

CITY OF TUCSON, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2024



Prepared by: Accounting Operations  
Business Services Department

**CITY OF TUCSON, ARIZONA**  
**Annual Expenditure Limitation Report**  
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## Independent Accountant's Report

The Auditor General of the State of Arizona  
The Honorable Mayor and Members of City Council  
City of Tucson, Arizona

We have examined the accompanying Annual Expenditure Limitation Report (Report) of the City of Tucson, Arizona (City) for the year ended June 30, 2024, and the related notes to the Report. The City's management is responsible for presenting this Report in accordance with the Uniform Expenditure Reporting System, as required by Arizona Revised Statutes §41-1279.07 as described in *Note 1*. Our responsibility is to express an opinion on this Report based on our examination.

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

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

In our opinion, the Annual Expenditure Limitation Report referred to above is presented in accordance with the Uniform Expenditure Reporting System as described in *Note 1* in all material respects.

**Forvis Mazars, LLP**

**Dallas, Texas  
March 27, 2025**

**City of Tucson**  
**Annual Expenditure Limitation Report - Part I**  
**Year Ended June 30, 2024**

1. Economic Estimates Commission expenditure limitation	\$ 1,190,100,555
2. Amount subject to the limitation (total amount from Part II, Line C)	<u>1,087,565,960</u>
3. Amount under the expenditure limitation	<u><u>\$ 102,534,595</u></u>

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

Signature of Chief Financial Officer: *Anna Rosenberry*  
Anna Rosenberry (Mar 27, 2025 17:33 PDT)

Name and Title: Anna Rosenberry, Chief Financial Officer

Telephone Number: 520-837-4091 Date: 27/03/2025

See accompanying notes to report

**City of Tucson**  
**Annual Expenditure Limitation Report - Part II**  
**Year Ended June 30, 2024**

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, line D	\$ 1,261,557,200	\$ 415,372,716	\$ 101,894,014	\$ 229,692,920	\$ 2,008,516,850
B. Less exclusions claimed:					
1. Debt service requirements <b>(Note 2)</b>					
a. Debt service requirements on bonded indebtedness	86,253,061	53,775,660			140,028,721
b. Debt service requirements on other long-term obligations	2,016,347	12,155			2,028,502
2. Dividends, interest, and gain on the sale or redemption of investment securities <b>(Note 5)</b>	6,293,766	3,414,495	512,557		10,220,818
3. Trustee or custodian <b>(Note 12)</b>	1,768,987			229,692,920	231,461,907
4. Grants and aid from the federal government <b>(Note 6)</b>	204,637,403	12,637,033			217,274,436
5. Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amount received in lieu of taxes <b>(Note 7)</b>	12,320,031	248,798			12,568,829
6. Amounts received from the State of Arizona <b>(Note 8)</b>	18,673,254	2,030,419			20,703,673
7. Quasi-external interfund transactions <b>(Note 9)</b>	20,613,125	9,702,214	95,992,460		126,307,799
8. Voter-approved amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements <b>(Note 14)</b>	25,276,816				25,276,816
9. Highway user revenues in excess of those received in fiscal year 1979-80 <b>(Note 10)</b>	53,754,646				53,754,646
10. Contracts with other political subdivisions <b>(Note 11)</b>	14,573,964	3,922,040			18,496,004
11. Refunds, reimbursements, and other recoveries <b>(Note 16)</b>	3,344,686	663,644	4,760,711		8,769,041
12. Prior years carryforward <b>(Note 15)</b>	54,059,698				54,059,698
Total exclusions claimed	<u>503,585,784</u>	<u>86,406,458</u>	<u>101,265,728</u>	<u>229,692,920</u>	<u>920,950,890</u>
C. Amounts subject to the expenditure limitation	<u>\$ 757,971,416</u>	<u>\$ 328,966,258</u>	<u>\$ 628,286</u>	<u>\$</u>	<u>\$ 1,087,565,960</u>

