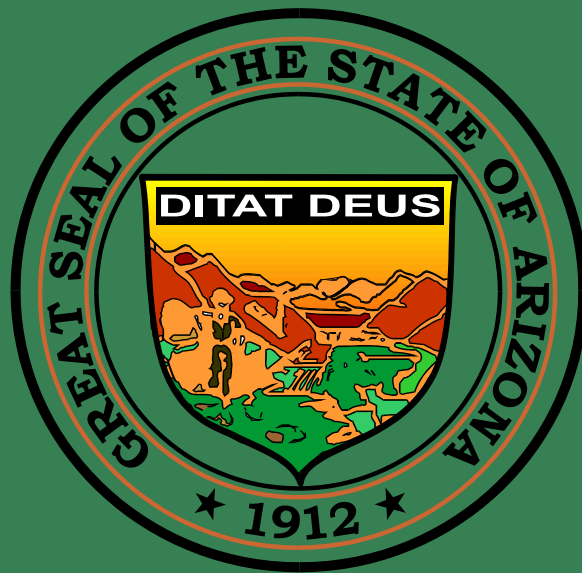


**UNIFORM  
ACCOUNTING MANUAL  
FOR  
ARIZONA COUNTY  
TREASURERS**



**AUDITOR GENERAL**

**UNIFORM ACCOUNTING MANUAL  
FOR  
ARIZONA COUNTY TREASURERS**

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The *Uniform Accounting Manual for Arizona County Treasurers* (UAMACT) has been developed by the Office of the Auditor General in accordance with state statutes that require the Auditor General to develop a uniform system of accounting for county officers. Arizona Revised Statutes (A.R.S.) §41-1279.21(A)(5). The manual is designed to make it easier for county officers to adhere to **A.R.S.** (see §VI-A) and generally accepted accounting principles. The manual establishes uniform accounting principles and terminology and, at the same time, recognizes differing systems that county treasurers use.

The county treasurer manages cash for county departments, school districts, and special districts. The principal duties include receiving, recording, safeguarding, investing, and disbursing cash for these entities. The treasurer also serves as the ex officio tax collector and collects property taxes for distribution to the State, county, cities and towns, community college districts, school districts, and special districts.

The statutory requirements of the treasurer's office are complex and may be met through various accounting systems. Internal control policies and procedures and exhibits have been developed for this manual to assist in complying with statutory requirements. The policies must be adopted and additional controls established as deemed necessary. The procedures and exhibits are recommended to provide adequate internal control. It should be noted that the level of internal control incorporated in these procedures is generally that which the auditors expect to find in operation.

For adequate accountability and disclosure, it is essential that the accounting system identify all agencies having cash on deposit with the treasurer. Specific agency accounts for the entities must be maintained. The **Chart of Accounts** (see §III) provides common classifications and terminology to be used in recording and reporting transactions and allows legislators and other public officials to consolidate and compare financial information among counties.

Counties are audited annually, as are special districts and school districts subject to the *Single Audit Act Amendments of 1996* (PL 104-156). During these audits, the Auditor General or other auditors require specific financial information from the treasurer's records. It is important that the treasurer provide accurate information on a timely basis. **Section IV-B** contains a listing of schedules most often requested by the auditors.

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## CALENDAR OF EVENTS

The following is a list of significant events concerning county treasurers as prescribed by Arizona Revised Statutes (A.R.S.). This list may be used by county treasurers to assist them in meeting statutorily imposed deadlines, and as an aid in identifying deadlines imposed by statute on other departments and entities that relate to the county treasurer's office. This list may not be all-inclusive.

DATE	SUBJECT	A.R.S.
<b>MONTHLY EVENTS</b>		
Within 10 working days after each payroll date	The treasurer must transfer the contributions provided for in subsections A and C to the fund manager of the elected officials' retirement plan.	<b>§38-810</b>
1 <sup>st</sup> of month	County and precinct officers entitled to collect fees must submit an itemized statement to the clerk of the board and to the county treasurer of all fees earned during the previous month, and remit such fees to the county treasury at the time the statement is filed.	<b>§11-414</b>
By 15 <sup>th</sup> of month	The treasurer of each county in which a power district is located must receive, collect, and receipt for all district monies and for taxes levied.	§48-1591
On or before 15 <sup>th</sup> of month	The treasurer of each county containing a portion of an agricultural improvement district must remit to the district treasurer all monies of the district collected during the previous month.	§48-2418
On or before 15 <sup>th</sup> of month	For those power districts for which the county treasurer serves as the district treasurer, the county treasurer must report to the secretary of each district the amounts available in each district fund, the amount of warrants paid during the previous month, and the amount of any registered unpaid warrants.	§48-1599
On or before 15 <sup>th</sup> of month	The treasurer of each county containing a portion of a power district must remit to the district treasurer all monies, warrants, coupons, or bonds collected or received on account of the power district.	§48-1599
On or before 15 <sup>th</sup> of month	The treasurer of each county must transmit to the State Treasurer penalty assessments and fees submitted by clerks of courts, and an itemized statement of such as required.	<b>§12-113</b> §12-116.01 §12-116.02
On or before 15 <sup>th</sup> of month	The treasurer must credit the amount of monies collected during the preceding month, including interest earnings collected under <b>A.R.S. §15-1025</b> , to the applicable school district's debt service fund.	<b>§15-1027</b>
On or before 15 <sup>th</sup> of month	The treasurer must remit to the State Treasurer the portion of tax money belonging to the State that was collected during the previous month along with a statement of financial transactions.	<b>§35-145</b>
On or before 15 <sup>th</sup> of month	The treasurer must transfer the monies collected under subsection B to the fund manager of the elected officials' retirement plan.	<b>§38-810</b>
On or before 15 <sup>th</sup> of month	Remittances must be made to cities and towns for taxes collected for them in the prior month.	<b>§42-17255</b>
15 <sup>th</sup> of month	The county school superintendent must be notified of the month-end balances of each school district account.	<b>§15-996</b>

## CALENDAR OF EVENTS

DATE	SUBJECT	A.R.S.
<b>MONTHLY EVENTS (Cont'd)</b>		
15 <sup>th</sup> of month	<b>Treasurer's Report</b> for the preceding month is due to the board of supervisors.	<b>§11-501</b>
15 <sup>th</sup> of month	The treasurer of each county containing a portion of an irrigation district must remit to the district treasurer all monies, warrants, coupons, or bonds collected or received on account of the irrigation district.	§48-3124
15 <sup>th</sup> of month	For those irrigation districts for which the county treasurer serves as the district treasurer, the county treasurer must report to the secretary of each district the amounts collected during the preceding month, the names and lands from whom monies have been received and the district funds to which each receipt was credited, the amounts of monies available in each district fund, the amount of warrants paid during the previous month, and the amount of unpaid <b>registered warrants</b> .	§48-3129
15 <sup>th</sup> of month	The sheriff must remit to the county treasurer all monies collected for license fees.	<b>§11-1608</b>
15 <sup>th</sup> of month	The clerk of the superior court must transmit to the county treasurer 75 percent of the interest earned during the previous month on restitution monies as described in subsection D for deposit in the county attorney victim compensation fund. The remaining 25 percent, as described in subsection E, must be transmitted to the county treasurer for deposit in the clerk of the superior court victim location fund.	§12-286
1 <sup>st</sup> Monday	The sheriff must remit to the treasurer all fees and mileage earned and collected by him.	§11-446
Within 30 days after tax becomes delinquent	The treasurer must deliver delinquent unsecured personal property tax bills to the sheriff. Delivery is optional after the first installment becomes delinquent but mandatory after the second installment becomes delinquent, or after the entire amount is delinquent.	<b>§42-19108</b>
Monthly	The treasurer must transmit certain fees collected to the State Treasurer for deposit in the alternative dispute resolution fund.	<b>§25-414</b>
Monthly	Describes the various fees collected by the clerk of the superior court. The clerk of the superior court must transmit these fees to the county treasurer for deposit or distribution in accordance with subsections C through E and <b>A.R.S. §12-284.03</b> .	§12-284
Monthly	Justices of the peace must transmit certain fees to the county treasurer for deposit or distribution in accordance with subsections C and D of this statute.	<b>§22-281</b>
Monthly	Designates the county treasurer as the ex officio tax collector. The county treasurer must collect all state and local property taxes and apportion them to the several funds.	<b>§42-18001</b>

## CALENDAR OF EVENTS

DATE	SUBJECT	A.R.S.
<b>MONTHLY EVENTS (Concl'd)</b>		
Last day of each month	The penalty assessments collected by the courts according to these statutes, subsections A and B, and a remittance report must be submitted to the county treasurer.	§12-116.01 §12-116.02
<b>ANNUAL EVENTS</b>		
<b>July</b>		
Not later than the 10 <sup>th</sup>	Each district organized under this title and not exempted by subsection D must submit its most recently adopted annual budget to the county board of supervisors and the county treasurer.	§48-252
<b>August</b>		
On or before the 10 <sup>th</sup>	The treasurer must submit a report to the presiding judge of the superior court that shows the amount of monies in the domestic relations education and mediation fund.	§25-413
On or before the 10 <sup>th</sup>	The treasurer must submit a report to the presiding judge of the superior court that shows the amount of monies in the children's issues education fund.	§25-354
On or before the 15 <sup>th</sup>	Annual report is due to the board of supervisors that shows the amount of taxes charged for collection for the previous year, the total collections, the increase or decrease due to corrections, and the amount of unpaid taxes.	§42-18002
On or before the 3 <sup>rd</sup> Monday	The board of supervisors must levy the amount to be raised from primary and secondary property taxation.	§42-17151
On or before the 25 <sup>th</sup>	The assessor must certify the unsecured personal property tax valuations to the county treasurer.	§42-19007
<b>September</b>		
Not later than the 1 <sup>st</sup>	The treasurer must send by mail to each individual or firm owing delinquent taxes notice that there are delinquent taxes on the real property assessed in the taxpayer's name.	§42-18103
1 <sup>st</sup>	The <b>Arizona Criminal Justice Commission</b> must transmit monies to the counties for the funds established by <b>A.R.S. §§11-539 and 11-588</b> .	§41-2409
<b>October</b>		
On or before the 1 <sup>st</sup>	The assessment, tax roll, and cross index must be delivered to the county treasurer.	§42-18003
1 <sup>st</sup>	First half of real property taxes and personal property taxes becomes due and payable. If total amount of taxes is \$100 or less, the full amount is due and payable.	§42-18052
<b>November</b>		
1 <sup>st</sup> business day after 5 p.m.	First half of real property taxes and personal property taxes becomes delinquent. If the total amount of unpaid taxes is \$100 or less, the full amount becomes delinquent.	§42-18052

