

Pinal County, Arizona
Annual Expenditure Limitation Report

Year Ended June 30, 2021

**Pinal County, Arizona
Annual Expenditure Limitation Report
Year ended June 30, 2021**

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Independent Accountants' Report

Honorable Members of the Arizona State Legislature
The Auditor General of the State of Arizona
Honorable Board of Supervisors of
Pinal County, Arizona

We have examined the accompanying annual expenditure limitation report of Pinal County, Arizona (the County) for the year ended June 30, 2021, and the related notes to the report. The County'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.

Walker & Armstrong, LLP

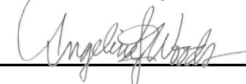
Phoenix, Arizona
August 14, 2023

Pinal County, Arizona
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2021

(Amounts in Thousands)

1. Economic Estimates Commission expenditure limitation	\$ 294,703
2. Amount subject to the expenditure limitation (total amount from part II, line C)	\$ <u>160,606</u>
3. Amount under (in excess of) the expenditure limitation	\$ <u><u>134,097</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: 

Name and Title: Angeline Woods Director, Office of Budget and Finance

Telephone Number: 520-866-6250

Date: 8/14/23

Pinal County, Arizona
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2021
(Amounts in Thousands)

Description	Governmental funds	Enterprise funds	Internal service funds	Fiduciary funds	Total
A. Amounts reported on the reconciliation, line D	\$ 420,382	\$ 2,600	\$ 22,688	\$ 697,559	\$ 1,143,229
B. Less exclusions claimed:					
Debt proceeds (Note 8)	87,970	-	-	-	87,970
Debt service requirements (Note 2)	22,788	-	-	-	22,788
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	609	-	-	-	609
Trustee or custodian (Note 4)	3,049	-	-	697,559	700,608
Grants and aid from the federal government (Note 5)	44,588	619	-	-	45,207
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	2,573	-	-	-	2,573
Amounts received from the State of Arizona (Note 5)	20,281	249	-	-	20,530
Quasi-external interfund transactions (Note 15)	-	-	22,298	-	22,298
Amounts accumulated for the purchase of land, building and improvements (Note 7)	8,538	-	-	-	8,538
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	17,864	-	-	-	17,864
Contracts with other political subdivisions (Note 5)	1,184	-	-	-	1,184
Refunds, reimbursements, and other recoveries (Note 10)	1,334	-	-	-	1,334
Amounts received for distribution to school districts (Note 5 and 9)	5,909	-	-	-	5,909
Prior years carryforward (Note 14)	45,211	-	-	-	45,211
Total exclusions claimed	<u>261,898</u>	<u>868</u>	<u>22,298</u>	<u>697,559</u>	<u>982,623</u>
C. Amounts subject to the expenditure limitation	<u>\$ 158,484</u>	<u>\$ 1,732</u>	<u>\$ 390</u>	<u>\$ -</u>	<u>\$ 160,606</u>

See accompanying notes to report.

Pinal County, Arizona
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2021
(Amounts in Thousands)

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Fiduciary 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	\$ 453,547	\$ 2,391	\$ 22,685	\$ 697,559	\$ 1,176,182
B. Subtractions:					
Items not requiring use of current financial resources:					
Depreciation	-	405	-	-	405
Pension and other postemployment benefits (OPEB) expense (Note 12)	-	19	8	-	27
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 11)	18,734	-	-	-	18,734
Long-term care contributions the State Treasurer withheld (Note 13)	14,431	-	-	-	14,431
Total subtractions	<u>33,165</u>	<u>424</u>	<u>8</u>	<u>-</u>	<u>33,597</u>
C. Additions:					
Capital asset acquisitions	-	613	-	-	613
Pension and OPEB contributions paid in the current year (Note 12)	-	20	11	-	31
Total additions	<u>-</u>	<u>633</u>	<u>11</u>	<u>-</u>	<u>644</u>
D. Amounts reported on Part II, Line A	<u>\$ 420,382</u>	<u>\$ 2,600</u>	<u>\$ 22,688</u>	<u>\$ 697,559</u>	<u>\$ 1,143,229</u>

See accompanying notes to report.

Pinal County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2021
(Amounts in Thousands)

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 (A.R.S.) §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; 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 of \$22,788 in the Governmental Funds consists of principal payments of \$13,306 and interest payments of \$9,482.

Note 3 - The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$609 in the Governmental Funds consists of expended investment earnings. Of the total investment earnings revenues of \$954 in the Governmental Funds, \$50 was included in the amounts deducted on the Reconciliation as expenditures of separate legal entities. An additional \$14 is already included as an exclusion for amounts received for distribution to school districts (see Note 9). Remaining revenues of \$281 in the Governmental Funds have been carried forward to future years.

