451,366</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, 2023

	<i>Townwide Roadway Development Impact Fees</i>	<i>General Impact Fees</i>	<i>Townwide Facilities Projects</i>	<i>PAG/RTA</i>	<i>Totals</i>
<u>ASSETS</u>					
Cash and investments	\$ 2,185,530	\$ 733,042	\$ 17,140	\$ 490,439	\$ 3,426,151
Interest receivable	19,374	3,596	77	492	23,539
Intergovernmental receivable	-	-	-	317,076	317,076
Total Assets	\$ 2,204,904	\$ 736,638	\$ 17,217	\$ 808,007	\$ 3,766,766
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 451	\$ 270	\$ -	\$ -	\$ 721
Unearned revenue	15,900	-	-	-	15,900
Total Liabilities	16,351	270	-	-	16,621
Fund balances:					
Restricted	2,188,553	736,368	-	808,007	3,732,928
Committed	-	-	17,217	-	17,217
Total Fund Balances	2,188,553	736,368	17,217	808,007	3,750,145
Total Liabilities and Fund Balances	\$ 2,204,904	\$ 736,638	\$ 17,217	\$ 808,007	\$ 3,766,766

TOWN OF ORO VALLEY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NON-MAJOR CAPITAL PROJECT FUNDS
YEAR ENDED JUNE 30, 2023

	<i>Townwide Roadway Development Impact Fees</i>	<i>General Impact Fees</i>	<i>Townwide Facilities Projects</i>	<i>PAG/RTA</i>	<i>Totals</i>
REVENUES					
Development impact fees	\$ 224,337	\$ 194,873	\$ -	\$ -	\$ 419,210
Charges for services	-	-	-	28,711	28,711
Intergovernmental	-	-	-	571,240	571,240
Investment income:					
Interest	19,946	5,824	91	7,489	33,350
Net increase in fair value of investments	8,757	17,642	509	27,396	54,304
<i>Total Revenues</i>	<u>253,040</u>	<u>218,339</u>	<u>600</u>	<u>634,836</u>	<u>1,106,815</u>
EXPENDITURES					
Current:					
Public safety	-	557	-	-	557
Highway and streets	4,175	-	-	48,775	52,950
Culture and recreation	-	1,948	-	-	1,948
Capital outlay	-	-	-	651,420	651,420
<i>Total Expenditures</i>	<u>4,175</u>	<u>2,505</u>	<u>-</u>	<u>700,195</u>	<u>706,875</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>248,865</u>	<u>215,834</u>	<u>600</u>	<u>(65,359)</u>	<u>399,940</u>
OTHER FINANCING USES					
Transfers out	-	(121,500)	-	-	(121,500)
NET CHANGE IN FUND BALANCES	248,865	94,334	600	(65,359)	278,440
FUND BALANCES, Beginning of year	<u>1,939,688</u>	<u>642,034</u>	<u>16,617</u>	<u>873,366</u>	<u>3,471,705</u>
FUND BALANCES, End of year	<u>\$ 2,188,553</u>	<u>\$ 736,368</u>	<u>\$ 17,217</u>	<u>\$ 808,007</u>	<u>\$ 3,750,145</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, 2023

	<i>Townwide Roadway Development Impact Fees</i>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Development impact fees	\$ 388,300	\$ 224,337	\$ (163,963)
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment income:			
Interest	4,000	19,946	15,946
Net increase in fair value of investments	-	8,757	8,757
Other	-	-	-
<i>Total Revenues</i>	<u>392,300</u>	<u>253,040</u>	<u>(139,260)</u>
EXPENDITURES			
Current:			
Public safety	-	-	-
Highway and streets	15,000	4,175	10,825
Culture and recreation	-	-	-
Capital outlay	750,000	-	750,000
Contingency	250,000	-	250,000
<i>Total Expenditures</i>	<u>1,015,000</u>	<u>4,175</u>	<u>1,010,825</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(622,700)</u>	<u>248,865</u>	<u>871,565</u>
OTHER FINANCING SOURCES (USES)			
Sale of general capital assets	-	-	-
Insurance recoveries	-	-	-
Transfers in (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(622,700)	248,865	871,565
FUND BALANCE, Beginning of year	<u>1,939,688</u>	<u>1,939,688</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 1,316,988</u>	<u>\$ 2,188,553</u>	<u>\$ 871,565</u>

<i>General Impact Fees</i>			<i>Townwide Facilities Projects</i>		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
\$ 223,220	\$ 194,873	\$ (28,347)	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
3,500	5,824	2,324	-	91	91
-	17,642	17,642	-	509	509
-	-	-	-	-	-
<u>226,720</u>	<u>218,339</u>	<u>(8,381)</u>	<u>-</u>	<u>600</u>	<u>600</u>
2,000	557	1,443	-	-	-
-	-	-	-	-	-
7,000	1,948	5,052	-	-	-
-	-	-	-	-	-
211,520	-	211,520	16,560	-	16,560
<u>220,520</u>	<u>2,505</u>	<u>218,015</u>	<u>16,560</u>	<u>-</u>	<u>16,560</u>
6,200	215,834	209,634	(16,560)	600	17,160
-	-	-	-	-	-
-	-	-	-	-	-
(121,500)	(121,500)	-	-	-	-
<u>(121,500)</u>	<u>(121,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(115,300)	94,334	209,634	(16,560)	600	17,160
642,034	642,034	-	16,617	16,617	-
<u>\$ 526,734</u>	<u>\$ 736,368</u>	<u>\$ 209,634</u>	<u>\$ 57</u>	<u>\$ 17,217</u>	<u>\$ 17,160</u>

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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, 2023