## CALENDAR OF EVENTS

DATE	SUBJECT	A.R.S.
<b>ANNUAL EVENTS (Cont'd)</b>		
Not later than the 1 <sup>st</sup> Monday	First half of voluntary contributions in lieu of property taxes and other voluntary contributions is due from special districts.	§48-242
<b>December</b>		
On or before the 31 <sup>st</sup>	If the full year's tax is paid, any first half interest assessed must be waived by the treasurer.	§42-18053
On or before the 31 <sup>st</sup>	The treasurer must prepare a list of all real property on which the taxes for prior tax years are unpaid and delinquent, and a notice stating that the tax lien will be sold at public auction. A copy of the notice must be mailed to the owner of each parcel.	§42-18106 §42-18108
<b>January</b>		
1 <sup>st</sup>	A penalty of \$5 or 5 percent, whichever is greater, is added to the prior year's delinquent taxes for which a tax lien is being sold.	§42-18107
1 <sup>st</sup>	Levy of taxes creates a lien on personal and real property.	§42-17153
On or before the 10 <sup>th</sup>	The treasurer must submit an annual report to the presiding judge of the superior court that shows the total amount of monies in the local alternative dispute resolution fund.	§12-135.01
On or before the 15 <sup>th</sup>	The treasurer must sell to the State Treasurer or to the county, or both, all certificates of deferred taxes issued in the county under this article during the previous tax year.	§42-17309
January 11 <sup>th</sup> -31 <sup>st</sup>	The list and notice of the tax lien sales must be published in a county newspaper in two consecutive weekly issues and posted near the outer door of the treasurer's office for a period of not less than two weeks before the date of sale.	§42-18109
<b>February</b>		
1 <sup>st</sup> -14 <sup>th</sup>	The list and notice of the tax lien sales must be published in a county newspaper in two consecutive weekly issues and posted near the outer door of the treasurer's office for a period of not less than two weeks before the date of sale.	§42-18109
During the month	Every publisher who publishes the list and notice of the tax lien sale must deliver to the treasurer and record an affidavit of publication made by the publisher within ten days after the last publication. The recorded affidavit is prima facie evidence of the recited facts in any action in the courts of the State.	§42-18110
During the month	The treasurer must commence the sale of all tax liens on real property for which prior-year tax payments are delinquent.	§42-18112
<b>March</b>		
1 <sup>st</sup>	Second half of real property taxes and personal property taxes becomes due and payable.	§42-18052



# CALENDAR OF EVENTS

DATE	SUBJECT	A.R.S.
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**ANNUAL EVENTS (Concl'd)**

Not later than the 1 <sup>st</sup> Monday of award year	The county board of supervisors must notify qualified banks of the time and place to submit servicing bids.	<b>§35-325</b>
<b>April</b>		
On or before the 1 <sup>st</sup>	Every justice of the peace who has monies arising from fees or any other source, for more than two years before April 1, must remit such monies to the county treasurer and provide an itemized list showing the name of the person, the date of the deposit, and the amount.	§22-116
4 <sup>th</sup> Monday of award year	Qualified bank presenting the lowest bid must be designated as the servicing bank.	<b>§35-325</b>
<b>May</b>		
1 <sup>st</sup> business day after 5 p.m.	Second half of real property taxes and personal property taxes becomes delinquent.	<b>§42-18052</b>
Not later than the 1 <sup>st</sup> Monday	Second half of voluntary contributions in lieu of property taxes and other voluntary contributions is due from special districts.	§48-242
<b>June</b>		
On or before the 1 <sup>st</sup>	The county treasurer must remit to the State Treasurer the total amount levied upon the taxable property of this State as determined by the Director of the Department of Administration for state indebtedness bonds.	§35-427
On or after the 1 <sup>st</sup>	Any person may pay the subsequent taxes, accrued interest, and related fees due upon the real property for which he holds the certificate of purchase. The treasurer must record the payment in the record of tax lien sales and must charge the certificate holder a fee of \$5.	<b>§42-18121</b>
Last business day	Annual report must be made as of this date to the board of supervisors.	<b>§11-501</b>

**PERIODIC EVENTS**

Once each year	The treasurer must notify the board of supervisors of the amount of anticipated revenues to be collected from the surcharges imposed according to <b>A.R.S. §11-496</b> and the tax lien processing fee imposed according to <b>A.R.S. §42-18116</b> , subsection C.	<b>§11-495</b>
Not more than twice each year	Upon order of the board of directors, the treasurer of each county containing a portion of a drainage district must remit all monies belonging to the district to the treasurer of the county in which the district was organized.	§48-2701
Fiscal year-end	At fiscal year-end a school district governing board must deposit with the county treasurer any interest earned on a bank account established to pay vendors electronically. The monies must be deposited in the district's maintenance and operation fund.	§15-1221

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## INTRODUCTION

The chart of accounts is the basic framework for classification of financial transactions. The framework or structure consists of a series of predefined numerical codes, which constitute specific types or categories of information.

The chart of accounts included in this section should be adopted by county treasurers to ensure accurate recording and standardized reporting of financial information. Legislators and other public officials concerned with financial management of governmental entities need a means of consolidating and comparing financial information among counties. Standardized reporting facilitates the reconciliation of accounts for all entities (i.e., county, school districts, and county school superintendent). Treasurers with an established coding structure may continue to use their numeric codes, but must adopt the standardized descriptions for type of agencies, agency accounts, and account classifications.

The chart of accounts consists of the following elements:

1. **AGENCY**—Identifies the type of agency (first digit) and the specific agency conducting a cash transaction. Examples are County, Elm Creek Elementary School District No. 99, or XYZ Sanitary District.
2. **AGENCY ACCOUNT**—Identifies the agency's fund that is affected by a cash transaction. Examples are General Fund, Road Fund, or Food Service Fund.
3. **ACCOUNT CLASSIFICATION**
  - **Object Code**—Identifies the type of transaction (i.e., asset, liability, receipt, disbursement, or transfer). Examples are real property taxes or warrants redeemed.
  - **Subobject Code**—Provides a means of identifying objects in greater detail. Examples are current real property taxes or cash on hand.

	<u>Digits</u>
Agency	XXX
Agency Account	XXX
Account Classification	
Object Code	XXX
Subobject Code	.XX

	<u>Agency</u>	<u>Account</u>	<u>Object</u>	<u>Subobject</u>
Elm Creek Elementary School District No. 99	499			
Maintenance and Operation		001		
Receipts—Real Property Taxes			311	
Current				.10

**AGENCIES**

<b>Code</b>	<b>Title</b>
000	Treasurer
100	State
200	County
300-399	Municipalities (list individually)
400-499	School Districts (list individually)
500	Community College Districts
600-999	Special Districts (list individually)

**AGENCY ACCOUNTS**

The funds described below are either established pursuant to Arizona Revised Statutes (A.R.S.) or are recommended funds. The recommended funds are not all-inclusive.

<b>Code</b>	<b>Title</b>	<b>A.R.S. §</b>
<b>County</b>		
100	General Fund	
105	Bad Check Trust	13-1811
108	Highway Users Revenue	AZ Constitution Article 9, §14
110	County Attorney Juvenile Diversion Fund	11-537
111	County Attorney Victim Compensation Fund	11-538
112	State Aid to County Attorneys Fund	<b>11-539</b>
115	State Aid to Indigent Defense Fund	<b>11-588</b>
120	Juvenile Crime Reduction	8-321
121	Drug and Gang Enforcement	41-2402
122	Judicial Collection Enhancement	<b>12-113</b>
123	Criminal Justice Enhancement	12-116.01
124	Victim Compensation	13-812
125	Criminal Case Processing and Enforcement Improvement Fund	<b>12-102.01</b>
126	State Aid to the Courts Fund	<b>12-102.02</b>
127	Local Courts Assistance Fund	<b>12-102.03</b>
135	County Jail Education	15-913.01
140	Family Counseling	8-261 et seq
145	Document Storage and Retrieval Conversion and Maintenance— Recorder	<b>11-475.01</b>
146	Document Storage and Retrieval Conversion—Clerk of the Superior Court	<b>12-284.01</b>
147	Clerk of the Superior Court Victim Location Fund	12-287
150	Expedited Child Support and Visitation	<b>25-412</b>
151	Child Support Automation	<b>25-515</b>
200	Taxpayers' Information	<b>11-495</b>
201	Road	28-6712
202	Law Library	12-305
203	Rabies Control	<b>11-1011</b>
204	Air Pollution	Title 49, Art. 3
205	Assessor's Special Registration	<b>28-2005</b>
206	Assessor Postage	28-2151
207	County Free Library District	11-913
210	Conciliation Court	25-381.01 et seq
211	Special Public Health	49-480
212	Special Services	<b>31-121</b>
213	Inmate Health Service	31-162
214	Adult Probation Services	12-267
215	Juvenile Probation	12-268
216	Juvenile Delinquency Restitution	8-346
217	Local Alternative Dispute Resolution	12-134

<b>Code</b>	<b>Title</b>	<b>A.R.S. §</b>
<b>County</b>		
220	Detention Center Education Fund	15-913
221	State Aid To Detention Fund	<b>41-2417</b>
226	County Jail Enhancement	41-2401
227	County Jail Facilities	42-6109
230	Anti-Racketeering Revolving	13-2314.03
235	Domestic Relations Education & Mediation	<b>25-413</b>
236	Children’s Issues Education	<b>25-354</b>
238	Superior Court Probate	14-5433
239	Special Advocate Program	8-524
240	Health Services	11-251
241	Health Department	<b>36-187</b>
242	Medical Services Enhancement	12-116.02
250	Arts Support	11-262
251	Merit Award	38-614
252	County Parks Operation & Enhancement	11-941
253	County Parks Publication & Souvenir Revolving	11-941
254	Law Enforcement and Boating Safety	5-383
255	County Fair	11-258
260	County Flood Control	45-1445
261	Groundwater Basin Economic Development	11-606
262	Public Facility Development	11-1105
263	Building Repair	12-305
270	County School	15-1000
271	Special County School Reserve	15-1001
272	Small District Service Program	<b>15-365</b>
280	Job Training Partnership Act	
281	Housing Authority	36-1404
282	County Sports Authority	11-704
283	County Stadium District	48-4231
284	Public Transportation	28-8103
285	County Housing Trust Fund	<b>36-1511</b>
290	Street Lighting Improvement Districts	48-960
300	Debt Service Funds (list individually)	11-275
320	Bond Redemption Fund	35-458
321	Bond Interest Fund	35-458
322	Bond Redemption Fund—Bridge Construction Revenues	28-7656
323	Bond Interest Fund—Bridge Construction Revenues	28-7656
330	Tax Anticipation Note Principal and Interest Redemption	<b>35-465.04</b>
340	Grant Anticipation Note Principal and Interest Redemption	35-466.04
350	Revenue Anticipation Note Principal and Interest Redemption	<b>35-467.04</b>
360	Industrial Pursuits	11-281
370	Theme Park Bond Fund	11-254.03

<b>Code</b>	<b>Title</b>	<b>A.R.S. §</b>
<b><u>County</u></b>		
400	Capital Projects Funds (list individually)	
420	Transportation and Capital Projects Fund	<b>42-6111</b>
500	Hospital Enterprise	11-309
510	Special Hospital Fund	11-309
520	Arizona Health Care Cost Containment System	36-2913
530	Long-Term Care System	36-2952
540	Medical Care System	11-292
550	Landfill	49-701 et seq
560	Wastewater Management	49-361 et seq
600	Central Data Processing	
610	Facilities Management	
620	Materials Management (Purchasing and Warehousing)	
630	Telecommunications	
640	Risk Management	
650	Equipment Services	
700	Public Fiduciary	14-5603
710	Undistributed Auto Lieu	<b>28-5808</b>
720	Arson Detection Reward	41-2167
730	Justice of the Peace Suspension	22-116
731	Sick Pay	11-604
732	Deferred Compensation Plan	38-612
740	Child Passenger Restraint	28-907
750	Mobile Home Relocation	33-1476.03
760	Unapportioned Taxes	<b>11-492</b>
770	Self Insurance Trust	11-981
780	Expense Clearing	<b>11-602</b>
781	Payroll Clearing	11-604
<b><u>Community College Districts</u></b>		
800	Current Unrestricted General	
801	Current Unrestricted Auxiliary Enterprises <sup>1</sup>	
802	Current Restricted <sup>1</sup>	
803	Loan <sup>1</sup>	
804	Endowment and Similar <sup>1</sup>	
805	Unexpended Plant	
806	Retirement of Indebtedness	
807	Agency <sup>1</sup>	

<sup>1</sup> These funds are normally not deposited with the county treasurer but may be if the community college district chooses to do so.