Note 4 - The \$3,049 exclusion claimed for trustee or custodian in the governmental funds consists of county contributions to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs; and in the fiduciary funds, the exclusion consists of \$697,559 in distributions to investment pool participants.

Pinal County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2021
(Amounts in Thousands)

Note 5 - The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, highway user revenues, amounts received for distribution to school districts, and contracts with other political subdivisions. The amounts excluded do not exceed expenditures of such revenues.

Description	Amount
Grants and aid from the federal government	\$ 44,588
Amounts received from the State of Arizona	20,281
Highway user revenues in excess of those received in fiscal year 1979-80	17,864
Contracts with other political subdivisions	1,184
Amounts received for distribution to school districts	5,473
Other revenues—(nonexcludable)	62,067
Amount carried forward	10,975
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 162,432</u>

Description	Amount
Grants and aid from the federal government	\$ 619
Amounts received from the State of Arizona	249
Other revenues—(nonexcludable)	53
Total intergovernmental revenues and capital contributions as reported in the proprietary fund financial statements	<u>\$ 921</u>

Note 6 - The exclusion claimed for grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes of \$2,573 in the Governmental Funds, consists of contributions revenue expended. Of the total contributions revenues of \$2,840 in the Governmental Funds, \$265 was included in the amounts deducted on the Reconciliation as expenditures of separate legal entities. An additional \$2 is already included as an exclusion for amounts received for distribution to school districts (see Note 9).

Note 7 - The \$8,538 exclusion claimed in the Governmental Funds for amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements consists of highways and streets expenditures for new road construction and major road reconstruction projects made from the accumulation of sales tax revenues approved by county voters and, therefore, is exempted from the expenditure limitation.

Note 8 - The exclusion of \$87,970 claimed for bond proceeds in the Governmental Funds consists of the Pledged Revenue Bonds Series 2020 and Tax-Exempt and Taxable Series 2019. Proceeds for Series 2020 were spent to pay a portion of the County's unfunded PSPRS pension liability. Proceeds for Series 2019 were spent for construction of various capital projects and purchase of capital assets.

Pinal County, Arizona
 Notes to Annual Expenditure Limitation Report
 Year Ended June 30, 2021
 (Amounts in Thousands)

Note 9 - The exclusion claimed of \$5,909 for amounts received for distribution to school districts consists of federal, state, and county revenues recorded as education expenditures for operating an accommodation school.

Note 10 - The \$1,334 exclusion claimed in the Governmental Funds for refunds, reimbursements, and other recoveries consists of prior year voided warrants and refunds and insurance reimbursements. Such items are recorded as miscellaneous revenues (\$634) and other financing sources (\$724) in the financial statements. \$24 was carried forward to future years.

Note 11 - The subtraction of \$18,734 in the Governmental Funds, for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the County's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the Governmental Funds categories in the fund financial statements:

	Governmental Funds
Special Assessment Districts	
Highways and Streets	\$ 3,334
Health	12,443
Sanitation	3
Culture and recreation	2,954
Total	\$ 18,734

Note 12 - The \$27 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/Internal Service Funds. The \$31 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/Internal Service Funds.

Note 13 - The subtraction of \$14,431 for long-term care contributions the State Treasurer withheld consists of transaction privilege taxes withheld to meet the County's share of long-term care costs that was reported as a revenue and an offsetting expenditure in the County's governmental funds. Consequently, this expenditure has been subtracted on the Reconciliation.

Note 14 - Prior years carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year as follows:

	Governmental Funds
Description	
Debt Proceeds	\$ 45,210
Total Prior years carryforward expended	\$ 45,210

Pinal County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2021
(Amounts in Thousands)

Note 15 - The exclusion claimed for quasi-external interfund transactions in the internal service fund includes employer and employees' medical contributions for health and other insurance. These expenditures are recorded as medical claims and services in the internal service fund.

Note 16 - 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 their balances is shown in the table below:

Description	Balance	Additions	Reductions	Balance
	June 30, 2020			June 30, 2021
Debt proceeds	\$ 61,118	\$ -	\$ 45,210	\$ 15,908
Dividends, interest, and gains on the sale or redemption of investment securities	18,594	281	-	18,875
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	1,925	-	-	1,925
Amounts received from the State of Arizona	25,330	6,175	-	31,505
Quasi-external interfund transactions	127	-	-	127
Highway user revenues in excess of those received in fiscal year 1979-80	12,997	4,800	-	17,797
Contracts with other political subdivisions	10,465	-	-	10,465
Refunds, reimbursements, and other recoveries	7,258	24	-	7,282
Total carryforward	\$ 137,814	\$ 11,280	\$ 45,210	\$ 103,884