	<i>General Government CIP</i>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Development impact fees	\$ -	\$ -	\$ -
Intergovernmental	420,000	-	(420,000)
Charges for services	-	-	-
Investment income:			
Interest	25,000	467,728	442,728
Net increase in fair value of investments	-	62,610	62,610
Other	820,010	822,494	2,484
<i>Total Revenues</i>	<u>1,265,010</u>	<u>1,352,832</u>	<u>87,822</u>
EXPENDITURES			
Current:			
Public safety	-	2,671	(2,671)
Highway and streets	-	-	-
Culture and recreation	261,962	242,158	19,804
Capital outlay	28,882,446	18,942,864	9,939,582
Contingency	4,791,167	-	4,791,167
<i>Total Expenditures</i>	<u>33,935,575</u>	<u>19,187,693</u>	<u>14,747,882</u>
REVENUES OVER (UNDER)			
EXPENDITURES	<u>(32,670,565)</u>	<u>(17,834,861)</u>	<u>14,835,704</u>
OTHER FINANCING SOURCES (USES)			
Sale of general capital assets	170,000	113,204	(56,796)
Insurance recoveries	30,000	51,229	21,229
Transfers in (out)	15,557,314	18,267,786	2,710,472
Total other financing sources (uses)	<u>15,757,314</u>	<u>18,432,219</u>	<u>2,674,905</u>
NET CHANGE IN FUND BALANCE	(16,913,251)	597,358	17,510,609
FUND BALANCE, Beginning of year	<u>23,952,930</u>	<u>23,952,930</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 7,039,679</u>	<u>\$ 24,550,288</u>	<u>\$ 17,510,609</u>

<i>PAG/RTA</i>			<i>Totals</i>		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
\$ -	\$ -	\$ -	\$ 611,520	\$ 419,210	\$ (192,310)
796,574	571,240	(225,334)	1,216,574	571,240	(645,334)
28,125	28,711	586	28,125	28,711	586
-	7,489	7,489	32,500	501,078	468,578
-	27,396	27,396	-	116,914	116,914
-	-	-	820,010	822,494	2,484
<u>824,699</u>	<u>634,836</u>	<u>(189,863)</u>	<u>2,708,729</u>	<u>2,459,647</u>	<u>(249,082)</u>
-	-	-	2,000	3,228	(1,228)
200,000	48,775	151,225	215,000	52,950	162,050
-	-	-	268,962	244,106	24,856
1,108,574	651,420	457,154	30,741,020	19,594,284	11,146,736
-	-	-	5,269,247	-	5,269,247
<u>1,308,574</u>	<u>700,195</u>	<u>608,379</u>	<u>36,496,229</u>	<u>19,894,568</u>	<u>16,601,661</u>
<u>(483,875)</u>	<u>(65,359)</u>	<u>418,516</u>	<u>(33,787,500)</u>	<u>(17,434,921)</u>	<u>16,352,579</u>
-	-	-	170,000	113,204	(56,796)
-	-	-	30,000	51,229	21,229
-	-	-	15,435,814	18,146,286	2,710,472
-	-	-	15,635,814	18,310,719	2,674,905
(483,875)	(65,359)	418,516	(18,151,686)	875,798	19,027,484
<u>873,366</u>	<u>873,366</u>	<u>-</u>	<u>27,424,635</u>	<u>27,424,635</u>	<u>-</u>
<u>\$ 389,491</u>	<u>\$ 808,007</u>	<u>\$ 418,516</u>	<u>\$ 9,272,949</u>	<u>\$ 28,300,433</u>	<u>\$ 19,027,484</u>

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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, 2023

	<i>Municipal Debt Service</i>		
	Budget	Actual	Variance with Budget
REVENUES			
Intergovernmental	\$ 30,088	\$ 13,976	\$ (16,112)
Investment income:			
Interest	500	141,360	140,860
Other	100,000	93,082	(6,918)
<i>Total Revenues</i>	<u>130,588</u>	<u>248,418</u>	<u>117,830</u>
EXPENDITURES			
Debt service:			
Principal retirement	2,895,660	2,895,660	-
Interest and fiscal charges	1,445,399	1,444,147	1,252
Contingency	100,000	-	100,000
<i>Total Expenditures</i>	<u>4,441,059</u>	<u>4,339,807</u>	<u>101,252</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,310,471)</u>	<u>(4,091,389)</u>	<u>219,082</u>
OTHER FINANCING SOURCES			
Transfers in	4,200,971	4,200,971	-
Total other financing sources	<u>4,200,971</u>	<u>4,200,971</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(109,500)	109,582	219,082
FUND BALANCE, Beginning of year	<u>164,136</u>	<u>164,136</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 54,636</u>	<u>\$ 273,718</u>	<u>\$ 219,082</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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Governmental Activities:					
Net investment in capital assets	\$ 181,274,918	\$ 179,219,389	\$ 184,355,212	\$ 152,604,355	\$ 141,506,384
Restricted	15,579,039	21,752,087	5,392,323	6,601,283	5,752,355
Unrestricted	13,237,690	1,104,482	335,300	(11,756,943)	(10,619,492)
<i>Total governmental activities net position</i>	<u>\$ 210,091,647</u>	<u>\$ 202,075,958</u>	<u>\$ 190,082,835</u>	<u>\$ 147,448,695</u>	<u>\$ 136,639,247</u>
Business-type Activities:					
Net investment in capital assets	\$ 95,456,678	\$ 87,969,917	\$ 84,049,866	\$ 76,933,346	\$ 73,170,068
Unrestricted	26,210,775	27,109,858	27,721,215	25,077,357	23,499,030
<i>Total business-type activities net position</i>	<u>\$ 121,667,453</u>	<u>\$ 115,079,775</u>	<u>\$ 111,771,081</u>	<u>\$ 102,010,703</u>	<u>\$ 96,669,098</u>
Primary Government:					
Net investment in capital assets	\$ 276,731,596	\$ 267,189,306	\$ 268,405,078	\$ 229,537,701	\$ 214,676,452
Restricted	15,579,039	21,752,087	5,392,323	6,601,283	5,752,355
Unrestricted	39,448,465	28,214,340	28,056,515	13,320,414	12,879,538
<i>Total primary government net position</i>	<u>\$ 331,759,100</u>	<u>\$ 317,155,733</u>	<u>\$ 301,853,916</u>	<u>\$ 249,459,398</u>	<u>\$ 233,308,345</u>
Governmental Activities:					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net investment in capital assets	\$ 137,311,856	\$ 133,414,691	\$ 132,419,826	\$ 133,800,218	\$ 133,714,821
Restricted	4,424,244	6,006,584	4,653,905	3,599,966	4,555,138
Unrestricted	(11,583,669)	(15,397,688)	(10,883,206)	(9,493,907)	18,430,146
<i>Total governmental activities net position</i>	<u>\$ 130,152,431</u>	<u>\$ 124,023,587</u>	<u>\$ 126,190,525</u>	<u>\$ 127,906,277</u>	<u>\$ 156,700,105</u>
Business-type Activities:					
Net investment in capital assets	\$ 69,036,006	\$ 66,755,370	\$ 61,261,271	\$ 54,858,448	\$ 52,775,561
Unrestricted	21,397,377	18,721,247	19,504,748	20,092,694	21,541,202
<i>Total business-type activities net position</i>	<u>\$ 90,433,383</u>	<u>\$ 85,476,617</u>	<u>\$ 80,766,019</u>	<u>\$ 74,951,142</u>	<u>\$ 74,316,763</u>
Primary Government:					
Net investment in capital assets	\$ 206,347,862	\$ 200,170,061	\$ 193,681,097	\$ 188,658,666	\$ 186,490,382
Restricted	4,424,244	6,006,584	4,653,905	3,599,966	4,555,138
Unrestricted	9,813,708	3,323,559	8,621,542	10,598,787	39,971,348
<i>Total primary government net position</i>	<u>\$ 220,585,814</u>	<u>\$ 209,500,204</u>	<u>\$ 206,956,544</u>	<u>\$ 202,857,419</u>	<u>\$ 231,016,868</u>