<b>Code</b>	<b>Title</b>	<b>A.R.S. §</b>
<b><u>Special Districts</u></b>		
<b>Fire Districts</b>		Title 48, Ch. 5
900	Operating	
901	Interest	
902	Principal	
903	Capital	
904	Fire District (Assistance Tax)	
<b>Power Districts</b>		Title 48, Ch. 11
<b>Irrigation and Water Conservation Districts</b>		Title 48, Ch. 19
930	Maintenance, Operation and Current Expense (Operating)	
931	Interest	
932	Bond	
933	Prepayment	
934	Deficiency	
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<b>Other Special Districts</b>		Title 48
960	Operating	
961	Interest	
962	Bond	
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965	Road District (Special Tax)	48-1406
<b><u>State and Municipalities</u></b>		
980	Clearing	
<b><u>Treasurer</u></b>		
990	Undistributed Interest Income Clearing	
999	Undistributed Tax Collections Clearing	



In accordance with the provisions of **A.R.S. §15-996**, the treasurer may keep a separate account for each school district fund. Alternatively, the treasurer may maintain one account for the Maintenance and Operation, Unrestricted Capital Outlay, Soft Capital Allocation, and Adjacent Ways Funds and one account for federal and state grant monies and all other school district monies except Bond Building, Debt Service, Deficiencies Correction, Building Renewal, and New School Facilities Funds. Below are account codes for use when only seven accounts are maintained followed by account codes for use when separate accounts are maintained for each fund. These account codes are consistent with the chart of accounts developed in the *Uniform System of Financial Records for Arizona School Districts* (USFR).

Code	Title	A.R.S. §
<b><u>School Districts (funds combined into seven accounts)</u></b>		
001	Levy Funds (Maintenance and Operation, Unrestricted Capital Outlay, Soft Capital Allocation, and Adjacent Ways)	<b>15-996</b>
002	Non-Levy Funds	<b>15-996</b>
003	Bond Building <sup>2</sup>	<b>15-1024</b>
004	Debt Service <sup>2</sup>	<b>15-1025</b>
005	Deficiencies Correction	15-2021
006	Building Renewal	15-2031
007	New School Facilities	15-2041
<b><u>School Districts (separate accounts for each fund)</u></b>		
001	Maintenance and Operation <sup>3</sup>	<b>15-996</b>
001	Year-Round School Operation	15-855
100-399	Federal Projects <sup>4</sup>	<b>15-996</b>
400-499	State Projects <sup>4</sup>	<b>15-996</b>
500	School Plant (lease over 1 year)	15-1102
505	School Plant (lease 1 year or less)	15-1102
506	School Plant (sale)	15-1102
510	Food Service	15-1154
515	Civic Center	15-1105
520	Community School	15-1143
530	Gifts and Donations	15-341
535	Vocational and Technical Education Projects	15-1231
540	Fingerprint	15-512 & 15-534
545	School Opening	15-943.01
550	Insurance Proceeds	15-1103
555	Textbooks	15-729

<sup>2</sup> These funds should not be included in pooled investments. A.R.S. §15-996.

<sup>3</sup> These funds should be pooled for the purpose of paying warrants when separate accounts are maintained for each school district fund. A.R.S. §15-996.

<sup>4</sup> The treasurer is not required to maintain a separate account for each federal and state project but may choose to do so.

<b>Code</b>	<b>Title</b>	<b>A.R.S. §</b>
565	Litigation Recovery	15-1107
570	Indirect Costs	
575	Unemployment Compensation	15-1104
580	Permanent Teacherage	15-1106
585	Insurance Refund	15-386
595	School Bus Advertisement	15-342
610	Unrestricted Capital Outlay <sup>3</sup>	<b>15-996</b>
620	Adjacent Ways <sup>3</sup>	<b>15-996</b>
625	Soft Capital Allocation <sup>3</sup>	<b>15-996</b>
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640	School Plant—Special Construction	15-1102
650	Gifts and Donations (for capital projects)	15-341
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685	Deficiencies Correction	15-2021
690	Building Renewal	15-2031
695	New School Facilities	15-2041
700	Debt Service <sup>2</sup>	<b>15-1022</b>
950-989	Self-Insurance	15-382
950-989	District Services	15-1108
955	Intergovernmental Agreements	15-342

<sup>2</sup> These funds should not be included in pooled investments. A.R.S. §15-996.

<sup>3</sup> These funds should be pooled for the purpose of paying warrants when separate accounts are maintained for each school district fund. A.R.S. §15-996.

**ACCOUNT CLASSIFICATION 1—ASSETS**

<b>Object Code</b>	<b>Subobject Code</b>	<b>Title</b>
110		Cash in Bank and on Hand
		Currency, coin, checks, money orders, bank drafts, and amounts in checking and savings accounts.
	.10	In Bank
		The balance of the treasurer s servicing account with the bank.
	.20	On Hand
		The amount in cash drawers and vault.
120		Time Certificates of Deposit
130		Investments
		Securities and other instruments stated at fair value and held for the production of income.
	.10	Government Securities
	.20	Repurchase Agreements
	.30	Other

**ACCOUNT CLASSIFICATION 2—LIABILITIES**

<b>Object Code</b>	<b>Subobject Code</b>	<b>Title</b>
210		Due to Agency Accounts
220		Due to Other Governments
		Include cash amounts on deposit that are to be forwarded to other governments.
	.10	State
	.20	Municipalities
230		Undistributed Interest Income
		Includes interest received from pooled cash investments to be distributed to the applicable agency accounts from the undistributed interest income agency account.
240		Undistributed Tax Collections
		Includes daily receipts for both real and personal property taxes to be distributed to the applicable agency accounts from the undistributed tax collections agency account.
	.10	Real
	.20	Personal
250		Unprocessed Redeemed Warrants
		The amount of warrants redeemed from the servicing bank but not yet deducted from an agency account. This account is a contra account and does not appear in the fiscal year-end financial statements.
260		Unprocessed Redeemed Bonds and Coupons
		The amount of bonds and coupons redeemed from individuals or the servicing bank but not yet deducted from an agency account. This account is a contra account and does not appear in the fiscal year-end financial statements.

**ACCOUNT CLASSIFICATION 3—RECEIPTS**

<b>Object Code</b>	<b>Subobject Code</b>	<b>Title</b>
310		Taxes
311		Real Property Taxes
		Property taxes assessed on real and secured personal property.
	.10	Current
	.20	First preceding year
	.30	Second preceding year
	.40	Third preceding year
	.50	Prior to third preceding year
312		Personal Property Taxes
		Property taxes assessed on unsecured personal property.
	.10	Current
	.20	First preceding year
	.30	Second preceding year
	.40	Third preceding year
	.50	Prior to third preceding year
313		Interest and Penalties on Delinquent Taxes
		Amounts collected as penalties for delinquent tax payments and the interest charged on delinquent taxes from the due date to the date of actual payment.
	.10	Interest
	.20	Penalties
314		Other Taxes
320		Voluntary Contributions
		Includes voluntary contributions received from special taxing districts pursuant to A.R.S. 48-242. Such special taxing districts include irrigation, power, electrical or agricultural improvement districts directly engaged in the sale of electrical power, or energy other than for irrigation purposes. Also includes voluntary contributions received from the various retirement plans as described in A.R.S. 42-11102(C).
330		Interest on Investments
		Includes interest received from securities and other instruments held for the production of income.
340		Received from Trustees
		Includes monies received from trustees to meet debt service requirements.
350		Deposits for Agency Accounts
		Includes monies received from agencies for deposit by the treasurer to agency accounts.

**ACCOUNT CLASSIFICATION 4—DISBURSEMENTS**

<b>Object Code</b>	<b>Subobject Code</b>	<b>Title</b>
410		Warrants Includes warrants redeemed from the servicing bank or individuals and deducted from agency accounts.
420		Interest Includes interest paid to the servicing bank or individuals and deducted from agency accounts.
	.10	Registered Warrants
	.20	Revolving Line of Credit
430		Bonds and Coupons Includes bonds and coupons redeemed from individuals or the servicing bank and deducted from agency accounts.
440		Remitted to _____ Includes amounts remitted to other agencies.
	.10	State
	.20	Municipalities
450		Remitted to Trustees Includes amounts remitted to trustees for debt service requirements.

**ACCOUNT CLASSIFICATION 5—TRANSFERS**

<b>Object Code</b>	<b>Subobject Code</b>	<b>Title</b>
500		Transfers Includes interagency transactions.
510		Transfers-In
520		Transfers-Out

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Now more than ever, citizens are demanding the very highest level of accountability from government officials for their stewardship of public resources. To be truly accountable, county treasurers must use the resources committed to their care as effectively and efficiently as possible, in compliance with all applicable legal requirements and restrictions. At the same time, the treasurers must ensure that reliable financial information is provided on a timely basis to the entities they serve. These objectives can only be achieved within the framework of a sound and comprehensive internal control system.

Control activities, the policies and procedures that help ensure management directives are carried out, are essential to an effective internal control system. Control activities occur throughout the county, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets, and segregation of duties. The policies, procedures, and exhibits in §§IV-B through IV-G will assist county treasurers in establishing and maintaining an effective internal control system.

Due to the complex nature of information technology (IT), and the importance of internal control in a computer-based environment, a separate section on IT controls was included in the *Uniform Accounting Manual for Arizona Counties* (UAMAC). Treasurers should refer to this section of the UAMAC in developing and implementing adequate internal controls over their IT-based accounting systems. These controls are designed to provide reasonable assurance that financial data the IT-based accounting system processes or generates will be accurate and reliable.

