Town of Oro Valley, Arizona

Annual Expenditure Limitation Report

June 30, 2025

Table of Contents
June 30, 2025

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Independent Accountants' Report

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

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Oro Valley, Arizona for the year ended June 30, 2025. The Town's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination. We have presented the results of our examination in the accompanying schedules.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants (AICPA). 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. 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 of the Town of Oro Valley and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the Annual Expenditure Limitation Report of the Town of Oro Valley, Arizona is fairly presented in accordance with the *Uniform Expenditure Reporting System* as described in Note 1, in all material respects.

Baker Tilly US, LLP

Tempe, Arizona
December 12, 2025

Town of Oro Valley, Arizona

Annual Expenditure Limitation Report - Part I
Year Ended June 30, 2025

1. Economic Estimates Commission expenditure limitation		$ 170,938,815	
2. Voter-approved alternative expenditure limitation (approved June 19, 2024)		150,835,253	
3. Enter applicable amount from line 1 or line 2			$ 150,835,253
4. Amount subject to the expenditure limitation (total amount from Part II, line C)		116,890,910	
5. Board-authorized expenditures necessitated by a disaster the Governor declared	-	-	
6. Board-authorized expenditures necessitated by a disaster the Governor did not declare	-	-	
7. Prior-year, voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year	-	-	
8. Subtotal			116,890,910
9. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster the Governor did not declare and the voters did not approve	+	-	
10. Total adjusted amount subject to the expenditure limitation			116,890,910
11. Amount under (in excess of) the expenditure limitation			$ 33,944,343

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: ____________________

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

Telephone number: (520) 229-4768

Date: 12/12/2025

See notes to annual expenditure limitation report

Town of Oro Valley, Arizona

Annual Expenditure Limitation Report - Part II
Year Ended June 30, 2025

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Amounts reported on the Reconciliation, Line D	$ 76,808,527	$ 35,829,262	$ 4,253,121	$ 116,890,910
B. Less exclusions claimed:				
1. Debt proceeds	-	-	-	-
2. Debt service requirements	-	-	-	-
3. Dividends, interest, and gains on the sale or redemption of investment securities	-	-	-	-
4. Trustee or custodian	-	-	-	-
5. Grants and aid from the federal government	-	-	-	-
6. Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	-	-	-	-
7. Amounts received from the State of Arizona	-	-	-	-
8. Quasi-external interfund transactions	-	-	-	-
9. Voter-approved amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-	-
10. Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-	-
11. Contracts with other political subdivisions	-	-	-	-
12. Refunds, reimbursements, and other recoveries	-	-	-	-
13. Voter-approved exclusions not identified above	-	-	-	-
14. Prior years carryforward	-	-	-	-
15. Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07	-	-	-	-
16. Total exclusions claimed	-	-	-	-
C. Amounts subject to the expenditure limitation	$ 76,808,527	$ 35,829,262	$ 4,253,121	$ 116,890,910

See notes to annual expenditure limitation report

Town of Oro Valley, Arizona

Annual Expenditures Limitation Report - Reconciliation
Year Ended June 30, 2025

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	$ 77,005,327	$ 21,246,390	$ 4,286,514	$ 102,538,231
B. Subtractions:				
1. Items not requiring use of current financial resources:				
a. Depreciation	-	4,061,697	-	4,061,697
b. Loss on disposal of capital assets	-	31,966	-	31,966
c. Bad debt expense	-	24,883	-	24,883
d. Pension expense (Note 2)	-	346,126	-	346,126
e. Claims incurred but not reported (IBNR) (Note 3)	-	-	356,345	356,345
f. Landfill closure and postclosure care costs and pollution remediation	-	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-	-
3. Required fees paid to the Industrial Commission of Arizona (Note 4)	121,681	-	-	121,681
4. Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	75,119	-	-	75,119
5. Involuntary court judgments	-	-	-	-
6. Total subtractions	196,800	4,464,672	356,345	5,017,817
C. Additions:				
1. Principal payments on long-term debt	-	3,170,157	-	3,170,157
2. Capital asset acquisitions	-	15,499,612	-	15,499,612
3. Amounts paid in the current year but reported as expenses in previous years:				
a. Claims previously recognized as IBNR (Note 3)	-	-	322,952	322,952
b. Landfill closure and postclosure care costs and pollution remediation	-	-	-	-
4. Pension contributions paid in the current year (Note 2)	-	377,775	-	377,775
5. Transfers to separate legal entities	-	-	-	-
6. Total additions	-	19,047,544	322,952	19,370,496
D. Amounts reported on Part II, Line A	$ 76,808,527	$ 35,829,262	$ 4,253,121	$ 116,890,910

See notes to annual expenditure limitation report

1. Summary of Significant Accounting Policies

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

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

2. Pension and Expense

The $346,126 subtraction for pension expense consists of changes in the net pension assets and liabilities, and changes in deferred inflows and outflows related to pensions recognized in the current year in the enterprise funds. The $377,775 addition for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the enterprise funds.

3 IBNR Claims

The $356,345 subtraction for claims incurred but not reported consists of the estimated costs of claims incurred and expensed in the current year but not yet paid in the internal service funds. The $322,952 addition for claims paid in the current year, but reported as expenses incurred but not reported in previous years, consists of cash payments in the current year for claims recognized as an expense in previous years in the internal service funds.

4. Fees Paid to the Industrial Commission of Arizona

The subtraction for required fees State law required the City/Town to pay that are excluded from the city/town 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 $121,681 expenditure.