

AELR

ANNUAL EXPENDITURE LIMITATION REPORT

For the fiscal year ended June 30, 2025



Town of Sahuarita, Arizona

Report on Examination of Annual Expenditure Limitation Report
Fiscal Year Ended June 30, 2025

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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the accompanying Annual Expenditure Limitation Report (report) of the Town of Sahuarita, Arizona (Town) for the year ended June 30, 2025, and the related notes to the report. The Town's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

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

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

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

Advisent Assurance, LLP

Mesa, Arizona
December 23, 2025



Town of Sahuarita, Arizona

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

1. Economic Estimates Commission expenditure limitation	<u>\$ 59,413,562</u>
2. Voter-approved alternative expenditure limitation	<u>-</u>
3. Enter applicable amount from line 1 or 2	<u>\$ 59,413,562</u>
4. Amount subject to expenditure limitation (total amount from Part II, Line C)	<u>\$ 34,180,194</u>
5. Board-authorized expenditures necessitated by a disaster the Governor declared	- <u>-</u>
6. Board-authorized expenditures necessitated by a disaster the Governor did not declare	- <u>-</u>
7. Prior-year voter approved expenditures to exceed the expenditure limitation for reporting fiscal year	- <u>-</u>
8. Subtotal	<u>\$ 34,180,194</u>
9. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster the Governor did not declare and the voters did not approve	+ <u>-</u>
10. Total adjusted amount subject to the expenditure limitation	<u>\$ 34,180,194</u>
11. Amount under (in excess of) the expenditure limitation	<u><u>\$ 25,233,368</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 Fiscal Officer: *A.C. Marriotti*

Name and Title: A.C. Marriotti, Finance Director
Telephone Number: (520) 822-8838

Date: December 23, 2025

Town of Sahuarita, Arizona

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

	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 40,509,602	\$ 10,763,949	\$ 51,273,551
B. Less exclusions claimed:			
1. Debt proceeds	-	4,740,616	4,740,616
2. Debt service requirements (Note 2)	3,064,043	1,755,053	4,819,096
3. Dividends, interest and gains on sale or redemption of investment securities (Note 3)	254,153	21,399	275,552
4. Trustee or custodian	-	-	-
5. Grants and aid from the federal government (Note 4)	1,798,494	55,180	1,853,674
6. Grants, aid, contributions or gifts from a private agency, organization or individual, except amounts received in lieu of taxes (Note 5)	136,008	160,000	296,008
7. Amounts received from the State of Arizona (Note 6)	905,148	-	905,148
8. Quasi-external interfund transactions (Note 7)	-	-	-
9. Voter-approved amounts accumulated for purchase of land, and the purchase or construction of buildings or improvements	-	-	-
10. Highway user revenues in excess of fiscal year 1979-80 (Note 8)	3,091,012	-	3,091,012
11. Contracts with other political subdivisions	-	-	-
12. Refunds, reimbursements, and other recoveries (Note 9)	24,156	-	24,156
13. Voter-approved exclusions not identified above	-	-	-
14. Prior years carryforward (Note 10)	1,088,095	-	1,088,095
15. Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07	-	-	-
16. Total exclusions claimed	10,361,109	6,732,248	17,093,357
C. Amounts subject to the expenditure limitation	\$ 30,148,493	\$ 4,031,701	\$ 34,180,194

Town of Sahuarita, Arizona

Annual Expenditure Limitation Report—Reconciliation

Fiscal Year Ended June 30, 2025

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 52,363,581	\$ 4,299,100	\$ 56,662,681
B. Subtractions:			
1. Items not requiring use of current financial resources:			
a. Depreciation and amortization	-	1,328,763	1,328,763
b. Loss on disposal of capital assets	-	-	-
c. Bad debt expense (Note 11)	-	6,802	6,802
d. Pension and other postemployment benefits (OPEB) expense (Note 12)	-	75,158	75,158
e. Claims incurred but not reported (IBNR)	-	-	-
f. Landfill closure and postclosure care costs under Arizona Revised Statutes	-	-	-
g. Compensated absences	-	-	-
h. Loss on investment in joint ventures	-	-	-
i. Amortization of bond discounts	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 13)	11,212,452	-	11,212,452
3. Required fees paid to the Industrial Commission of Arizona (Note 14)	91,570	-	91,570
4. Present value of net minimum lease, financed purchase, and subscription-based technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	549,957	-	549,957
5. Involuntary court judgments	-	-	-
Total subtractions	<u>11,853,979</u>	<u>1,410,723</u>	<u>13,264,702</u>
C. Additions:			
1. Principal payments on long-term debt	-	1,456,666	1,456,666
2. Amortization of bond premiums	-	-	-
3. Investment in joint ventures	-	-	-
4. Capital asset acquisitions	-	6,305,094	6,305,094
5. Amounts paid in the current year but reported as expenses in previous years:			
a. Claims previously recognized as IBNR	-	-	-
b. Landfill closure and postclosure care costs and pollution remediation	-	-	-
c. Compensated absences	-	28,757	28,757
4. Pension and OPEB contributions paid in the current year (Note 12)	-	85,055	85,055
5. Transfers to separate legal entities	-	-	-
Total additions	<u>-</u>	<u>7,875,572</u>	<u>7,875,572</u>
D. Amounts reported on Part II, Line A	<u>\$ 40,509,602</u>	<u>\$ 10,763,949</u>	<u>\$ 51,273,551</u>

Town of Sahuarita, Arizona

Notes to Annual Expenditure Limitation Report Fiscal Year Ended June 30, 2025

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 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 Fund Net Position for the Proprietary Funds; and the Statement of Cash flows for the Proprietary Funds.

