

Pinal County, Arizona
Annual Expenditure Limitation Report

Year Ended June 30, 2023

**Pinal County, Arizona
Annual Expenditure Limitation Report
Year ended June 30, 2023**

Table of Contents

	<u>Page</u>
Independent Accountants' Report	1
Annual Expenditure Limitation Report	
Annual Expenditure Limitation Report-Part I	2
Annual Expenditure Limitation Report-Part II	3
Annual Expenditure Limitation Report-Reconciliation	4
Notes to Annual Expenditure Limitation Report	5-8

Independent Accountants' Report

Honorable Members of the State Legislature

The Arizona Auditor General

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, 2023, 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

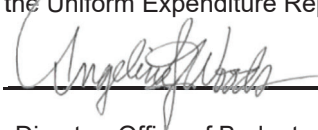
Phoenix, Arizona
August 27, 2025

Pinal County, Arizona
Annual Expenditure Limitation Report—Part I
Year ended June 30, 2023
(Amounts in Thousands)

1. Economic Estimates Commission expenditure limitation	\$ 299,834
2. Amount subject to the expenditure limitation (total amount from Part II, line C)	<u>176,902</u>
3. Amount under the expenditure limitation	<u>\$ 122,932</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) 866-6676

Date: August 27, 2025

Pinal County, Arizona
Annual Expenditure Limitation Report—Part II
Year ended June 30, 2023
(Amounts in Thousands)

Description	Governmental funds	Enterprise funds	Internal service funds	Fiduciary funds	Total
A. Amounts reported on the reconciliation, line D	\$ 533,348	\$ 2,357	\$ 27,021	\$ 872,481	\$ 1,435,207
B. Less exclusions claimed:					
Debt proceeds (Note 2)	114,000	-	-	-	114,000
Debt service requirements (Note 2)	59,468	-	-	-	59,468
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	4,840	-	-	-	4,840
Trustee or custodian (Note 4)	3,071	-	-	872,481	875,552
Grants and aid from the federal government (Note 5)	89,163	2,357	-	-	91,520
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	19,955	-	-	-	19,955
Amounts received from the State of Arizona (Note 5)	24,913	-	-	-	24,913
Quasi-external interfund transactions (Note 13)	-	-	26,681	-	26,681
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	27,070	-	-	-	27,070
Contracts with other political subdivisions (Note 5)	1,537	-	-	-	1,537
Refunds, reimbursements, and other recoveries (Note 8)	706	-	-	-	706
Amounts received for distribution to school districts (Note 7)	10,511	-	-	-	10,511
Prior years carryforward (Note 14)	1,552	-	-	-	1,552
Total exclusions claimed	356,786	2,357	26,681	872,481	1,258,305
C. Amounts subject to the expenditure limitation	\$ 176,562	\$ -	\$ 340	\$ -	\$ 176,902

See accompanying notes to report.

Pinal County, Arizona
Annual Expenditure Limitation Report—Reconciliation
Year ended June 30, 2023
(Amounts in Thousands)

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	\$ 608,610	\$ 2,404	\$ 26,764	\$ 872,481	\$ 1,510,259
B. Subtractions:					
Items not requiring use of current financial resources:					
Depreciation	-	376	-	-	376
Loss on disposal of capital assets	30,375	-	-	-	30,375
Pension and other postemployment benefits (OPEB) expense (Note 11)	-	4	60	-	64
Claims incurred but not reported (IBNR) (Note 9)	-	-	2,774	-	2,774
Total expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 10)	27,917	-	-	-	27,917
Long-term care contributions the State Treasurer withheld (Note 12)	17,427	-	-	-	17,427
Present value of net minimum lease payments, financed purchases, and subscription-based information technology arrangements (SBITA) contract payments recorded as expenditures at the agreements' inception	905	-	-	-	905
Total subtractions	76,624	380	2,834	-	79,838
C. Additions:					
Capital asset acquisitions	-	289	-	-	289
Claims previously recognized as IBNR (Note 9)	-	-	3,074	-	3,074
Pension and OPEB contributions paid in the current year (Note 11)	-	44	17	-	61
County transfers to separate legal entities	1,362	-	-	-	1,362
Total additions	1,362	333	3,091	-	4,786
D. Amounts reported on part II, line A	\$ 533,348	\$ 2,357	\$ 27,021	\$ 872,481	\$ 1,435,207

See accompanying notes to report.

Pinal County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2023
(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 proceeds in the governmental funds is based upon bond proceeds of \$115,655 less \$1,655 of debt issuance costs. The exclusion claimed for debt service requirements in the governmental funds consists of principal retirement in the amount of \$46,049 and interest expenditures in the amount of \$13,419.