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## INTRODUCTION

Accounting methods and records comprise the information system through which a county treasurer identifies, assembles, analyzes, classifies, records, and summarizes financial transactions. In accordance with **A.R.S. §11-493**, the county treasurer must keep an account of receipts and disbursements in the accounting records, including the detailed information required by that statute.

This subsection provides a basic explanation of the accounting records that are necessary for a treasurer to properly account for receipts and disbursements.

## POLICIES

1. Access to the accounting records must be restricted to and transactions must be recorded by an employee who does not receive cash or make disbursements.
2. Cash transactions, including transfers, must be recorded daily in the **Treasurer's Journal** (see page IV-B-6). In an automated system, transactions are usually recorded in the Treasurer's Journal as they are entered on the system or at the end of each day. A specific time must be established and consistently used to close the accounts for the business day.
3. A record of all financial transactions for each agency must be kept in an appropriate **Treasurer's Ledger** and transactions must be posted at least weekly. The treasurer must maintain a separate ledger for each agency and for each agency account as defined by the **chart of accounts** (see §III). **A.R.S. §11-493(3)**.

## PROCEDURES

### Treasurer's Journal

The **Treasurer's Journal** provides a chronological, detailed record of daily receipt and disbursement activities and supports the balances in the general ledger accounts. Each business day, the following should be recorded in the Treasurer's Journal:

- Cash receipts should be recorded from **Treasurer's Receipts**.
- Cash disbursements should be recorded from treasurer's checks.
- Bank deposits, investments, and bank advices of credit/charge should be recorded in the appropriate account.

**Journal entries** provide for recording certain internal transactions that are not initiated by typical cash receipt or cash disbursement source documents. An employee independent of the recording function should review and approve journal entries and supporting documentation.

Daily activity from the Treasurer's Journal should be recorded in the **Treasurer's Ledger** (see pages IV-B-7 and IV-B-8) at least weekly.

Note: Treasurers using a computerized accounting system may not use many of the exhibits and listings. Automated processing reduces manual intervention and provides detailed information on daily operations. For example, the Treasurer's Journal is not prepared on a daily basis by a computerized accounting system. However, the basic concept applies, since activity during each business day must be recorded in the appropriate accounts, and such data is recorded as output on a computerized listing. Access to the accounting records must be restricted to only authorized employees. This can be accomplished through the use of passwords that are changed periodically and different levels of access capabilities—read/write privileges. For additional policies and procedures regarding recommended access controls, see the IT section of the UAMAC.

Transactions are recorded in the Treasurer's Journal in columns titled Cash, Investments, Description, Unprocessed Redeemed Warrants, Unprocessed Redeemed Bonds and Coupons, Due to Agency Accounts, and Cash Overage/Shortage. When accounts are in balance, the total net debits (Cash and Investments) equal the total net credits (Unprocessed Redeemed Warrants, Unprocessed Redeemed Bonds and Coupons, Due to Agency Accounts, and Cash Overage/Shortage).

Descriptions of the information that should be included in each of the columns that comprise the **Treasurer's Journal** are as follows:

**Cash**—Cash on hand is the daily balance of the cash in drawers and in the vault. Debit cash on hand for daily cash collected over the counter and by mail. Credit cash on hand for amounts withdrawn from the cash drawers and vault and deposited in the treasurer's checking account.

The checking account is the treasurer's servicing bank account. Debit checking account for daily deposits from collections at the treasurer's office, direct bank deposits, and the bank's advices of credit. Credit checking account for treasurer's checks written and advices of charge received from the bank.

**Investments**—Entries consist of daily investment activity. Debit investments for purchases. Credit investments for matured and redeemed securities.

**Description**—The description of the entry should define the transaction and must include appropriate source document references, such as **Treasurer's Receipt** number or treasurer's check number.

**Unprocessed Redeemed Warrants**—Entries consist of redeemed warrants from the servicing bank. Debit this account for payments to the servicing bank for redeemed warrants. Credit this account for redeemed warrants distributed to agency accounts.

**Unprocessed Redeemed Bonds and Coupons**—Transactions consist of bonds and coupons redeemed from individuals or the servicing bank. Debit this account to record amounts paid to the individuals or the servicing bank for redeemed bonds and coupons. Credit this account to record amounts for redeemed bonds and coupons distributed to agency accounts.

**Due to Agency Accounts**—Entries include the total amount of monies available for all agency accounts maintained by the treasurer. Debit this account for redemption of warrants, bonds and coupons, and transfers-out. Credit this account for Treasurer's Receipts, transfers-in, interest earned, and tax collections.

**Cash Overage/Shortage**—Entries consist of daily cash overages/shortages as a result of cash transactions. Debit this account for shortages and credit this account for overages. At the end of each month, the net overage or shortage should be recorded as either a revenue or an expenditure in the county general fund. More significant overages and shortages should be investigated and the reasons documented.

### Treasurer's Ledger

The Treasurer's Ledger is an accumulation and summary of all financial transactions such as cash receipts, disbursements, transfers, and adjustments for each agency account. A **Treasurer's Control Ledger Account** (see page IV-B-7) must be maintained for each agency and a **Treasurer's Subsidiary Ledger Account** (see page IV-B-8) for each agency account. For school districts, the bond building, debt service, deficiencies correction, building renewal, and new school facilities funds must always be accounted for separately in accordance with **A.R.S. §§15-1024, 15-1025, 15-2021, 15-2031, and 15-2041**. However, the county treasurer may choose to combine the remaining funds into two accounts. The first account must include only maintenance and operation, unrestricted capital outlay, soft capital allocation, and adjacent ways monies, and the second account would include federal and state grant monies and all other monies. Alternatively, the treasurer may maintain separate accounts for each school district fund.

**A.R.S. §15-996.**

The Treasurer's Ledger is also the basic source of information for preparing the monthly **Treasurer's Report** (see §V).

The following procedures are recommended for recording transactions in the Treasurer's Ledger:

- Record the date, document number, entry description, and amount.
- Record property tax receipts from the **Tax Distribution Journal** (see page IV-F-18).
- Record cash receipts other than property taxes from Treasurer's Receipts.
- Record warrants redeemed for each agency account from the paid warrant listing or **Registered Warrant Journal** (see page IV-D-11).

- Record amounts accessed and repaid from a revolving line of credit from the **Revolving Line of Credit Journal** (see page IV-D-10).
- Record the total amount of bonds redeemed for each fund from canceled bonds or coupons.
- Record all other cash disbursements from treasurer's checks.

The treasurer should prepare a prenumbered and numerically controlled **Journal Entry Form** (see page IV-B-9) to authorize interfund transactions of monies. The transaction should be approved by the treasurer and the clerk of the board, or, if the transaction applies to school districts, by the county school superintendent. The interfund transactions should then be recorded in the appropriate subsidiary ledger account by indicating the authorization number, date, and amount. Transfers of school district monies may be made only when authorized by statutes and/or the *Uniform System of Financial Records*.

At the end of each month, the treasurer should total the detailed subsidiary ledger accounts and agree them to the agency's control ledger account. The total of the **treasurer's control ledger accounts** must be reconciled to the ending cash balance according to the **Treasurer's Journal** and the **Treasurer's Daily Cash Balance** as of the last day of the month. The month's total receipts, disbursements, transfers, and beginning and ending balances for each agency account in the **Treasurer's Ledger** must be recorded on the **Treasurer's Report** (see §V).

The treasurer must also apportion and transfer interest income from pooled investments from the undistributed interest income agency account into each agency account having monies included in the pooled investments. Apportionment is based on each account's proportionate balance of monies on deposit during the period such income is earned. Interest earned on pooled investments should be apportioned at least quarterly to the appropriate agency accounts based on an average monthly balance. Interest on specific investments should be recorded in the appropriate agency account. See **Investments**, §IV-G for additional information.

### Financial Information Schedules

Specific financial information maintained by a treasurer, which must be confirmed to auditors on request, includes, but may not be limited to, the following:

1. A schedule of real and personal property taxes by tax year and account including the total levy, total collected, balance receivable, and estimate for uncollectible taxes.
2. A schedule of bonds payable and certificates of participation (COPs) payable that includes the following information:
  - Original principal amount, series, and issue date
  - Principal amount of bonds certified and outstanding as of fiscal year-end
  - Principal amount of bonds retired during the fiscal year
  - Bond maturity dates, call dates, and interest rates
  - Deposit date for payment of interest on outstanding bonds
  - Amount of interest paid for the fiscal year
  - Known noncompliance with the bond indentures

- Required bond debt service fund contributions as of fiscal year-end
  - Matured bonds and coupons in arrears as of fiscal year-end
  - Direct or contingent liabilities not specifically addressed above or any additional terms or options
  - Name of registrar, transfer agent, and paying agent
3. A schedule of refunded bonds payable and refunded COPs payable that includes the following information:
    - Description of issue
    - Maturity dates and interest rates
    - Issued amount
    - Principal amount outstanding as of fiscal year-end
  4. A schedule of long-term debt payments, including interest, to maturity for each debt type.
  5. A detailed schedule by bond issue of the balance of arbitrage interest earnings, if any, due to the federal government at fiscal year-end. This schedule should be reviewed and signed by the county's legal counsel.
  6. Cash balances at fiscal year-end for specific accounts.
  7. A schedule, by account, of all investment activity during the fiscal year that includes the following information:
    - Description, quantity, and account number
    - Face value, maturity value, interest rate, and interest payment dates
    - Purchase date, purchase price, and maturity date
    - Carrying value, fair value, or basis of valuation if other than fair value (Governmental Accounting Standards Board [GASB] Statement No. 31 requires certain investments to be recorded at fair value at fiscal year-end. If the fair value is based on other than quoted market prices, the methods and assumptions used to estimate the fair value must be documented)
    - Accrued interest receivable at fiscal year-end
    - Bank name and address
    - Collateral for investments, including type of collateral, holder of collateral, and the name in which the collateral is registered
    - Investments classified into risk categories in accordance with GASB Statement No. 3
    - The net change in the fair value of investments as calculated in accordance with GASB Statement No. 31
  8. A schedule, by account, of registered warrants and/or line of credit balances and related interest payable at fiscal year-end.