See accompanying notes to report

**City of Tucson**  
**Annual Expenditure Limitation Report - Reconciliation**  
**Year Ended June 30, 2024**

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements.	\$ 1,262,441,832	\$ 298,760,474	\$ 107,133,377	\$ 229,692,920	\$ 1,898,028,603
B. Subtractions:					
1. Items not requiring use of current financial resources:					
a. Depreciation		51,080,163	99,757		51,179,920
b. Loss on disposal of capital assets		148,761			148,761
c. Bad debt expense (Note 3)		1,838,558			1,838,558
d. Pension & other postemployment benefits (OPEB) expense (Note 13)	884,632	6,984,968			7,869,600
e. Claims incurred but not reported (IBNR)			80,574,493		80,574,493
2. Required fees paid to the Industrial Commission of Arizona (Note 4)			1,389,893		1,389,893
3. Present value of net minimum lease, financed purchase, and subscription-based information technology arrangements (SBITA) contract payments recorded as expenditures at the agreements' inception.		1,080,402			1,080,402
4. Total subtractions	<u>\$ 884,632</u>	<u>\$ 61,132,852</u>	<u>\$ 82,064,143</u>	<u>\$</u>	<u>\$ 144,081,627</u>
C. Additions:					
1. Principal payments on long-term debt		39,698,368			39,698,368
2. Capital assets acquisitions		119,883,605			119,883,605
3. Amounts paid in the current year but reported as expenses in previous years:					
a. Claims previously recognized as IBNR			76,824,780		76,824,780
b. Landfill closure & postclosure care costs		4,634,361			4,634,361
4. Pension and OPEB contributions paid in the current year (Note 13)		13,528,760			13,528,760
5. Total additions	<u>\$</u>	<u>\$ 177,745,094</u>	<u>\$ 76,824,780</u>	<u>\$</u>	<u>\$ 254,569,874</u>
D. Amounts reported on Part II, Line A	<u>\$ 1,261,557,200</u>	<u>\$ 415,372,716</u>	<u>\$ 101,894,014</u>	<u>\$ 229,692,920</u>	<u>\$ 2,008,516,850</u>

See accompanying notes to report

**City of Tucson**  
**Annual Expenditure Limitation Report - Notes**  
**Year Ended June 30, 2024**

**Note 1 Summary of Significant Accounting Policies:**

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

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

**Note 2** The exclusion claimed for debt service requirements on bonded indebtedness in Governmental and Enterprise Funds consist of principal retirement and interest payments.

	Bonded indebtedness	
	Governmental Funds	Enterprise Funds
Principal:		
GO Bonds	\$ 24,610,000	\$
Certificates of Participation	39,545,383	984,617
Enterprise Bonds		38,585,566
Total	64,155,383	39,570,183
Interest:		
GO Bonds	3,461,212	
Certificates of Participation	18,610,911	258,180
Enterprise Bonds		13,947,297
Total	22,072,123	14,205,477
Fiscal agent fees:		
GO Bonds	2,000	
Certificates of Participation	23,555	
Total	25,555	
	\$ 86,253,061	\$ 53,775,660
	Other long-term obligations	
	Governmental Funds	Enterprise Funds
Capital Lease Purchase:		
Principal	\$ 1,893,367	\$ 12,155
Interest	122,980	
Total	\$ 2,016,347	\$ 12,155

**City of Tucson**  
**Annual Expenditure Limitation Report - Notes**  
**Year Ended June 30, 2024**

**Note 3** The subtraction for bad debt expense is for amounts recorded in various funds as an element of Contractual Services:

Fund	Enterprise Funds
Water Utility	\$ 1,471,937
Tucson Golf	1,532
Environmental Services	365,089
Total	\$ 1,838,558

**Note 4** The subtraction of \$1,389,893 for required fees State law required the City to pay that are excluded from the expenditure limitation consists of payments to the Industrial Commission of Arizona pursuant to A.R.S §23-1703 for the Municipal Firefighter Cancer Reimbursement Fund, which were recorded as a contractual services expense within the Self Insurance Risk Management Internal Service fund.