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities:										
General government	\$ 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	\$ 10,990,007
Public safety	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	13,814,914
Highways and streets	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	8,754,110
Transit	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	1,275,093
Culture and recreation	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	3,399,623
Interest on long-term debt	1,406,761	1,149,019	290,251	362,651	355,545	350,404	511,502	494,732	439,027	656,260
Total governmental activities expenses	67,929,364	59,025,489	60,181,892	57,849,268	55,657,447	49,796,129	56,048,572	48,724,893	43,937,173	38,890,007
Business-type activities:										
Water	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	13,572,677
Stormwater	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	749,038
Total business-type activities expenses	18,848,564	17,484,894	17,525,524	17,398,411	16,381,163	16,759,186	15,868,912	15,323,972	14,463,441	14,321,715
Total primary government expenses	\$ 86,777,928	\$ 76,510,383	\$ 77,707,416	\$ 75,247,679	\$ 72,038,610	\$ 66,555,315	\$ 71,917,484	\$ 64,048,865	\$ 58,400,614	\$ 53,211,722
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 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	\$ 3,978,117
Public safety	245,285	341,334	340,430	157,312	173,488	128,651	138,075	168,808	29,097	35,976
Highways and streets	287,013	378,585	739,936	1,675,929	754,388	1,039,542	1,052,167	764,397	496,098	546,066
Transit	-	-	463	110,309	138,125	119,536	100,052	88,684	72,783	71,078
Culture and recreation	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	435,354
Operating grants and contributions	4,533,920	4,040,118	8,171,190	3,621,830	4,669,814	4,949,928	4,664,197	5,503,530	5,070,396	4,706,844
Capital grants and contributions	9,258,047	8,493,664	25,566,365	16,338,347	8,302,441	5,529,831	6,749,407	3,602,656	2,456,727	2,919,641
Total governmental activities program revenues	26,894,742	25,807,222	46,359,527	31,500,378	23,972,406	21,948,688	22,216,978	18,598,695	12,750,194	12,693,076
Business-type activities:										
Charges for services										
Water	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	19,286,794
Stormwater	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	759,428
Operating grants and contributions	-	-	-	-	-	-	-	35,000.00	-	-
Capital grants and contributions	3,964,061	1,612,125	7,603,672	169,194	2,899,213	870,920	1,097,285	3,334,372	1,979,037	179,675
Total business-type activities program revenues	23,140,649	21,440,952	27,275,110	21,831,568	21,844,617	21,712,883	20,570,457	20,937,210	18,839,312	20,225,897
Total primary government program revenues	\$ 50,035,391	\$ 47,248,174	\$ 73,634,637	\$ 53,331,946	\$ 45,817,023	\$ 43,661,571	\$ 42,787,435	\$ 39,535,905	\$ 31,589,506	\$ 32,918,973
Net (expense)/revenue:										
Governmental activities	\$ (41,034,622)	\$ (33,218,267)	\$ (13,822,365)	\$ (26,348,890)	\$ (31,685,041)	\$ (27,847,441)	\$ (33,831,594)	\$ (30,126,198)	\$ (31,186,979)	\$ (26,196,931)
Business-type activities	4,292,085	3,956,058	9,749,586	4,433,157	5,463,454	4,953,697	4,701,545	5,613,238	4,375,871	5,904,182
Total primary government net expense	\$ (36,742,537)	\$ (29,262,209)	\$ (4,072,779)	\$ (21,915,733)	\$ (26,221,587)	\$ (22,893,744)	\$ (29,130,049)	\$ (24,512,960)	\$ (26,811,108)	\$ (20,292,749)