\_\_\_\_\_ COUNTY TREASURER

TREASURER'S JOURNAL

DATE

	Cash				Investments	Description	Unprocessed Redeemed Warrants		Unprocessed Redeemed Bonds and Coupons		Due to Agency Accounts		Cash Overage/ Shortage			
	On Hand		Checking Account				Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
	Dr	Cr	Dr	Cr												
Beginning balance	\$1,000		\$3,004,500		\$16,000,000							\$19,005,500				
	9,500												9,500			
	1,500												1,500			
				\$1,000,000	1,000,000											
				105,000			\$105,000									
	\$11,000		11,000													
	3													\$3		
	12,003	11,000	3,015,500	1,105,000	17,000,000		105,000					19,016,500		3		
Ending balance	\$1,003		\$1,910,500		\$17,000,000		\$105,000					\$19,016,500		\$3		



**TREASURER’S CONTROL LEDGER ACCOUNT**

Agency: Elm Creek Elementary School District No. 99

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<b>Date</b>	<b>Reference</b>	<b>Description</b>	<b>Receipts (Cr)</b>	<b>Transfers- In</b>	<b>Transfers- Out</b>	<b>Disbursements (Dr)</b>	<b>Balance</b>
7/01/20XX		Beginning balance					\$250,000
7/15/20XX	#1103	State aid	\$ 50,000				300,000
7/31/20XX	#1214	Property tax apportionment		\$500,000			800,000
8/02/20XX	#107	Redemption of warrants				\$100,000	700,000

**TREASURER’S SUBSIDIARY LEDGER ACCOUNT**

Agency: Elm Creek Elementary School District No. 99

Agency Account: Maintenance and Operation

Account No.: 499001

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<b>Date</b>	<b>Reference</b>	<b>Description</b>	<b>Receipts (Cr)</b>	<b>Transfers- In</b>	<b>Transfers- Out</b>	<b>Disbursements (Dr)</b>	<b>Balance</b>
7/01/20XX		Beginning balance					\$ 50,000
7/15/20XX	#1103	State aid	\$ 20,000				70,000
7/31/20XX	#1214	Property tax apportionment (July)		\$135,000			205,000
8/02/20XX	#107	Redemption of warrants				\$15,000	190,000

JOURNAL ENTRY

Date \_\_\_\_\_

JE No. \_\_\_\_\_

Type of Transaction: (Note: Treasurer must classify all interfund transactions as transfers.)

\_\_\_\_\_

\_\_\_\_\_

FUND			AMOUNT		
<u>Name</u>	<u>Number</u>	<u>Object Code</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>

Description:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Prepared by: \_\_\_\_\_  
(Requesting Official)

Approved by: \_\_\_\_\_

Posted by: \_\_\_\_\_

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## INTRODUCTION

Because of the relatively high risk associated with transactions involving cash, strict internal control policies and procedures are required. The treasurer has the responsibility to establish and enforce policies to ensure that adequate internal control exists for receiving, recording, safeguarding, and disbursing cash.

## POLICIES

The treasurer should implement the following policies to comply with statutory requirements and maintain adequate internal control over cash:

1. The treasurer must receive all county monies and maintain separate accounts for amounts received and paid out on separate funds or specific appropriations, in addition to maintaining one general or cash account for all receipts and disbursements (see **Accounting Records**, §IV-B). **A.R.S. §11-493**.
2. Monies must be safeguarded. **A.R.S. §11-491**.
3. The duties of cash handling and recordkeeping must be adequately segregated. Employees receiving cash should not have authority to sign checks, reconcile bank accounts, or have access to accounting records other than cash receipts.
4. Cash collections should be deposited intact in the servicing bank account daily. The county board of supervisors should contract with a servicing bank according to the provisions of **A.R.S. §35-325**. [See the *Uniform Accounting Manual for Arizona Counties* (UAMAC), §VI-C.]
5. All employees must be bonded. **A.R.S. §38-252**.
6. Prenumbered checks must be used and adequately safeguarded.
7. Bank signature cards must reflect only current authorized signers.
8. Bank accounts must be reconciled at least monthly by an employee independent of cash receipts and disbursements functions. All reconciling items should be investigated and immediately resolved.
9. A **Treasurer's Receipt** (TR) (see page IV-C-7) must be issued for all monies received by the treasurer except tax payments made by check in accordance with **A.R.S. §42-18055(C)**. **A.R.S. §11-494**.
10. Treasurer's Receipts must be in a standard format, prenumbered consecutively, issued in numerical sequence, and signed or validated by the treasurer. At the time of issuance, the treasurer must deliver one copy of the receipt to the person paying the money, one copy to the clerk of the board, and in the case of school district deposits, one copy to the county school superintendent. The treasurer must retain the original receipt. **A.R.S. §11-494**.
11. County monies may be disbursed by county warrant issued by the board of supervisors and signed by the chairman and the clerk of the board, or by electronic transfer authorized by the board of supervisors on receipt of a written authorization signed by the chairman or chief financial officer and the clerk of the board. **A.R.S. §11-493**.
12. All bank deposits in excess of amounts covered by the Federal Deposit Insurance Corporation or the National Credit Union Administration must be collateralized by an amount equal to at least 101 percent of the deposit. Eligible types of collateral are described in **A.R.S. §35-323(G)**.

## PROCEDURES

### Cash Receipts

Treasurers must safeguard cash and accurately report cash receipts. To accomplish this, treasurers should establish accounting policies and procedures to deposit cash receipts intact and properly record them in the accounting records on a timely basis.

The treasurer receives cash through the mail and over the counter from three primary sources. Cash receipts include real and personal property tax payments, collections such as fines and fees, and direct deposits from federal, state, and local agencies. Procedures for processing property tax payments are presented in §IV-F, **Tax Collections and Processing**. Recommended procedures for all other receipts are as follows.

If the depositor (entity) did not prepare a **TR**, then one must be prepared indicating the amount of the deposit (see page IV-C-7). If a TR is received from the depositor, the amount of monies received should be compared with the amount recorded on the TR and any differences immediately resolved. Any checks received should be restrictively endorsed “for deposit only” immediately upon receipt, and the checks along with the cash should be placed in the cash drawer. Each cashier should use a separate cash drawer, and the cash drawer should be locked in the cashier’s absence.

The TR must be validated and distributed as follows:

- The treasurer retains the original for preparing the **Treasurer’s Daily Cash Balance** (see page IV-C-11).
- A copy must be forwarded to the clerk of the board.
- A copy must be forwarded to the county school superintendent for deposits received for school districts. This enables the county school superintendent to send a copy to the school district. If a county department is the depositor, this copy should be forwarded to the county finance department.
- A copy must be given to the depositor.

Format of the TRs may vary among counties as long as they are in a standard format within the county, prenumbered consecutively, and issued in serial order. **A.R.S. §11-494**. TRs may be prepared at the treasurer’s office as deposits are received. Alternatively, blocks of TRs may be issued to depositing departments and school districts and the TRs may be prepared by the depositors and remitted with the deposit for validation by the treasurer. If the latter procedure is used, a log must be kept of TR numbers and blocks as issued. The **TRs** must be renumbered consecutively as they are returned to the treasurer’s office for validation. The treasurer should retain voided TRs to ensure that all receipts are accounted for. See page IV-C-7 for an example of a TR form. The TR forms may be handwritten or generated by a computer system. Receipt information input into the computer by the cashier should be verified and agreed to supporting documents. Only authorized personnel should have access to the system for receipt input. (For Information Technology input controls, see UAMAC, §VII.)

A TR must also be prepared for direct deposits when the transmittal document and validated deposit slip are received from the servicing bank.

For those counties in which the county departments deposit cash receipts directly into the county servicing bank account, recommended procedures are as follows.

Policies and procedures should be established at the county departments for receiving and safeguarding cash receipts as prescribed in the UAMAC, §VI-C. After the department deposits the monies with the bank, a validated deposit slip should be obtained from the bank. The deposit slip must be reconciled to the department's supporting documents. The department should prepare a Deposit Transmittal Form or other similar-type document that indicates the department, type of revenue, account code, and amount deposited. A copy should be forwarded to the treasurer's office. The treasurer's office should verify the account code and amount recorded on the Deposit Transmittal Form by examining the supporting documents attached to the form (i.e., validated deposit slip) or communicating directly with the bank (i.e., electronic transmission). A **TR** must then be prepared.

The TRs should indicate the date the monies were received, the depositing entity, the type of revenue, the applicable fund, and the amount of the deposit.

## Cash Disbursements

The primary purposes for which a treasurer issues a treasurer's check or disburses cash are as follows:

- To refund overpayments on property taxes
- To refund money paid by the holder of a certificate of purchase upon subsequent payment of taxes by the original owner within the time specified by law
- To redeem warrants with the servicing bank or individuals, including jury certificates
- To repay revolving lines of credit
- To forward taxes collected by the county treasurer for other agencies to the appropriate agencies
- To forward penalty assessments, fines, and fees submitted by clerks of the court to the State Treasurer
- For payment of principal and interest on bonds of counties or other agencies
- To withdraw public fiduciary monies, but only upon court order. A.R.S. §14-5603.

Unused treasurer's checks should be in the custody of an employee who does not have the authority to sign the checks or control the use of the facsimile signature plates. Before preparing a treasurer's check, the supporting documents should be reviewed to ensure the disbursement is authorized. All checks should be fully completed before issuance and not made payable to cash or bearer. A copy of the check or a check register should be prepared at the same time the check is prepared. If a mechanical check signer is used, the facsimile signature plates should be adequately safeguarded. The supporting documents should be canceled as paid and retained.

NOTE: Spoiled checks should be mutilated to prevent reuse and retained for subsequent inspection and should be filed with the relevant bank statement.

## Cashier's Daily Reconciliation (CDR)

The **CDR** reconciles the day's activity to the cash collected. CDRs may be handwritten or generated by a computer system. See page IV-C-8 for a sample CDR form. The procedures in preparing the CDR follow.

**Summary of Daily Activity**—At the beginning of each business day, the opening balance should be entered on the CDR. The cash in the cash drawer should be counted and agreed to the opening balance amount. Differences should immediately be resolved.

If the cashier requires additional cash during the day, the treasurer or designated individual should prepare and sign a **Vault Cash Transfer Receipt**. See page IV-C-9 for a sample Vault Cash Transfer Receipt form. The cashier should sign the Receipt upon delivery of the cash and one copy should be kept in the cash drawer and a copy should be kept in a permanent receipt book. The cash withdrawal should be recorded on the **Vault Cash Summary** in the Amount Decrease column. See page IV-C-10 for a sample Vault Cash Summary form.

At the end of each business day, an adding machine tape of applicable supporting documentation should be prepared for each of the following:

- Real property taxes
- Personal property taxes
- Interest and charges collected on delinquent taxes
- **Treasurer's Receipts** (for other than property taxes)
- Other documents

The amounts for each item above should be entered on the **CDR**, and the closing balance should be calculated. For computerized systems, the above totals are calculated when the cashier processes the information entered into the computer during the day, and the CDR is printed at the end of the day.

**Reconciliation**—The cash in the cash drawer should be counted and the amounts for currency and coin entered on the **CDR**. An adding machine tape of the checks should be prepared and the amount of disbursements (if applicable) should be totaled from the supporting documents. These two totals should be entered on the CDR and the total cash in the cash drawer should be computed. The amount of total cash should be agreed to the amount of the closing balance, as calculated above, and any difference should be recorded as cash over/short. Significant differences should be promptly investigated and resolved.

Once the CDR has been reconciled, the cashier should sign and date it.