**Note 5** The exclusion claimed for dividends, interest, and gains on the sale of investment securities, recorded as Use of Money or Property in the Governmental Funds, and recorded as Investment Income in Enterprise Funds and Internal Service Funds is shown below:

	Governmental Funds	Enterprise Funds	Internal Service Funds
Dividends, interest, and gains on the sale of investment securities	\$ 6,293,766	\$ 3,414,495	\$ 512,557

Remaining unspent, excludable revenues of \$110,194,422 in the governmental funds, \$7,497,301 for enterprise funds, and \$5,084,073 in the internal service funds have been carried forward to future years.

**City of Tucson**  
**Annual Expenditure Limitation Report - Notes**  
**Year Ended June 30, 2024**

**Note 6** The City receives QECCB, BAB, and CREB federal contributions to subsidize debt service payments in the General Fund, the Water Utility Fund, and General Services ISF; these amounts will not be included in the federal contributions exclusion since the exclusion was already taken in Note 2. The exclusions claimed for federal grants include: \$204,637,403 for governmental funds and \$12,637,033 for enterprise funds as outlined in the schedule below:

**Governmental Funds:**

	General Fund	Mass Transit Fund	Disaster Relief Fund	Non-Major Governmental Funds	Governmental Total
Expenditures	\$ 648,657,363	\$ 101,758,461	\$ 105,137,823	\$ 94,955,897	\$ 950,509,544
Other revenue sources	(770,864,999)	(30,416,420)	(434,720)	(442,435)	(802,158,574)
Net expenditures excludable	(122,207,636)	71,342,041	104,703,103	94,513,462	148,350,970
Federal grant revenue	2,628,271	12,304,098	97,670,724	94,557,521	207,160,614
Exclusion	\$ 372,053	\$ 12,304,098	\$ 97,670,724	\$ 94,290,528	\$ 204,637,403

**Non-Major Governmental Funds:**

	Community Development Block Grants Fund	Miscellaneous Housing Grant Fund	Public Housing Section 8 / Home Program Fund	HOME Affordable Housing Fund	Other Federal Grants Fund
Expenditures	\$ 6,084,301	\$ 7,257,392	\$ 58,904,053	\$ 6,272,619	\$ 15,579,466
Other revenue sources			(442,435)		
Net expenditures excludable	6,084,301	7,257,392	58,461,618	6,272,619	15,579,466
Federal grant revenue	6,351,294	7,257,392	58,904,053	5,607,250	15,579,466
Exclusion	\$ 6,084,301	\$ 7,257,392	\$ 58,904,053	\$ 5,607,250	\$ 15,579,466

**(continued)**

	Federal Highway Grant Fund	Total Non-Major Governmental Funds
Expenditures	\$ 858,066	\$ 94,955,897
Other revenue sources		(442,435)
Net expenditures excludable	858,066	94,513,462
Federal grant revenue	858,066	94,557,521
Exclusion	\$ 858,066	\$ 94,290,528

**Enterprise Funds**

	Environmental Services Fund	Water Utility Fund	Public Housing Fund	Non-PHA Asset Management Fund	Enterprise Total
Expenditures	\$ 53,033,635	\$ 209,885,764	\$ 19,402,926	\$ 4,346,240	\$ 286,668,565
Other revenue sources	(71,993,479)	(311,313,373)	(6,744,771)	(2,708,945)	(392,760,568)
Net expenditures excludable	(18,959,844)	(101,427,609)	12,658,155	1,637,295	(106,092,003)
Federal grant revenue	79,832	2,093,465	10,263,664	200,072	12,637,033
Exclusion	\$ 79,832	\$ 2,093,465	\$ 10,263,664	\$ 200,072	\$ 12,637,033

**City of Tucson**  
**Annual Expenditure Limitation Report - Notes**  
**Year Ended June 30, 2024**

**Note 7** The exclusion claimed for amounts received from private donors in the amount of \$12,320,031 is recorded in the governmental funds and \$248,798 is recorded in the enterprise funds. The remaining \$1,108,553 of revenues in governmental funds have been carried forward for future years.