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes:										
Sales	\$ 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	\$ 15,286,001
Franchise	763,311	756,388	722,700	662,048	635,494	656,664	647,830	621,546	582,064	571,731
Unrestricted state revenue sharing	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	9,636,906
Investment earnings	1,389,962	(1,181,160)	136,789	1,098,267	1,132,215	74,542	68,435	238,210	216,175	255,702
Miscellaneous	-	150,100	-	-	-	-	-	-	-	-
Transfers	(1,848,196)	(198,665)	2,522	2,472	2,581	2,847	2,942	3,030	3,119	3,178
Total governmental activities	49,050,311	45,192,390	39,354,140	37,158,338	36,574,640	33,976,285	31,664,656	28,410,446	27,346,981	25,753,518
Business-type activities:										
Investment earnings	436,397	(861,433)	59	910,920	774,842	5,916	11,995	204,669	124,887	111,816
Miscellaneous	11,000	15,404	13,255	-	-	-	-	-	-	-
Transfers	1,848,196	198,665	(2,522)	(2,472)	(2,581)	(2,847)	(2,942)	(3,030)	(3,119)	(3,178)
Total business-type activities	2,295,593	(647,364)	10,792	908,448	772,261	3,069	9,053	201,639	121,768	108,638
Total primary government	\$ 51,345,904	\$ 44,545,026	\$ 39,364,932	\$ 38,066,786	\$ 37,346,901	\$ 33,979,354	\$ 31,673,709	\$ 28,612,085	\$ 27,468,749	\$ 25,862,156
Change in Net Position										
Governmental activities	8,015,689	11,974,123	25,531,775	10,809,448	4,889,599	6,128,844	(2,166,938)	(1,715,752)	(3,839,998)	(443,413)
Business-type activities	6,587,678	3,308,694	9,760,378	5,341,605	6,235,715	4,956,766	4,710,598	5,814,877	4,497,639	6,012,820
Total primary government	\$ 14,603,367	\$ 15,282,817	\$ 35,292,153	\$ 16,151,053	\$ 11,125,314	\$ 11,085,610	\$ 2,543,660	\$ 4,099,125	\$ 657,641	\$ 5,569,407

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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>General fund</i>					
Nonspendable	\$ 360,848	\$ 1,279,770	\$ 204,193	\$ 45,553	\$ 129,504
Committed	12,116,181	12,813,742	9,883,194	10,485,304	13,608,565
Assigned	-	-	-	-	2,584,994
Unassigned	11,321,463	16,296,912	22,321,155	10,368,691	3,248,602
<i>Total general fund</i>	\$ 23,798,492	\$ 30,390,424	\$ 32,408,542	\$ 20,899,548	\$ 19,571,665
<i>All other governmental funds</i>					
Nonspendable	\$ 512,728	\$ 308,947	\$ 157,497	\$ 73,201	\$ 105,403
Restricted	17,289,074	29,043,570	5,392,323	5,471,396	5,752,355
Committed	841,463	5,749,810	2,602,097	805,717	406,247
Assigned	12,210,451	-	2,438,272	2,410,736	3,611,045
Unassigned	-	-	-	-	-
<i>Total all other governmental funds</i>	\$ 30,853,716	\$ 35,102,327	\$ 10,590,189	\$ 8,761,050	\$ 9,875,050
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>General fund</i>					
Nonspendable	\$ 141,676	\$ 130,030	\$ 97,269	\$ 31,278	\$ -
Committed	-	-	-	-	-
Assigned	1,441,862	1,441,862	1,441,862	1,553,999	1,608,035
Unassigned	14,384,104	11,831,322	8,985,422	8,566,598	9,925,988
<i>Total general fund</i>	\$ 15,967,642	\$ 13,403,214	\$ 10,524,553	\$ 10,151,875	\$ 11,534,023
<i>All other governmental funds</i>					
Nonspendable	\$ 130,202	\$ 132,538	\$ 127,600	\$ 149,348	\$ -
Restricted	4,424,244	6,006,584	4,031,923	3,599,966	4,555,138
Committed	1,594,293	1,829,232	2,617,856	4,637,773	5,343,506
Assigned	2,209,618	1,716,361	1,340,991	1,421,593	1,500,000
Unassigned	(201,765)	(237,769)	(29,198)	-	-
<i>Total all other governmental funds</i>	\$ 8,156,592	\$ 9,446,946	\$ 8,089,172	\$ 9,808,680	\$ 11,398,644