**Deposit**—The bank deposit should be calculated by entering total cash less the operating fund and disbursement amounts. The operating fund amount should equal the amount of the authorized change fund less any disbursement amount. (Change fund procedures are described in the UAMAC, §VI-C.)

The current-day's CDR, deposit, and supporting documents should be transmitted to the treasurer or designated individual to assist in the preparation of the Treasurer's Daily Cash Balance.

### **Treasurer's Daily Cash Balance (TDCB)**

The **TDCB** should be used to reconcile the beginning cash balance and the day's activity with the ending cash balance, and to identify the various components of the ending cash balance. See page IV-C-11 for a sample TDCB form. (TDCBs may be manually prepared or the TDCB may be generated by a computer system.)

**Daily Cash Reconciliation**—The beginning cash balance should be entered from the previous day's TDCB ending balance.

Upon receiving the **CDRs** with supporting receipts and disbursements documents and the cash, the treasurer or designated individual should review each CDR and sign and date it. The amount of the operating fund should be placed back into the cash drawers for the next day. The cash drawers should then be locked in the vault overnight for safekeeping.



NOTE: **TRs** should be prepared and validated for total real and personal property tax amounts and any interest and charges collected on delinquent taxes for the day, if a receipt has not already been issued. (See **Tax Collections and Processing** §IV-F, for applicable procedures.)

The day's TRs should be reviewed and the beginning TR number and the ending TR number should be entered on the **TDCB**. The number sequence of the TRs received during the day should be accounted for.

The amount available should then be computed by adding the beginning cash balance, the total amount of the TRs, and any cash over, if applicable. The amount of the treasurer's checks (according to the Treasurer's Journal) and any cash short, if applicable, should be subtracted to arrive at the ending cash balance.

**Components of Ending Cash Balance**—The ending cash balance is calculated as follows:

- The beginning servicing bank balance should be obtained from the previous day's **TDCB** ending balance.
- Deposits made for the previous day and advices of credit entered in the **Treasurer's Journal** should be recorded and added to the beginning balance.
- In addition, totals of treasurer's checks and advices of charge should be recorded and subtracted from the beginning balance.
- The ending servicing bank balance should be computed.
- The investment total as summarized in the **Treasurer's Journal**, should be recorded.
- The ending vault cash balance should be obtained from the **Vault Cash Summary**.
- The cash drawer amounts should be summarized from each **CDR** for cash, checks, and supporting documents.
- The day's ending cash balance should be calculated.

The ending cash balance per the Components of Ending Cash Balance should be compared to the ending cash balance per the **Daily Cash Reconciliation**. Differences should be immediately resolved.

**TRs**, cash overages/shortages, and deposits should be recorded in the Treasurer's Journal. TRs, **CDRs**, and the **TDCB** with supporting documents should be filed and the tax stubs forwarded to the tax distribution clerk.

Upon completion of the TDCB, a bank deposit slip should be prepared. If the services of a bank messenger are not available, a sheriff's deputy should deliver large deposits to the bank. The validated deposit slip obtained from the bank for the deposit should be forwarded to an employee who does not have access to cash receipts, and the amount should be compared to the supporting documents. The validated deposit slip along with the supporting documents should be filed by date.

## Bank Reconciliation

Bank accounts should be reconciled at least monthly to the **Treasurer's Journal** bank account balances by an employee independent of cash receipts and cash disbursements functions. The **reconciliation** may be prepared using the format on page IV-C-12. The employee performing the reconciliation should receive the bank statement and canceled checks unopened.

Recommended procedures for performing a bank reconciliation are as follows:

- The month's ending balance on the bank statement should be recorded on the bank reconciliation.

- Deposits according to the validated deposit slips should be compared to the bank statement. Deposits not appearing on the bank statement should be listed as deposits in transit (by date and amount), or investigated if the deposit should have been recorded as of the statement closing date.
- The total amount of canceled checks returned by the bank should be compared with the amount on the bank statement. Differences must be resolved with the bank.
- Canceled checks should be arranged in numerical sequence. Canceled checks should be compared to the **Treasurer's Journal** to ensure that the number, date, payee, and amount are in agreement.
- A list of outstanding checks should be prepared. Compare canceled checks to the prior month's outstanding checklist and the current month's list of checks issued. List or indicate the total amount of outstanding checks on the **bank reconciliation form**. Checks outstanding for longer than one year are void. A stop payment order should be issued and an entry made restoring such items to cash.
- Checks for large amounts should be examined for authorized signatures, irregular endorsements, and alterations.
- Nonsufficient funds (NSF) checks should be recorded on a bank deposit slip and redeposited in the bank. The NSF checks should be recorded as (Add) adjustments.
- Record the bank charges indicated on the bank statement in the **Treasurer's Journal**. Bank charges should not be deducted from interest on investments.
- The balance per the bank statement, plus deposits in transit, less outstanding checks, plus or minus adjustments should equal the balance in the treasurer's records. Differences should be immediately resolved.
- Reconciling items should be described fully. Supporting documents should be retained and either referenced or attached to the reconciliation form.
- The reconciliation should then be signed and the date prepared indicated.
- File the reconciliation, bank statement, and supporting documents by date.

\_\_\_\_\_ COUNTY, ARIZONA  
TREASURER'S RECEIPT

No. \_\_\_\_\_ (prenumbered)  
Date \_\_\_\_\_

Depositing Department or Entity \_\_\_\_\_

For the period from \_\_\_\_\_ to \_\_\_\_\_

Fund No.	Source of Revenue	Account Code	Amount
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
		Total Deposited	=====

Authorized Signature: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

**Summary of Deposit**

Cash:

Currency \_\_\_\_\_

Coins \_\_\_\_\_

Checks \_\_\_\_\_

Direct Deposits \_\_\_\_\_

Total Deposits \_\_\_\_\_

Treasurer's Validation No. \_\_\_\_\_

\_\_\_\_\_ County Treasurer

By \_\_\_\_\_ Date: \_\_\_\_\_

Clerk of the Board

By \_\_\_\_\_ Date: \_\_\_\_\_

**COUNTY TREASURER  
CASHIER'S DAILY RECONCILIATION**

**Summary of Daily Activity**

Opening balance	\$ 600.00
Property tax collections	
Real	13,100.00
Personal	300.00
Interest and charges collected on delinquent taxes	100.00
Treasurer's Receipts (for other than property taxes)	1,000.00
Other (specify)	
Closing balance	<u>\$15,100.00</u>

**Reconciliation**

Currency		Coin		
Large bills	\$300	\$.50	\$ 7.00	
20s	240	.25	18.00	
10s	150	.10	24.00	
5s	145	.05	3.00	
1s	<u>13</u>	.01	<u>5.00</u>	\$ 905.00
Checks				14,102.00
Supporting documents for disbursements				<u>95.00</u>
Total cash (cashier)				<u>\$15,102.00</u>
Cash (over) short				<u>\$ (2.00)</u>

**Deposit**

Total cash	\$15,102.00
Less: Operating fund	(505.00)
Supporting documents for disbursements	<u>( 95.00)</u>
Deposit	<u>\$14,502.00</u>

Cashier (signature) \_\_\_\_\_ Date: 11/8/XX

Reviewed by (Treasurer) \_\_\_\_\_ Date: 11/9/XX

**VAULT CASH TRANSFER RECEIPT**

\_\_\_\_\_ (Prenumbered)

\_\_\_\_\_ County Treasurer

Received from \_\_\_\_\_

\_\_\_\_\_ Dollars

\$ \_\_\_\_\_

\_\_\_\_\_  
(Signature of Cashier)

\_\_\_\_\_  
(Authorizing Signature)

(Original and one copy)

**COUNTY TREASURER  
VAULT CASH SUMMARY**

For the month of November 20XX

Day	Beginning Balance	Amount		Ending Balance	Description
		Increase	Decrease		
1.	\$3,000.00			\$3,000.00	
2.					
3.					
4.	3,000.00		\$300.00	2,700.00	To H. Jones—Cashier
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					
19.					
20.					
21.					
22.					
23.					
24.					
25.					
26.					
27.					
28.					
29.					
30.					

**COUNTY TREASURER  
TREASURER'S DAILY CASH BALANCE**

**Daily Cash Reconciliation**

Beginning cash balance	\$11,111,300.00
Add:	
Treasurer's Receipts (Begin #15761 to Ending #15782)	21,200.00
Cash over	2.00
Amount available	<u>\$11,132,502.00</u>
Deduct:	
Treasurer's checks	(1,400.00)
Cash short	
Ending cash balance	<u>\$11,131,102.00</u>

**Components of Ending Cash Balance**

Servicing bank account—beginning balance	\$155,100.00	
Deposits/Advice of credit		
Treasurer's checks/Advice of charge	<u>42,000.00</u>	
Ending balance		\$ 113,100.00
Investments		11,000,000.00
Vault		2,900.00
Cash drawer summary:		
Cash	\$ 905.00	
Checks	14,102.00	
Supporting documents for disbursements	<u>95.00</u>	
Total per cash drawers		<u>15,102.00</u>
Ending cash balance		<u>\$11,131,102.00</u>

Prepared by \_\_\_\_\_

Date: 11/8/XX

# ACCOUNTING PROCEDURES

**CASH**

\_\_\_\_\_  
**COUNTY TREASURER**  
**BANK RECONCILIATION**

Bank: Bank One

Prepared by \_\_\_\_\_

Account Number: 93082

Date prepared: 12/8/XX

<b>Balance per bank</b>	<u>(November</u>	<u>30</u>	<u>20XX)</u>	<u>\$166,103.00</u>
	Month,	day,	year	

**Add:** Deposits in transit

	Date	Amount	
	11/26/XX	\$3,075.00	
	11/28/XX	4,500.00	
	11/30/XX	<u>3,630.00</u>	<u>11,205.00</u>

**Deduct:** Outstanding checks

	Number	Date	Amount	
	6717	11/16/XX	\$3,418.00	
	6723	11/23/XX	6.20	
	6728	11/25/XX	103.80	
	6731	11/27/XX	34.10	
	6740	11/28/XX	<u>201.90</u>	<u>(3,764.00)</u>

**Other adjustments**

Add:

Advice of credit	11/28/XX	\$40,235.00	
NSF check		118.00	
Bank charge		<u>16.00</u>	<u>40,369.00</u>

Deduct:

Error in recording check #6709		<u>\$ 29.00</u>	<u>(29.00)</u>
--------------------------------	--	-----------------	----------------

<b>Balance per books</b>	<u>(November</u>	<u>30</u>	<u>20XX)</u>	<u>\$213,884.00</u>
	month,	day,	year	



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## INTRODUCTION

The county treasurer is responsible for disbursing county monies. The treasurer's duties also include paying warrants of county school superintendents and special districts. Accurate accounting records over disbursements must be maintained as required by **A.R.S. §11-493**.