	Governmental Funds	Enterprise Funds
General Fund	\$ 2,198,580	\$
Mass Transit	8,285,234	
Civic Contributions Fund	634,311	
Non-federal grants	83,026	
Sun Link	1,118,880	
Water Utility Fund		114,908
Non-PHA Asset Management		133,890
<b>Total</b>	<b>\$ 12,320,031</b>	<b>\$ 248,798</b>

**Note 8** The exclusion claimed for amounts received from State grants and contributions was recorded in the General Fund and in the Non-Federal Grant fund, and the Water Utility Enterprise Fund, as follows:

	Governmental Funds	Enterprise Fund
General Fund	\$ 8,322,234	\$
Non-Federal Grant Fund	10,351,020	
Water Utility Fund		2,030,419
<b>Total</b>	<b>\$ 18,673,254</b>	<b>\$ 2,030,419</b>

**Note 9** The exclusion claimed for quasi-external interfund transactions consist of water and garbage sales between the City's Water Utility and Environmental Services funds to other City departments and amounts collected as part of budgeted allocations of overhead for services (such as payroll, fleet, and facilities management) provided by the General Fund to other funds. In addition, the charges for services collected by the Internal Service funds in the amount of \$95,992,460 was combined with other revenue and netted against expenses of \$94,995,147 which left a balance of \$628,286 not exempt from limitation. Remaining excludable revenues of \$15,798,377 in the governmental funds and \$21,250,000 in the internal service funds have been carried forward for future years.

	Governmental Funds	Enterprise Funds	Internal Service Funds
Administrative service charges	\$ 15,115,240	\$	\$
Fleet services and general maintenance	5,497,885		
City water utility charges		7,553,681	
City garbage charges		2,148,533	
Operating revenues - Charges for services			95,992,460
<b>Total</b>	<b>\$ 20,613,125</b>	<b>\$ 9,702,214</b>	<b>\$ 95,992,460</b>

**City of Tucson**  
**Annual Expenditure Limitation Report - Notes**  
**Year Ended June 30, 2024**

**Note 10** The following schedule presents revenue from which exclusions have been made for Highway User Revenue Fees (HURF) in Governmental funds.

	Governmental Funds
Highway user revenues received in FY24	\$ 59,612,654
Less: Highway user revenues received in FY79-80	(5,858,008)
Revenues available for exclusion in FY24	53,754,646
HURF Fund - Total expenditures	61,628,564
Less: Revenues apart from HURF revenue	
Licenses and permits	(1,272,134)
Use of money and property	(1,740,160)
Federal grants and contributions	
Charges for services	(54,833)
Miscellaneous	(1,098,397)
Net expenditures	57,463,040
Revenues available for exclusion in FY24	53,754,646
Revenues expended and excluded in FY24	53,754,646
Unspent excludable revenues available for carry-forward in future years	\$

**Note 11** The exclusion claimed for contracts with other political subdivisions includes charges for services based on Mass Transit and Intergovernmental Agreement (IGA) monies. For the Water Utility Enterprise Fund, \$3,922,040 is claimed for sewer billing services to Pima County.

	Governmental Funds	Enterprise Funds
Mass Transit Fund - Other Agencies	\$ 6,680,059	\$
General Fund:		
IGA Services	7,625,363	
Non Federal Grants - Other Agencies	268,542	
Water Utility Fund - Sewer billing services		3,922,040
	\$ 14,573,964	\$ 3,922,040

**Note 12** The exclusion claimed for \$1,768,987 received by the City as a trustee or custodian, in the Governmental funds, is made up of amounts received from individual entities and remitted to police officers for work performed while off-duty.