Source: Town of Oro Valley Finance Department

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues										
Taxes	\$ 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	\$ 15,857,732
Intergovernmental	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	16,732,631
Fines, forfeitures, & penalties	130,630	233,228	233,331	183,381	247,283	529,687	558,692	283,470	221,571	673,336
Licenses, fees, & permits	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	2,116,700
Charges for services	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	1,850,181
Contributions & donations	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	1,462,307
Development impact fees	419,210	605,406	1,256,426	980,302	1,039,763	1,346,402	1,348,528	795,471	439,637	569,338
Investment income	1,348,183	(1,091,168)	132,373	1,098,267	1,132,215	74,542	68,435	238,210	216,175	255,702
Other revenues	1,690,583	691,442	1,024,290	965,588	841,111	576,970	572,886	504,796	141,618	305,489
Total revenues	\$ 77,928,874	\$ 71,136,493	\$ 69,904,252	\$ 67,526,356	\$ 60,964,861	\$ 56,072,125	\$ 54,023,792	\$ 47,141,111	\$ 40,224,056	\$ 39,823,416
Expenditures										
General government	\$ 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	\$ 10,610,673
Public safety	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	13,539,322
Highways & streets	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	3,710,577
Transit	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	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	2,445,131
Capital outlay	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	5,495,185
Debt service										
Principal	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	1,867,901
Interest	1,496,692	557,218	290,251	365,454	327,421	356,661	314,914	336,510	436,010	472,268
Issuance cost on bonds	-	728,808	-	-	35,000	-	67,959	104,533	-	-
Total expenditures	\$ 88,127,684	\$ 91,957,786	\$ 56,568,641	\$ 67,314,945	\$ 60,486,449	\$ 54,500,898	\$ 51,434,408	\$ 49,540,314	\$ 43,199,287	\$ 38,141,057
Excess of revenues over/ (under) expenditures	\$ (10,198,810)	\$ (20,821,293)	\$ 13,335,611	\$ 211,411	\$ 478,412	\$ 1,571,227	\$ 2,589,384	\$ (2,399,203)	\$ (2,975,231)	\$ 1,682,359
Other financing sources/(uses)										
Proceeds from lease agreements	349,652	-	-	-	-	-	-	1,043,214	-	212,895
Proceeds from financed purchase agreements	81,722	-	-	-	-	-	-	-	-	-
Proceeds from subscription-based information technology arrangements	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	141,421	150,796	-	-	-	-	-	-	-	-
Insurance recoveries	51,229	20,957	-	-	-	-	-	-	-	-
Transfers in	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	4,115,152
Transfers out	(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)	(4,111,974)
Total other financing sources/(uses)	(641,732)	43,315,312	2,522	2,472	2,037,581	(297,153)	1,647,051	1,052,373	3,119	216,073
Net change in fund balances	\$ (10,840,542)	\$ 22,494,019	\$ 13,338,133	\$ 213,883	\$ 2,515,993	\$ 1,274,074	\$ 4,236,435	\$ (1,346,830)	\$ (2,972,112)	\$ 1,898,432
Debt service as a percentage of noncapital expenditures	7.71%	2.01%	3.06%	3.40%	3.16%	3.66%	3.32%	3.00%	3.17%	7.30%

Source: Town of Oro Valley Finance Department

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

<i>Taxpayer</i>	<i>Business Type</i>	<i>June 30, 2023</i>			<i>Taxpayer</i>	<i>Business Type</i>	<i>June 30, 2014</i>		
		<i>Sales Tax Payments</i>	<i>Rank</i>	<i>% of Total Sales Tax Payments</i>			<i>Sales Tax Payments</i>	<i>Rank</i>	<i>% of Total Sales Tax Payments</i>
Taxpayer A	Utility	\$ 2,291,745	1	7.60%	Taxpayer A	Utility	\$ 1,797,531	1	11.73%
Taxpayer B	Accomodation	1,823,161	2	6.04%	Taxpayer B	Accomodation	1,236,804	2	8.07%
Taxpayer C	Retail	1,812,081	3	6.01%	Taxpayer C	Retail	828,798	3	5.41%
Taxpayer D	Retail	1,310,328	4	4.34%	Taxpayer D	Retail	602,684	4	3.93%
Taxpayer E	Retail	1,168,621	5	3.87%	Taxpayer E	Utility	493,888	5	3.22%
Taxpayer F	Construction	1,047,342	6	3.47%	Taxpayer F	Utility	403,191	6	2.63%
Taxpayer G	Accomodation	740,474	7	2.45%	Taxpayer G	Retail	388,882	7	2.54%
Taxpayer H	Construction	711,593	8	2.36%	Taxpayer H	Construction	341,502	8	2.23%
Taxpayer I	Utility	688,240	9	2.28%	Taxpayer I	Retail	312,409	9	2.04%
Taxpayer J	Utility	652,956	10	2.16%	Taxpayer J	Construction	288,453	10	1.88%
		<u>\$ 12,246,540</u>		<u>40.60%</u>			<u>\$ 6,694,142</u>		<u>43.68%</u>

Source: Arizona Department of Revenue

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

	<i>Fiscal Year</i>									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Construction	\$ 5,311	\$ 5,804	\$ 3,893	\$ 4,363	\$ 4,191	\$ 4,653	\$ 4,295	\$ 2,131	\$ 3,199	\$ 3,338
Manufacturing	724	639	283	198	173	140	137	156	141	257
Transportation, Warehousing, Communications & Utilities	3,921	3,771	3,593	3,288	3,335	3,384	3,171	3,133	3,068	2,959
Wholesale Trade	371	265	228	211	183	154	136	131	125	103
Retail Trade	11,381	12,058	10,890	9,830	8,430	7,733	7,086	6,844	5,808	5,243
Restaurants, Bars & Lodging	6,206	5,906	3,374	3,011	4,299	3,907	3,473	3,295	2,803	2,761
Finance, Insurance & Real Estate	376	383	313	442	1,114	646	562	443	270	75
Services	1,722	1,526	1,276	1,004	963	840	702	672	599	529
All Other	150	232	206	409	237	206	202	190	115	60
Cable Franchise	763	756	723	662	635	657	648	622	582	572
<i>Total</i>	<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>	<u>\$ 15,897</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

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

<i>Fiscal Year</i> <i>Ended</i> <i>June 30,</i>	<i>Town of Oro Valley</i>				<i>Pima County</i>
	<i>Sales Tax</i>	<i>Bed Tax</i>	<i>Construction</i>	<i>Utility</i>	<i>Sales</i>
			<i>Sales Tax</i>	<i>Sales Tax</i>	
2014	2.00%	6.00%	4.00%	4.00%	6.10%
2015*	2.50%	6.00%	4.00%	4.00%	6.10%
2016	2.50%	6.00%	4.00%	4.00%	6.10%
2017	2.50%	6.00%	4.00%	4.00%	6.10%
2018	2.50%	6.00%	4.00%	4.00%	6.10%
2019	2.50%	6.00%	4.00%	4.00%	6.10%
2020	2.50%	6.00%	4.00%	4.00%	6.10%
2021	2.50%	6.00%	4.00%	4.00%	6.10%
2022	2.50%	6.00%	4.00%	4.00%	6.10%
2023	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