Note 3 - The \$4,840 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds includes investment earnings expended of \$4,840. Of the total investment earnings revenue of \$8,221, \$281 was deducted as expenditures of separate legal entities and \$92 for amounts received for distribution to school districts. Remaining unspent, excludable revenues of \$3,008 have been carried forward to future years.

Reconciliation of investment earnings	Governmental
Financial statements	
Investment earnings	\$ 8,221
Total investment earnings (loss) as reported in the financial statements	<u>\$ 8,221</u>
AELR-Part II	
Investment earnings	\$ 8,221
Less: Separate legal entities	(281)
Less: Distribution to schools	(92)
Less: Actual exclusion taken	(4,840)
Carryforward to future years	<u>\$ 3,008</u>

Note 4 - The \$3,071 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 \$872,481 in distributions to investment pool participants.

Pinal County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2023
(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, contracts with other political subdivisions, and highway user revenues in the governmental funds and enterprise funds:

Description	Amount
Grants and aid from the federal government	\$ 91,520
Amounts received from the State of Arizona	24,913
Highway user revenues in excess of those received in fiscal year 1979-80	27,070
Contracts with other political subdivisions	1,537
Amounts received for distribution to school districts	7,655
Nonexcludable revenues	81,725
Unspent, excludable revenues carried forward	6,290
Total	\$ 240,710
Total intergovernmental revenues as reported in the governmental funds	\$ 235,158
Capital grants in airport economic development enterprise funds	5,552
Total intergovernmental revenues as reported in the fund financial statements	\$ 240,710

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 \$19,955 in the Governmental Funds, consists of contribution revenues expended this fiscal year. The total contribution revenues of \$20,499 in the Governmental Funds included \$465 of expenditures of separate legal entities and \$79 of distributions to schools which were excluded separately.

Note 7 - The \$10,511 exclusion claimed for amounts received for distribution to school districts in the governmental funds consists of federal, State, and county revenues of \$7,655 and other revenues of \$2,856 recorded as education expenditures for operating an accommodation school.

Note 8 - The \$706 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 of \$325 and other financing sources of \$381 in the financial statements.

Note 9 - The \$2,774 subtraction for claims incurred but not reported consists of the ending balance of estimated costs of claims incurred and expensed in the current year but not yet paid in the internal service funds. The beginning balance of \$3,074 was added.

Pinal County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2023
(Amounts in Thousands)

Note 10 - The subtraction of \$27,917 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 as nonmajor special revenue funds, 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	\$ 12,961
Health	11,914
Culture and recreation	3,042
Total	\$ 27,917

Note 11 - The 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 of \$4 in the enterprise funds and \$60 in the internal service funds. The 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 of \$44 from the enterprise funds and \$17 from the internal service funds. 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.

	Enterprise funds	Internal service funds
Statement of cash flows		
Change in deferred inflows related to pensions and OPEB	\$ (96)	\$ (23)
Change in deferred outflows related to pensions and OPEB	29	(3)
Change in net pension and OPEB liability	27	69
Total	\$ (40)	\$ 43
AELR-Reconciliation		
Pension/OPEB contributions – addition	\$ 44	\$ 17
Pension/OPEB expense(income) – subtraction	(4)	(60)
Total	\$ 40	\$ (43)

Note 12 - The subtraction of \$17,427 for long-term care contributions the State Treasurer withheld consists of transaction privilege taxes the State Treasurer 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.

Pinal County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2023
(Amounts in Thousands)

Note 13 - The exclusion of \$26,681 claimed for quasi-external interfund transactions in the internal service funds includes employer and employees' medical contributions for health and other insurance. These expenditures are recorded as medical claims and services in the internal service funds.

Note 14 - 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, 2022	Carryforward added	Carryforward used	Balance June 30, 2023
Debt proceeds	\$ 9,532	\$ -	\$ 606	\$ 8,926
Dividends, interest, and gains on the sale or redemption of investment securities	19,427	3,008	-	22,435
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	1,925	3,286	-	5,211
Amounts received from the State of Arizona	31,635	3,004	39	34,600
Quasi-external interfund transactions	413	-	-	413
Highway user revenues in excess of those received in fiscal year 1979-80	17,862	-	907	16,955
Contracts with other political subdivisions	10,465	-	-	10,465
Refunds, reimbursements, and other recoveries	7,283	-	-	7,283
Total carryforward	<u>\$ 98,542</u>	<u>\$ 9,298</u>	<u>\$ 1,552</u>	<u>\$ 106,288</u>