Note 2 The exclusion claimed for debt service requirements on other long-term obligations in the Governmental Funds consists of \$2,892,519 for principal and \$171,524 for interest expenditures.

The exclusion claimed for debt service requirements on other long-term obligations in the Enterprise Funds consists of \$1,456,666 for principal retirement and \$298,387 for interest expense.

Note 3 The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the Governmental Funds consists of amounts expended from investment earnings. \$2,198,598 from the Governmental Funds and \$256,620 from the Enterprise Funds have been carried forward to future years.

Note 4 The exclusion claimed for grants and aid from the federal government in the Governmental Funds consists of \$1,798,494 expended from intergovernmental revenues in the Governmental Funds. Remaining intergovernmental revenues of \$256,442 have been carried forward to future years.

The exclusion claimed for grants and aid from the federal government in the Enterprise Fund consists of \$55,180 expended from intergovernmental revenues.

Note 5 The exclusion claimed for grants, aid, contributions or gifts from a private agency, organization or individual except amounts received in lieu of taxes in the Governmental Funds consists of \$92,408 expended from intergovernmental revenues and \$43,600 expended from miscellaneous revenues.

The exclusion claimed for grants, aid, contributions or gifts from a private agency, organization or individual except amounts received in lieu of taxes in the Enterprise Funds consists of \$160,000 expended from capital contributions.

Town of Sahuarita, Arizona

Notes to Annual Expenditure Limitation Report Fiscal Year Ended June 30, 2025

- Note 6** The exclusion claimed for amounts received from the State of Arizona in the Governmental Funds consists of amounts expended from intergovernmental revenues. Remaining intergovernmental revenues of \$1,224 have been carried forward to future years.
- Note 7** No exclusions were claimed for quasi-external interfund transactions. \$10,510 of charges for services and \$17,260 of miscellaneous revenues from the Enterprise Funds have been carried forward to future years.
- Note 8** The exclusion claimed for highway user revenues in excess of fiscal year 1979-80 in the Governmental Funds consists of expended intergovernmental revenues reported in the Transportation Fund.
- Note 9** The exclusion claimed for refunds, reimbursements, and other recoveries in the Governmental Funds consists of amounts expended from miscellaneous revenues (insurance recoveries). \$30,015 from the Governmental Funds and \$67,944 from the Enterprise Funds have been carried forward to future years.
- Note 10** 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 revenue sources and the changes in those balances is shown in the table below:

<u>Description</u>	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>(Note 15) Reclassification</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>
Debt proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
Dividends, interest, and gains on the sale or redemption of investment securities	5,953,182	2,455,218	(9,641)	-	8,398,759
Grants and aid from the federal government	267,567	256,442	5,521	-	529,530
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	152,330	-	-	(4,486)	147,844
Amounts received from the State of Arizona	111,362	1,224	4,120	(18,849)	97,857
Quasi-external interfund transactions	48,612	27,770	-	-	76,382
Highway user revenues in excess of those received in fiscal year 1979-80	1,245,664	-	-	(1,064,760)	180,904
Refunds, reimbursements, and other recoveries	929,130	97,959	-	-	1,027,089
Total carryforward	<u>\$ 8,707,847</u>	<u>\$ 2,838,613</u>	<u>\$ -</u>	<u>\$ (1,088,095)</u>	<u>\$ 10,458,365</u>

- Note 11** The subtraction for bad debt expense consists of expenditures reported as general and administrative operating expenses in the Enterprise Funds.

Town of Sahuarita, Arizona

Notes to Annual Expenditure Limitation Report Fiscal Year Ended June 30, 2025

Note 12 The \$75,158 subtraction for pension and other post-employment benefit (OPEB) expense consists of changes in the net pension and OPEB assets and liabilities, and changes in deferred inflows and outflows related to pensions and OPEB recognized in the current year in the enterprise fund. The \$85,055 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the Enterprise Fund. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

Statement of Cash Flows	Enterprise Fund
Change in net pension and OPEB asset	\$ (4,008)
Change in deferred inflows related to pensions and OPEB	20,033
Change in deferred outflows related to pensions and OPEB	(41,259)
Change in net pension and OPEB liability	15,337
Total	\$ (9,897)
<u>AELR-Reconciliation</u>	
Pension/OPEB contributions - addition	\$ 85,055
Pension/OPEB expense - subtraction	(75,158)
Total	\$ 9,897

Note 13 The subtraction for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the Town's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the Governmental Funds category in the fund financial statements:

	Quail Creek CFD	Rancho Sahuarita CFD	Total
General government	\$ 10,000	\$ 9,573	\$ 19,573
Culture and recreation	103,797	-	103,797
Highways and streets	26,311	33,050	59,361
Capital outlay	-	8,176,743	8,176,743
Debt service-principal	795,000	771,000	1,566,000
Interest and other charges	161,983	1,124,995	1,286,978
Total	\$ 1,097,091	\$ 10,115,361	\$ 11,212,452

Town of Sahuarita, Arizona

Notes to Annual Expenditure Limitation Report Fiscal Year Ended June 30, 2025

Note 14 The subtraction for fees required by law to be paid to Arizona state agencies consist of payments to the Industrial Commission of Arizona as required by A.R.S. §23-1703, which were reported as general government expenditures in the fund financial statements.

Note 15 Interest earned on certain grants and programs, when spent, are classified as federal or state expenditures. The carryforward associated with these earnings were reclassified.