<i>Fiscal Year Ended June 30,</i>	<i>Net Limited Assessed Value</i>	<i>Net Full Cash Assessed Value</i>	<i>Estimated Full Cash Value</i>	<i>Total Outstanding General Obligation Bond Debt</i>
2014	553,366,744	556,259,856	5,175,406,955	-
2015	556,566,167	560,863,509	5,252,917,489	-
2016	572,696,599	593,299,222	5,616,655,680	-
2017	593,580,247	616,216,705	5,688,443,027	-
2018	612,684,205	633,479,221	6,058,189,523	-
2019	645,311,769	683,985,966	6,456,152,108	-
2020	678,873,768	730,293,104	6,937,292,543	-
2021	758,352,130	813,753,982	7,742,926,046	-
2022	786,505,278	838,744,317	8,023,965,026	-
2023	828,970,219	1,002,518,296	9,695,469,656	-

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, 2023

<i>Revenue Source</i>	<i>Projected</i>		<i>Audited</i>							
	<i>Fiscal Year 2025</i>	<i>Fiscal Year 2024</i>	<i>Fiscal Year 2023</i>	<i>Fiscal Year 2022</i>	<i>Fiscal Year 2021</i>	<i>Fiscal Year 2020</i>	<i>Fiscal Year 2019</i>	<i>Fiscal Year 2018</i>	<i>Fiscal Year 2017</i>	<i>Fiscal Year 2016</i>
Town Sales Tax	\$ 27,259,560	\$ 25,633,318	\$ 26,449,853	\$ 27,048,414	\$ 21,109,373	\$ 20,172,487	\$ 20,454,936	\$ 19,333,457	\$ 17,568,254	\$ 14,967,714
Franchise Fees	765,000	765,000	763,311	756,388	722,700	662,048	635,494	656,664	647,830	621,546
Licenses & Permits	1,827,011	1,742,118	2,670,580	2,418,918	3,362,933	2,400,899	2,387,832	2,679,690	2,313,504	1,915,992
Fines	126,250	125,000	130,630	132,636	135,547	111,611	165,669	131,393	131,637	159,154
State-shared Sales Tax	7,496,744	7,207,659	7,077,517	6,637,079	5,462,343	4,694,491	4,469,774	4,210,168	3,989,179	3,887,673
State-shared Income Tax	11,455,664	12,839,525	9,082,721	6,174,401	6,580,331	5,870,231	5,370,779	5,422,693	5,329,864	4,937,719
<i>Subtotal</i>	<u>\$ 48,930,229</u>	<u>\$ 48,312,620</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>	<u>\$ 26,489,798</u>
Parks and Recreation Sales Tax	3,843,990	3,726,016	3,713,654	3,535,507	2,947,420	2,584,916	2,469,464	2,330,941	2,199,466	2,030,750
Total	<u>\$ 52,774,219</u>	<u>\$ 52,038,636</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>	<u>\$ 28,520,548</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>				
2014	\$ 168,994	\$ -	\$ -	\$ -	\$ 8,703,428	\$ 1,055,000	\$ 40,811,243	\$ 93,593	\$ 6,371,529	\$ 57,203,787	3.41%	1,366	
2015	128,594	-	-	1,000,000	8,215,673	925,000	37,683,805	118,862	8,169,765	56,241,699	3.25%	1,331	
2016	966,962	-	-	700,000	7,716,638	780,000	34,517,647	80,423	8,879,907	53,641,577	2.95%	1,231	
2017	716,622	-	-	350,000	9,341,559	640,000	30,804,327	40,814	8,284,407	50,177,729	2.69%	1,146	
2018	458,744	-	-	-	8,788,954	490,000	28,079,939	-	7,690,874	45,508,511	2.35%	1,022	
2019	254,070	-	-	-	10,051,867	335,000	30,135,034	-	7,079,179	47,855,150	2.37%	1,059	
2020	33,937	-	-	-	9,171,710	170,000	25,669,708	-	6,448,759	41,494,114	1.95%	901	
2021	-	-	-	-	8,229,620	-	24,909,835	-	2,713,108	35,852,563	1.62%	762	
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	-	43,457,370	-	16,231,628	-	2,087,126	63,139,347	2.42%	1,291	

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, 2023

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Pima County	\$ 67,655,000	7.60%	\$ 5,139,023
Amphitheater Unified School District	76,275,000	42.47%	32,392,136
Golder Ranch Fire District	55,760,732	69.95%	39,007,071
Subtotal, overlapping debt			76,538,230
Town of Oro Valley	44,820,593	100.00%	44,820,593
<i>Total estimated direct and overlapping debt</i>			<u>\$ 121,358,823</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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Debt Limit</i>	\$ 260,654,757	\$ 215,707,584	\$ 211,576,035	\$ 189,876,207	\$ 177,836,351
<i>Total net debt applicable to limit</i>	-	-	-	-	-
<i>Legal debt margin</i>	<u>\$ 260,654,757</u>	<u>\$ 215,707,584</u>	<u>\$ 211,576,035</u>	<u>\$ 189,876,207</u>	<u>\$ 177,836,351</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Debt Limit</i>	\$ 164,704,598	\$ 160,216,343	\$ 154,257,798	\$ 145,824,512	\$ 144,627,563
<i>Total net debt applicable to limit</i>	-	-	-	-	-
<i>Legal debt margin</i>	<u>\$ 164,704,598</u>	<u>\$ 160,216,343</u>	<u>\$ 154,257,798</u>	<u>\$ 145,824,512</u>	<u>\$ 144,627,563</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, 2023