## POLICIES

The treasurer should implement the following policies to comply with statutory requirements and to maintain internal control over warrant processing:

1. County monies may be disbursed by one of the following methods. **A.R.S. §11-493(5)**.
  - By county warrant issued by the board of supervisors and signed by the chairman and the clerk of the board.
  - By electronic transfer authorized by the board of supervisors; authorization must be in writing and signed by the chairman or the chief financial officer, and the clerk of the board.
  - As otherwise provided by law.
2. **Revolving lines of credit** may be used to pay warrants if sufficient monies are not available and the board of supervisors has entered into a contract with a financial institution, authorized to do business in this State, to obtain a revolving line of credit for the county or applicable political subdivision of this State. The contract may be for an initial period not exceeding three years, with a two-year renewal option, and should be awarded as part of the bid process for servicing banks as prescribed by Title 35, Chapter 2, Article 2.1. **A.R.S. §11-604.01**.
3. If a revolving line of credit has not been obtained or the line of credit has been expended, warrants drawn on funds with insufficient monies must be registered and paid in the order of registration. Interest accrues on unpaid warrants from the date of presentation until they are paid at a rate not to exceed 10 percent. **A.R.S. §§11-605 and 11-635**.
4. Warrants drawn on school districts may only be registered as follows:
  - If the treasurer maintains separate accounts for each fund, warrants may only be registered on the maintenance and operation (M&O), unrestricted capital outlay, soft capital allocation, and adjacent ways funds accounts and only if the total cash balance of all four accounts is insufficient to pay the warrants. **A.R.S. §15-996(3)(a)**.
  - If the treasurer maintains one account for the M&O, unrestricted capital outlay, soft capital allocation, and adjacent ways funds, and a second account for federal and state grants and all other monies, except bond building, debt service, deficiencies correction, building renewal, and new school facilities funds, warrants may be registered only on the first account and only if the balance in that account is insufficient to pay the warrants. **A.R.S. §15-996(3)(b)(i)**.

5. The treasurer may honor warrants for any school district federal or state grant fund with an insufficient balance provided the total balance in the second account is positive. If the balance in the second account is negative, the warrant must be charged to the M&O fund. **A.R.S. §15-996(3)(b)(ii)**.
6. For power, and irrigation and water conservation districts, if there is any money in the fund upon which a warrant is drawn, the money must be applied to the unpaid warrant. The warrant should be registered for any remaining unpaid balance. A.R.S. §§48-1601 and 48-3126.
7. **Registered warrants**, except those for power, and irrigation and water conservation districts, must accrue interest at a rate not to exceed 10 percent per year. **A.R.S. §11-635**. The warrants stop accruing interest when public notice is given that the treasurer is ready to pay them. A.R.S. §11-636. Registered warrants of power, and irrigation and water conservation districts accrue interest at the rate of 6 percent per year. A.R.S. §§48-1601 and 48-3126.
8. As monies become available to repay a **revolving line of credit** or redeem registered warrants, the treasurer must do so in the order required by **A.R.S. §11-604.01(C)**. Registered warrants should be redeemed in the order they were originally registered.
9. When monies become available to redeem registered warrants, the treasurer must give notice according to A.R.S. §11-636. If an unpaid warrant is not presented for payment within 10 days after publishing or posting the notice, the treasurer must apply the monies set aside for payment of unpaid warrants next in order of registry. A.R.S. §11-638.
10. A **treasurer's check** or warrant drawn on the county general fund that is not presented for payment within one year after the date of issuance is void and is deemed to have been paid. The payee must be notified that the check or warrant is void. If the check or warrant is for less than \$50, the notice must be sent first-class mail. If the check or warrant is for \$50 or more, the notice must be sent certified mail. The monies of the voided check or warrant must be credited to the county general fund or other appropriate fund. At any time within one year after an un-presented check or warrant has been voided, the payee may present a claim for the amount of the check or warrant to the board of supervisors. If the board finds there was sufficient reason for failing to present the original check or warrant, the board may allow the claim and pay it from the county general fund. **A.R.S. §11-644**.

## PROCEDURES

### Introduction

The following procedures are recommended to assist county treasurers in fulfilling their statutory responsibilities for processing warrants presented for payment by individuals and servicing banks. Specific procedures may vary depending on size, organization, and degree of automation; however, the same level of internal control must be maintained.

The exhibits included at the end of the section are provided as examples and may be modified to meet the specific needs of each treasurer's office.

### Receipt of Warrants

When warrants are presented to the county treasurer by individuals or by the servicing bank (the servicing bank may transmit this information to the treasurer's office electronically or by submitting a magnetic tape), the treasurer must determine if the cash balance available in the appropriate agency account is sufficient to pay the warrants. If separate accounts are maintained for each school district fund, the treasurer must determine if the total cash balance of the M&O, unrestricted capital outlay, soft capital allocation and adjacent ways funds is sufficient to pay the warrants drawn on these funds.

Note: To assist in comparing the total amount of school district warrants to the total balance of pooled school district accounts, the treasurer may develop recordkeeping procedures that provide a current balance of the pooled accounts. For example, a cash control ledger account may be maintained to record all transactions affecting any of the pooled accounts. This procedure allows the treasurer to determine the balance of the pooled accounts after each transaction is recorded.

If the treasurer maintains only two accounts for each school district as described in [A.R.S. §15-996\(1\)](#), the treasurer may honor warrants drawn on a federal or state grant fund with a negative balance as long as the total balance in the second account is positive and the expenditure was properly budgeted. However, if enough cash is not available in the second account to pay the warrant, the treasurer should pay it from the M&O fund (i.e., the first account). Subsequently, when grant monies are received, the county treasurer should adjust the district's cash balances by reimbursing the first account.

The following procedures are recommended for processing warrants:

- Sort warrants by agency, then further group by agency account within each agency. If separate accounts are maintained for each school district fund, batch warrants of the M&O, unrestricted capital outlay, soft capital allocation, and adjacent ways funds accounts into one group. Warrants within each batch should be kept in order by date of presentation for payment.
- Calculate a total for each group of warrants and compare the totals with the bank list and warrants. Resolve any differences.
- For automated systems, process the data sent electronically from the bank and generate a report. Compare this report with the hard copy of the bank list to ensure the data sent electronically was processed accurately.

- Compare the warrants to the **Warrant Stop Payment Register** (see page IV-D-9) to determine if payment was stopped on any warrants.
- For automated systems, generate error reports that include a comparison of the warrants the bank submitted to the warrants issued by the county. The error reports should indicate any differences in warrant number or amount, duplicate warrant numbers, or warrants for which payment was stopped. All differences should be immediately resolved with the bank.

Note: The treasurer may pay a warrant on which a stop payment notice was previously prepared only upon a written release from the board of supervisors. A.R.S. §11-632. See related discussion, **“Stop Payment of Warrants”** below.

- Review warrants for authenticity, authorized signatures, and alterations.
- Prepare a treasurer’s check for the total amount of the warrants presented by the servicing bank. (Warrants presented by individuals may be redeemed with cash or a treasurer’s check.) For procedures on issuing **treasurer’s checks**, see §IV-C, Cash. The amount of the treasurer’s check should agree with the total on the bank list, less warrants to be registered and warrants previously stopped.
- Forward the treasurer’s check to the bank and file the bank list by date.

Note: If sufficient monies are not available in an agency account, the treasurer should follow the procedures presented for **revolving lines of credit** (see IV-D-5) or **registered warrants** (see page IV-D-6), as applicable.

### Payment of Warrants

Paid warrants may be canceled by writing or stamping “paid” and the date of payment on the face of each warrant. Monthly, the paid warrants must be submitted to the clerk of the board of supervisors (**A.R.S. §11-501**) or other applicable agency as required by statute.

The amounts of the paid warrants should be recorded daily in the **Treasurer’s Journal** by debiting Unprocessed Redeemed Warrants and crediting Cash in Bank. In addition, the amounts should be recorded in the ledgers of the agency accounts daily, or at least weekly. (Recording paid warrants in the applicable accounts may be performed automatically by magnetic tape.)

The treasurer must prepare a list of warrants paid and provide it each month to the county school superintendent and special districts. The paid warrants list is used by the county school superintendent’s office and special districts to prepare a list of outstanding warrants.

### Stop Payment of Warrants

When the treasurer’s office receives notice to stop payment on a warrant, the servicing bank should be notified immediately to ensure that the bank does not pay the warrant. In addition, information on the stop payment order should be entered in the **Warrant Stop Payment Register** (see page IV-D-9).

If a warrant is received for which payment has been stopped, the warrant should be stamped or endorsed as such and returned to the servicing bank (or payee if the warrant is presented directly).

## Revolving Lines of Credit

If the balance of an agency account is insufficient to pay warrants, the treasurer may use the agency's revolving line of credit if one has been established.

If the treasurer maintains a separate account for each school district fund, the revolving line of credit may only be accessed for the M&O, unrestricted capital outlay, soft capital allocation, and adjacent ways funds and only if the total cash balance of all four accounts is insufficient to pay the warrants. If the treasurer maintains only two accounts as described in **A.R.S. §15-996(1)**, the treasurer may access the revolving line of credit only for the first account (M&O, unrestricted capital outlay, soft capital allocation, and adjacent ways funds) and only if the balance of that account is insufficient to pay the warrants.

To determine the amount necessary to draw from the credit line, the warrants presented for payment should be totaled and compared to the balance in the agency account or school district's pooled account. Monies may not be drawn in excess of the maximum line of credit amount.

The treasurer should maintain a **Revolving Line of Credit Journal** (see page IV-D-10) for each entity for which a credit line has been established and record the following information when it is accessed.

- The date the credit line is accessed
- The account balance in each account at the time the credit line is accessed
- The total amount of warrants to be paid
- The amount of the credit line accessed
- The remaining amount available

Note: If the treasurer maintains separate accounts for each school district fund and determines the credit line amount to be accessed based on the pooled balance of the school district accounts, the treasurer may maintain one account in the Revolving Line of Credit Journal for the pooled balance.

The treasurer should also notify each agency of its account balance and the amount of the credit line used. The amount should be recorded in the **Treasurer's Journal** by debiting Cash in Bank and crediting Due to Agency Accounts. The warrants should then be paid in accordance with the procedures outlined on page **IV-D-4**.

The treasurer should repay the credit line when sufficient monies become available. Interest may be computed by multiplying the amount accessed by the annual interest rate as established in the servicing bank agreement. This amount is then multiplied by the number of days the loan was outstanding divided by 365.

The amount of the interest paid must be recorded separately from the principal repaid in the **Revolving Line of Credit Journal**. The interest should be charged directly to the agency account for which the credit line was accessed, except for school district M&O, unrestricted capital outlay, soft capital allocation, or adjacent ways funds pooled to pay warrants. The treasurer's office should apportion interest attributable to the district's pooled account as follows:

- If the treasurer maintains one account for the M&O, unrestricted capital outlay, soft capital allocation, and adjacent ways funds, and cannot separately identify the warrants which were paid from the credit line, interest paid should be allocated to the pooled account.
- If the treasurer maintains separate accounts for the M&O, unrestricted capital outlay, soft capital allocation, and adjacent ways funds, or if the treasurer maintains one pooled account but can separately identify the warrants paid from the credit line, interest should be apportioned by fund based on the dollar amount of warrants paid by each fund.