**City of Tucson**  
**Annual Expenditure Limitation Report - Notes**  
**Year Ended June 30, 2024**

**Note 13** The subtraction for pension expense in the governmental funds consists of nonemployer contributions that were reported as a revenue and an offsetting expenditure in the City's governmental funds. Consequently, this expenditure of \$884,632 has been subtracted on the reconciliation. The \$6,984,968 subtraction for pension and other postemployment benefits (OPEB) expense consists of changes in the net pension and OPEB liabilities, changes in deferred outflows related to pension and OPEB, and changes in deferred inflows related to pension and OPEB, recognized in the current year in the enterprise funds. The \$13,528,760 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions for the Enterprise funds.

	Governmental Funds	Enterprise Funds
Pension Expense		
Retiree contributions made by Employer	\$ 884,632	\$
Statement of Cash Flows		
Change in deferred inflows related to pension		(19,022,091)
Change in deferred inflows related to OPEB		1,503,030
Change in deferred outflows related to pension		31,543,668
Change in deferred outflows related to OPEB		(759,398)
Change in net pension liability		(14,067,193)
Change in net OPEB liability		(5,741,808)
		(6,543,792)
AELR - Reconciliation		
Pension/OPEB contributions - addition		13,528,760
Pension/OPEB expense (income) - subtraction		(6,984,968)
		\$ 6,543,792

**Note 14** The exclusion claimed for qualified capital improvement expenditures of \$25,276,816 consists of amounts collected from the voter-approved county transportation excise tax revenues spent on the Regional Transportation Authority Fund and amounts collected from voter-approved propositions spent in governmental funds.

	Governmental Funds
Voter-approved county transportation excise tax:	
Regional Transportation Authority Fund	\$ 18,175,663
Voter-approved propositions:	
Better Streets Improvements	37,280
Gene Reid Park Zoo Capital Improvements	7,063,873
	\$ 25,276,816

**City of Tucson**  
**Annual Expenditure Limitation Report - Notes**  
**Year Ended June 30, 2024**

**Note 15** Prior years carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that been accumulated and were expended in the governmental funds in the current year as follows:

Debt proceeds	\$ 38,923,677
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	<u>15,136,021</u>
	<u>\$ 54,059,698</u>

**Note16** The exclusion claimed for refunds, reimbursements, and other recoveries of \$8,769,042 consists primarily of amounts collected for rebates related to pCard utilization and medical/pharmaceutical insurance costs.

	Governmental Funds	Enterprise Funds	Internal Service Funds
Rebates	\$ 3,034,831	\$ 424,132	\$ 4,097,878
Recovered costs and damages	309,855	239,512	662,833
	<u>\$ 3,344,686</u>	<u>\$ 663,644</u>	<u>\$ 4,760,711</u>

**Note 17** Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. A summary of the accumulated revenue sources and their balances is shown in the table below.

Description	Balance June 30, 2023	Carryforward added	Carryforward used	Balance June 30, 2024
Debt proceeds	\$ 522,726,577	\$	\$ (38,923,677)	\$ 483,802,900
Dividends, interest, and gains on the sale or redemption of investment securities	62,660,615	122,775,796		185,436,411
Grants and aid from the federal government	82,990	32,266,993		32,349,983
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	688,223	1,108,553		1,796,776
Quasi-external interfund transactions		37,048,377		37,048,377
Amounts accumulated for the purchase of land and the purchase or construction of buildings or improvements	252,783,254	3,258,970	(15,136,021)	240,906,203
Refunds, reimbursements, and other recoveries	1,062,633			1,062,633
Total carryforward	<u>\$ 840,004,292</u>	<u>\$ 196,458,689</u>	<u>\$ (54,059,698)</u>	<u>\$ 982,403,283</u>






# COT ELR FY2024 FINAL w Audit report

Final Audit Report

2025-03-28

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