Net Full Cash Assessed Valuation		\$ 1,002,518,296
<hr/>		
Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds		
<hr/>		
Debt Limit - 20% of net full cash assessed valuation		\$ 200,503,659
Debt applicable to limit		
General obligation bonds outstanding	\$	
Less amount set aside for repayment of debt		
Net debt applicable to limit	<hr/>	<hr/>
20% legal debt margin		\$ 200,503,659
<hr/>		
All other general obligation bonds		
<hr/>		
Debt Limit - 6% of net full cash assessed valuation		\$ 60,151,098
Debt applicable to limit		
General obligation bonds outstanding	\$	
Less amount set aside for repayment of debt		
Net debt applicable to limit	<hr/>	<hr/>
All other general obligation bonds debt margin		\$ 60,151,098
Total legal debt margin		\$ 260,654,757

Source: Pima County Assessor's Officer

TOWN OF ORO VALLEY, ARIZONA
PLEDGED REVENUE COVERAGE
JUNE 30, 2023

Water Utility Revenue Bonds

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2014	\$ 19,397,409	\$ 2,406,000	\$ 1,429,538	\$ 3,835,538	5.06
2015	16,213,273	2,995,560	1,372,024	4,367,584	3.71
2016	16,943,615	3,054,080	1,239,488	4,293,568	3.95
2017	18,169,402	3,054,060	870,547	3,924,607	4.63
2018	19,455,685	2,607,710	897,871	3,505,581	5.55
2019	17,519,158	3,933,228	839,823	4,773,051	3.67
2020	20,218,758	4,348,648	775,538	5,124,186	3.95
2021	22,304,186	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

Governmental Revenue Bonds

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

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

Revenues:	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Water revenues	\$ 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	\$ 12,169,375
Water impact fees	1,818,383	1,167,086	4,100,556	-	-	-	-	-	-	-
Water connection fees	-	-	-	810,689	621,106	816,045	816,353	544,852	591,045	1,413,047
Alternative water connection fees	-	-	-	1,627,435	1,246,838	1,638,175	1,638,792	1,094,460	1,172,170	2,376,682
Groundwater preservation fees	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	2,599,718
Other revenues	916,789	1,528,588	906,925	1,625,979	1,024,407	803,723	769,638	710,740	714,965	727,972
Interest income	426,923	(830,161)	(1,211)	887,772	758,457	-	11,020	203,857	124,593	110,615
Total Revenues	19,958,764	18,685,774	22,302,975	21,106,530	18,277,613	19,455,685	18,169,405	16,943,438	16,213,273	19,397,409
Expenses:										
Personnel	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	2,659,895
Operations & maintenance	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	4,303,230
CAP water costs	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	1,499,594
Total Expenses	12,779,905	11,771,737	11,350,669	11,377,587	10,075,510	10,516,570	10,633,886	9,964,364	8,868,372	8,462,719
Net water system revenues	7,178,859	6,672,660	10,952,306	9,728,943	8,202,103	8,939,115	7,535,519	6,979,074	7,344,901	10,934,690
Water supported debt service										
2007 WIFA Loan	-	-	2,198,236	306,657	310,866	311,000	311,130	311,256	311,377	311,494
2009 WIFA Loan	-	-	1,310,973	147,425	149,175	149,226	149,275	149,322	149,367	150,471
2014 WIFA Loan	376,642	372,565	372,867	373,072	377,060	377,158	395,534	361,059	296,972	-
2005 Excise tax bonds	-	-	-	-	-	-	-	-	152,516	152,565
2007 Excise tax bonds	-	-	-	-	-	-	1,245,403	1,197,678	1,255,948	790,822
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	1,968,281
2013 Refunding bonds	-	-	-	1,010,000	1,024,645	1,024,073	1,033,428	1,022,420	1,046,558	1,513,427
2015 Refunding revenue obligations	148,640	148,678	148,666	149,924	152,339	150,259	25,101	17,116	-	-
2017 Refunding revenue obligations	1,622,426	1,623,122	1,623,896	1,624,758	1,658,306	235,873	-	-	-	-
2018 Excise tax revenue obligations	509,822	509,580	510,498	409,122	-	-	-	-	-	-
2021 Refunding revenue bonds	517,315	432,538	18,838	-	-	-	-	-	-	-
2021 Refunding revenue bonds	-	24,778	11,081	-	-	-	-	-	-	-
Total water supported debt service	\$ 5,071,377	\$ 4,932,011	\$ 10,363,837	\$ 5,951,340	\$ 5,668,772	\$ 4,211,320	\$ 5,140,652	\$ 5,054,332	\$ 5,183,820	\$ 4,887,060
Debt service coverage	1.42	1.35	1.63	1.45	2.12	1.47	1.38	1.42	2.24	1.85

* 2022 Updated figure

Source: Town of Oro Valley Finance Department

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

<i>Fiscal Year Ended June 30,</i>	<i>Population</i>	<i>Personal Income</i>	<i>Per Capita Personal Income</i>	<i>Unemployment Rate</i>
2014	41,887	\$ 1,679,965,408	\$ 40,107	6.2%
2015	42,259	1,728,773,431	40,909	5.2%
2016	43,565	1,817,844,597	41,727	5.3%
2017	43,781	1,863,394,821	42,562	4.6%
2018	44,517	1,932,614,654	43,413	4.8%
2019	45,184	2,014,980,480	44,595	4.9%
2020	46,044	2,128,752,252	46,233	8.6%
2021	47,070	2,213,843,310	47,033	5.5%
2022	48,222	2,349,424,062	48,721	3.4%
2023	48,906	2,612,118,366	53,411	4.1%

