Pinal County

Annual Expenditure Limitation Report

Year Ended June 30, 2024

A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General

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The Board of Supervisors of
Pinal County, Arizona

Annual Expenditure Limitation Report

We have examined the accompanying Annual Expenditure Limitation Report (report) of Pinal County for the year ended June 30, 2024, 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.

Accountants' responsibilities

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.

Opinion

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.

Emphasis of matter

As described in Note 16 of the report, the County restated its amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements carryforward balance for fiscal year 2023 to correct misstatements in the previously issued Annual Expenditure Limitation Report. Our opinion is not modified with respect to this matter.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

August 26, 2026

Pinal County
Annual Expenditure Limitation Report—Part I
Year ended June 30, 2024
(Amounts in thousands)

1.	Economic Estimates Commission expenditure limitation	$332,999
2.	Amount subject to the expenditure limitation (total amount from Part II, line C)	240,818
3.	Amount under the expenditure limitation	$ 92,181

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: Angeline Woods

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

Telephone number: (520) 866-6676 Date: August 26, 2026

See accompanying notes to report.

Pinal County
Annual Expenditure Limitation Report—Part II
Year ended June 30, 2024
(Amounts in thousands)

Description	Governmental funds	Enterprise funds	Internal service funds	Fiduciary funds	Total
A. Amounts reported on the reconciliation, line D	$ 460,242	$ 3,051	$ 29,650	$ 968,403	$ 1,461,346
B. Less exclusions claimed:					
Debt service requirements (Note 2)	32,662				32,662
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	7,871				7,871
Trustee or custodian (Note 4)	3,101			968,403	971,504
Grants and aid from the federal government (Note 5)	53,367	520			53,887
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	21,718				21,718
Amounts received from the State of Arizona (Note 5)	46,124				46,124
Quasi-external interfund transactions (Note 7)			29,650		29,650
Amounts accumulated for the purchase for land, buildings, or improvements (Note 8)	19,848				19,848
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	25,532				25,532
Refunds, reimbursements, and other recoveries (Note 9)	631	1			632
Amounts received for distribution to school districts (Notes 5 and 10)	8,358				8,358
Prior years carryforward (Note 11)	212	2,530			2,742
Total exclusions claimed	219,424	3,051	29,650	968,403	1,220,528
C. Amounts subject to the expenditure limitation	$ 240,818	$ -	$ -	$ -	$ 240,818

See accompanying notes to report.

Pinal County
Annual Expenditure Limitation Report—Reconciliation
Year ended June 30, 2024
(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	$ 503,050	$ 2,310	$ 29,690	$ 968,403	$ 1,503,453
B. Subtractions:					
Items not requiring use of current financial resources:					
Depreciation and amortization		679			679
Pension and other postemployment benefits (OPEB) expense (Note 12)		28	12		40
Claims incurred but not reported (IBNR) (Note 13)			22,742		22,742
Total expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 14)	22,768				22,768
Long-term care contributions the State Treasurer withheld (Note 15)	18,012				18,012
Present value of net minimum lease, financed purchased, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	3,195				3,195
Total subtractions	43,975	707	22,754		67,436
C. Additions:					
Capital asset acquisitions		1,412			1,412
Amounts paid in the current year but reported as expenses in previous years:					
Claims previously recognized as IBNR (Note 13)			22,699		22,699
Pension and OPEB contributions paid in the current year (Note 12)		36	15		51
County transfers to separate legal entities	1,167				1,167
Total additions	1,167	1,448	22,714		25,329
D. Amounts reported on part II, line A	$ 460,242	$ 3,051	$ 29,650	$ 968,403	$ 1,461,346

See accompanying notes to report.

Pinal County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2024
(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 $32,662 exclusion claimed for debt service requirements consists of $18,145 principal retirement and $14,517 interest expenditures in the governmental funds.

Note 3

The $7,871 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds include investment earnings of $17,469. Remaining unspent, excludable revenues of $8,503 have been carried forward to future years.

Reconciliation of investment earnings	Governmental funds
Financial statements	
Investment earnings	$17,469
AELR – Part II	
Investment earnings	$17,469
Amount taken as a subtraction for expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.)	781
Amount taken as an exclusion for amounts received for distribution to school districts (Note 10)	314
Subtotal of allowable exclusion	16,374
Less: Actual exclusion taken	7,871
Carryforward to future years	$ 8,503

(Amounts in thousands)

Note 4

The $3,101 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 $968,403 in distributions to investment pool participants, property tax distributions to other governments, fines, fees, and forfeitures collected for other governments, and other deductions.