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

<i>June 30, 2023</i>			<i>June 30, 2014</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	1,500	1
Oro Valley Hospital	500	2	Oro Valley Hospital	533	2
Simpleview	470	3	Hilton El Conquistador Resort	475	3
Town of Oro Valley	449	4	Amphitheater Public Schools	477	4
Amphitheater Public Schools	439	5	Town of Oro Valley	433	5
Walmart	338	6	Wal-Mart Supercenter	346	6
El Conquistador Tucson	294	7	Fry's Food & Drug	243	7
Splendido at Rancho Vistoso	200	8	Securaplane	182	8
Fry's Food & Drug	182	9	Splendido at Rancho Vistoso	175	9
Casa de la Luz Hospice	155	10	Target	128	10
	<u>4,827</u>		<i>Total</i>	<u>4,492</u>	

Source: Town of Oro Valley Finance Department

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

<i>Function/Program</i>	<i>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>2014</i>
<i>Administration</i>										
Town Clerk	3.73	4.73	4.73	4.73	4.73	4.69	4.54	4.56	4.56	4.90
Town Manager	10.38	8.38	8.38	10.38	10.38	7.38	7.38	7.38	8.00	7.00
Human Resources	4.00	4.00	4.00	4.00	4.00	3.48	3.48	3.50	3.50	2.00
Economic Development	1.00	1.00	1.00	1.00	1.00	3.00	3.00	3.00	2.00	2.00
Finance	7.20	8.20	7.20	8.00	8.00	7.00	7.00	7.00	7.00	7.00
Information Systems	16.80	15.80	13.80	9.00	9.00	8.00	7.00	7.00	7.00	7.30
Legal	7.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
<i>Development & Infrastructure Services</i>	27.78	26.78	26.78	27.38	27.38	26.88	103.63	83.76	81.45	78.84
<i>Parks & Recreation</i>	67.08	63.06	63.10	63.10	63.10	60.78	48.02	49.36	36.20	37.61
<i>Cultural Resources</i>	-	-	-	-	-	-	-	0.20	-	-
<i>Police</i>										
Civilians	31.73	30.73	30.25	31.25	31.25	30.25	31.25	30.25	30.25	25.93
Officers	107.00	104.00	106.88	106.88	101.88	104.88	101.88	102.88	102.88	101.91
<i>Town Court</i>	8.98	8.50	8.48	8.48	8.00	8.00	8.00	8.00	8.00	8.70
<i>Public Works</i>	75.71	71.37	70.89	70.29	70.29	65.79	-	-	-	-
<i>Water Utility</i>	40.48	40.48	40.48	39.48	39.48	39.48	39.48	38.48	37.48	37.00
Total	408.87	393.03	391.97	389.97	384.49	375.61	370.66	351.37	334.32	326.19

Source: Town of Oro Valley Finance Department

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

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

Source: Town of Oro Valley Water Utility Department

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

<i>Function/Program</i>	<i>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>2014</i>
<i>Police</i>										
Burglaries	32	49	41	42	50	77	71	85	77	75
Citations (traffic)	2,752	2,987	3,516	2,681	3,117	2,992	3,446	3,890	4,486	4,668
Investigations	928	977	1,164	932	963	915	818	824	832	765
Total arrests	1,359	1,385	1,438	1,251	1,488	1,786	1,458	1,598	1,721	1,679
Thefts	529	544	534	501	504	567	493	586	500	561
<i>Development & Infrastructure Services</i>										
Street resurfacing (miles)	71	69	54	51	88	44	89	92	101	73
<i>Parks & Recreation</i>										
Recreation programs held annually	112	97	45	105	96	73	55	52	38	30
Months of public pool operations	11	12	11	12	12	12	12	12	12	12
Parks maintenance staff hours worked	21,145	19,677*	18,720	18,220	18,311	17,842	15,463	15,083	16,255	20,000
<i>Water</i>										
New connections	186	183	505	273	264	331	340	176	202	165
Total connections	21,300	21,149	20,966	20,461	20,188	19,924	19,588	19,355	19,179	18,977
<i>Transit</i>										
Total route miles	625,554	593,117	350,248	455,777	454,277	468,346	568,657	529,170	392,071	439,512
Passengers	61,447	56,001	28,686	39,902	47,847	49,474	51,131	45,202	39,102	39,196

* Updated figure

Source: Town of Oro Valley Finance Department

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

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

Source: Town of Oro Valley Water Utility Department

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

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

<i>Function/Program</i>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	3	3	3	3	3	3	3
Patrol units	79	81	84	84	78	78	72	77	74	64
Other fleet	66	57	41	42	46	65	67	44	45	42
<i>Development & Infrastructure Services</i>										
Streets (miles)	431	430	421	421	421	421	421	421	421	421
Streetlights	103	95	95	95	95	95	95	95	95	95
Traffic signals	22	22	22	22	22	22	19	19	19	19
<i>Parks & Recreation</i>										
Acreage	651	449	449	449	449	449	448	448	448	457
Playgrounds	3	3	3	3	2	2	2	2	2	2
Baseball/softball diamonds	7	7	7	7	7	7	7	7	7	7
Community centers	1	1	1	1	1	1	1	1	1	-
Golf course holes	45	45	36	45	45	45	45	45	45	-
Tennis courts	31	31	31	32	32	32	32	32	32	1
Swimming pools	2	2	2	2	3	4	4	4	4	2
<i>Water</i>										
Number of Wells	18	18	18	18	19	20	20	20	20	18
Reservoir Storage Capacity	11	11	11	11	11	11	11	12	12	13
Number of Booster Stations	26	26	26	26	26	26	26	27	27	26
<i>Transit</i>										
Transit vans	5	6	6	7	7	7	4	4	7	9
Transit mini buses	24	24	23	21	21	21	22	22	19	17

Source: Town of Oro Valley Finance Department

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