Note 5

The following schedule presents revenues from which exclusions have been claimed or carried forward 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 in the governmental funds:

Description	
Grants and aid from the federal government	$ 53,367
Amounts received from the State of Arizona	46,124
Highway user revenues in excess of those received in fiscal year 1979-80	25,532
Amounts received for distribution to school districts (Note 10)	6,501
Contracts with other political subdivisions unspent, excludable revenues carried forward	1,872
Amounts received from the State of Arizona unspent, excludable revenues carried forward	577
Highway user revenues in excess of those received in fiscal year 1979-80 unspent, excludable revenues carried forward	2,011
Nonexcludable revenues	78,987
Total intergovernmental revenues as reported in the fund financial statements	$ 214,971

The exclusion claimed for federal grants and aid of $520 in the enterprise funds consists of federal grant expenditures reported in the schedule of expenditures of federal awards.

Note 6

The $21,718 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 contribution revenues expended this fiscal year. The total contribution revenues of $23,569 in the Governmental Funds included $371 of expenditures of separate legal entities. Remaining unspent, excludable revenues of $1,480 have been carried forward to future years.

(Amounts in thousands)

Note 7

The exclusion claimed for quasi-external interfund transactions in the internal service funds of $29,650 consists of employer and employees' medical contributions for health and other insurance recorded as medical claims and services.

Note 8

The $19,848 exclusion claimed for amounts accumulated for the purchase of land, buildings, or improvements in the governmental funds consists of expenditures related to the voter-approved half-cent transportation excise tax revenue of $21,532, less revenue contributions and investment earnings of $623 and $1,061, respectively.

Note 9

The $631 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 $159 and insurance reimbursements of $506 in the financial statements. Remaining unspent, excludable revenues of $34 have been carried forward to future years. The $1 exclusion claimed in the Enterprise Funds for refunds, reimbursements, and other recoveries consists of prior year voided warrants and refunds.

Note 10

The $8,358 exclusion claimed for amounts received for distribution to school districts consists of federal, State, and county revenues of $6,501 and other revenues of $1,857 recorded as education expenditures for operating an accommodation school.

Note 11

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:

Description	Governmental funds	Enterprise funds
Amounts received from the State of Arizona		$ 2,530
Amounts accumulated for the purchase for land, buildings, or improvements	$ 212	
Total prior years carryforward expended	$ 212	$ 2,530

Pinal County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2024
(Amounts in thousands)

Note 12

The $40 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 and internal service funds. The $51 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 and 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	$ 6	$ 3
Change in deferred outflows related to pensions and OPEB	16	7
Change in net pension and OPEB liability	(30)	(13)
Total	$ (8)	$ (3)
AELR – Reconciliation		
Pension/OPEB contributions – addition	$ 36	$ 15
Pension/OPEB expense(income) – subtraction	28	12
Total	$ 8	$ 3

Note 13

The $22,742 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 $22,699 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.

Note 14

The $22,768 subtraction for separate legal entities established under Arizona Revised Statutes consists of expenditures and transfers out of special assessment districts included within the County's reporting entity, but not included in the Economic Estimates Commission base limit calculations that are reported in the governmental funds:

Special assessment districts	
Highways and Streets	$ 6,429
Health	13,047
Culture and Recreation	3,292
Total	$ 22,768

(Amounts in thousands)

Note 15

The $18,012 subtraction 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.

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. The June 30, 2023, beginning carryforward balance for amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements was restated to properly include $3,028 in prior years excludable revenues that was omitted from the fiscal year 2023 note disclosure. The restatement did not affect the total amount subject to the expenditure limitation or amount under the expenditure limitation for fiscal year 2023. Reductions totaling $54,741 represents an adjustment from prior years for amounts that are no longer available for exclusion. A summary of the accumulated revenue sources and their balances is shown in the table below:

Description	Balance June 30, 2023, as restated	Carryforward added	Carryforward used	Balance June 30, 2024
Debt proceeds	$ 8,926		$ 8,926	
Dividends, interest, and gains on the sale or redemption of investment securities	22,435	$ 8,503	556	$ 30,382
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	5,211	1,480	3,511	3,180
Amounts received from the State of Arizona	34,600	577	33,813	1,364
Quasi-external interfund transactions	413			413
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	3,028		212	2,816
Highway user revenues in excess of those received in fiscal year 1979-80	16,955	2,011		18,966
Contracts with other political subdivisions	10,465	1,872	10,465	1,872
Refunds, reimbursements, and other recoveries	7,283	34		7,317
Total carryforward	$ 109,316	$ 14,477	$ 57,483	$ 66,310

ARIZONA
Auditor General
Making a Positive Difference