When the credit line is repaid, the treasurer should record the following information in the appropriate agency account or school district pooled account in the **Revolving Line of Credit Journal**.

- The date
- The account balance in each account
- The principal amount and interest expense payments
- The number of days the credit line was used
- The credit amount available

The treasurer should notify each agency of its account balances, the amounts of principal and interest paid, and the interest amount allocated to each agency account or school district pooled account. The total amount of the credit line repaid, including interest, should be recorded in the **Treasurer's Journal** by debiting Due to Agency Accounts and crediting Cash in Bank. A treasurer's check should then be prepared for the total amount, principal and interest, and sent to the servicing bank. (See §IV-C, Cash, for recommended procedures for preparing a **treasurer's check**.)

### Registration of Warrants

If the balance of an agency account or school district's pooled account is insufficient to pay the warrants and the entity has not obtained, or has expended its **revolving line of credit**, then warrants must be registered and interest charged until sufficient monies are available to redeem them.

Interest must accrue on registered warrants at a rate not to exceed 10 percent per year from the date registered until public notice is given that the treasurer is ready to redeem them. **A.R.S. §§11-635** and 11-636. Registered warrants of power, and irrigation and water conservation districts accrue interest at the rate of 6 percent per year. **A.R.S. §§48-1601** and 48-3126.

The treasurer must keep a register of warrants presented for payment. **A.R.S. §11-635**. Warrants should be recorded in a **Registered Warrant Journal** (see page IV-D-11) of the applicable agency account, or in the pooled balance of the M&O, unrestricted capital outlay, soft capital allocation, and adjacent ways funds for school districts by including:

- Warrant number
- Warrant date
- Payee
- Held by

- Amount of warrant
- Date registered
- The account balance in each account at the time the warrant is registered

If the treasurer maintains separate accounts for each school district fund and allocates interest on registered warrants on the pooled balance of the school district accounts, the following information should also be included when recording these warrants:

- Accounts with insufficient balances at the time of registration
- The balance for each account

The warrants must be stamped or endorsed with “Not Paid for Lack of Funds” and with the date of presentation. **A.R.S. §11-635**. The registered warrants should then be returned to the servicing bank or individual. Banks may also be informed of the warrants to be registered by a magnetic tape.

When sufficient monies become available, monies borrowed from a credit line must be repaid before registered warrants are redeemed. The treasurer should post a notice at the courthouse door or publish a notice in a county newspaper stating that warrants are redeemable. A.R.S. §11-636. Servicing banks may be advised of specific warrants to be redeemed by other methods, such as magnetic tape.

The treasurer must redeem warrants in the date order they were originally registered. **A.R.S. §§11-605 and 11-639**. If the presentation order cannot be determined because numerous warrants were received at the same time, the treasurer should pay them in the order of warrant number.

Interest on registered warrants is computed by multiplying the dollar amount of registered warrants by the annual interest rate. This amount is then multiplied by the number of days the warrants were registered and divided by 365. The amount of interest paid must be recorded separately from the principal in the **Registered Warrant Journal** or on a separate call warrant list. **A.R.S. §11-640**. The interest should be charged directly to the agency account on which the warrant was drawn, except for interest on warrants drawn on a school district’s M&O, unrestricted capital outlay, soft capital allocation, or adjacent ways funds agency accounts pooled for the payment of warrants.

- If the treasurer maintains one account for the M&O, unrestricted capital outlay, soft capital allocation, and adjacent ways funds, interest on registered warrants should be charged to the pooled account.
- If the treasurer maintains separate accounts for each school district fund, interest on registered warrants should be apportioned to the agency accounts on which the warrants were drawn. However, if a fund had sufficient cash to pay a warrant but, because of negative balances in the other pooled accounts, the pooled balance was insufficient to pay the warrant, interest should be apportioned to the agency accounts having the negative balances.

The treasurer should establish a reasonable method for apportioning interest. For example, the interest may be apportioned to agency accounts in proportion to the negative amount of each agency account at the time of registration. If all of the pooled agency accounts had a positive balance at the time of registration but the balance of the pooled account was insufficient to pay a warrant, the interest should be charged to the agency account on which the warrant was drawn. The total interest



paid for each warrant and the amount of interest apportioned to each agency account should be shown separately on the **Registered Warrant Journal**.

The Registered Warrant Journal should include the following information for redeemed warrants:

- The date redeemed
- The number of days of interest
- The amount of interest
- The apportionment of interest to school district agency accounts
- The total amount paid

Redeemed warrants may be canceled by writing or stamping “paid” and the date of payment on the face of each warrant. Monthly, the redeemed warrants must be submitted to the clerk of the board of supervisors (**A.R.S. §11-501**) or other applicable agency as required by statute.

The amount of the paid registered warrants should be recorded daily, or at least weekly, in the ledgers of the appropriate agency accounts, with interest and principal payments shown separately. Each agency should be notified of the interest paid and the allocation of interest to each agency account or school district pooled account.

\_\_\_\_\_ COUNTY, ARIZONA  
**WARRANT STOP PAYMENT REGISTER**

**Warrant**

<u>Date</u>	<u>Number</u>	<u>Payee</u>	<u>Agency Account</u>	<u>Date Stopped</u>	<u>Amount</u>
3/01/XX	10108	DEF Services	General Fund 100	3/03/XX	\$ 99.99
4/10/XX	11011	EFG Supply	Road Fund 201	4/13/XX	121.67

\_\_\_\_\_ COUNTY, ARIZONA  
**REVOLVING LINE OF CREDIT JOURNAL**

Entity: XYZ School District

Account No: 0918762

Agency Account: Pool (M & O, unrestricted capital outlay, soft capital allocation, and adjacent ways funds)

Annual Rate of Interest: 10%

Revolving Line of Credit Authorized: \$50,000

Date Line of Credit Accessed	Account Balance		Total of Warrants to be Paid	Amount of Line of Credit Accessed	Amount of Line of Credit Available	Date Line of Credit Repaid	Account Balance		Amount of Line of Credit Repaid	Number of Days Interest	Amount of Interest	Total Amount Repaid	Amount of Line of Credit Available
	Account	Amount					Account	Amount					
3/1/XX													\$50,000
3/1/XX	000	\$ 5,000	\$15,000	\$10,000		4/1/XX	000	\$ 6,000	\$5,000	31	\$42.47	\$5,042.47	
	610	10,000	14,000	4,000			610	15,000	4,000	31	33.97	4,033.97	
	620	2,000	3,000	1,000			620	5,000	1,000	31	8.49	1,008.49	
					\$35,000								45,000
						4/5/XX	000	8,000	5,000	35	47.94	5,047.94	
													50,000
5/1/XX	000	10,000	12,000	2,000									
	610	5,000	15,000	10,000									
					38,000								

\_\_\_\_\_ COUNTY, ARIZONA  
**REGISTERED WARRANT JOURNAL**

Entity: XYZ School District

Agency Account: Pool (M & O, unrestricted capital outlay, soft capital allocation, and adjacent ways funds)

Annual Rate of Interest: 10%

Warrant		Payee	Held By	Amount of Warrant	Date Registered	Negative Balance		Date Redeemed	Number of Days Interest	Amount of Interest	Interest Apportioned	Total Amount Paid
Number	Date					Account	Amount					
10110	3/1/XX	DEF Incorporated	WNB	\$25,000.00	4/1/XX			5/15/XX	45	\$308.22		\$25,308.22
						000	\$10,000				\$205.48	
						620	5,000				102.74	
10115	3/3/XX	WXY Company	WNB	10,000.00	4/5/XX							
						000	10,000					
						620	5,000					

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## INTRODUCTION

Counties use a variety of debt instruments to obtain the monies necessary to meet their capital needs. The debt instruments predominantly issued by counties are bonds. However, other types of debt instruments that may be issued include certificates of participation; certificates of supplemental interest payments; and bond, tax, grant, and revenue anticipation notes.

County treasurers' duties vary according to the type of funding mechanism employed by the board of supervisors. In addition, counties have certain limitations on the amount of debt that they may incur. Following are some of the more pertinent legal requirements governing the county treasurers' responsibilities when bonds are issued.

## LEGAL REQUIREMENTS

1. The treasurer must maintain a register of all bonds sold. **A.R.S. §11-274.**
2. The board of supervisors, not the county treasurer, is the official issuer of county bonds and assumes all liability on the bonds including bonds issued pursuant to A.R.S. §§11-254.03, 11-264.01, 11-271, 11-281, 11-307, 11-371, and 11-721, and all other county bonds. **A.R.S. §11-499.**
3. The treasurer must maintain separate accounts for each school district bond building fund and debt service fund. **A.R.S. §§15-1022 and 15-1024.**
4. Monies received from tax collections to pay principal and interest on bonds must be deposited into the entity's debt service fund account. A.R.S. §§11-275 and **15-1022.**
5. The proceeds from the sale of school district bonds must be deposited into the district's bond building fund account. When the bond proceeds will not be used for a period of 10 days or more, they may be invested as provided by A.R.S. §15-1025(B). **A.R.S. §15-1024.**
6. The treasurer may invest a school district's debt service fund account monies as requested by the governing board. The treasurer must be the custodian of all securities so purchased. **A.R.S. §15-1025.**
7. All interest earned on the investment of a school district's bond proceeds must be deposited in its debt service fund if not designated by the voters for deposit in the bond building fund. **A.R.S. §15-1024.** Consequently, on or before the fifteenth day of each month, the treasurer must credit applicable monies collected during the preceding month to the appropriate school district debt service fund account. **A.R.S. §15-1027.**
8. For **bearer bonds**, the treasurer, or the treasurer's designated agent, must cancel the bonds and coupons when paid and forward them to the clerk of the board of supervisors or secretary of the governing body for storage. **A.R.S. §§15-1022 and 35-459.**
9. Costs of registration, transfer, and payment may be deducted from the bond proceeds or may be treated as interest, and the costs added to and paid from the proceeds of taxes levied to pay interest on the bonds. Such costs are the liability of the entity obligated to repay the bonds. A.R.S. §§35-456 and **35-491.**
10. The treasurer may set aside, at the direction of the governing board or board of supervisors of any political subdivision, or at the discretion of the treasurer, amounts sufficient to meet potential arbitrage rebates to the federal government. **A.R.S. §35-513.**
11. Within 60 days after bonds are issued, the issuing entity must file a report with the Arizona Department of Revenue (ADOR) that includes all the information required by A.R.S. §35-501(B).

For legal requirements pertaining to specific types of bond issues, the applicable statutes should be consulted.

## PROCEDURES

**Definition of Terms**

A bond is a written promise to pay a specified sum of money, known as the *face value* or *principal amount* of the bond, at a specified date or dates in the future, known as the *maturity dates*. The bond seller must also make periodic payments of interest on the face value of the bond. The interest rate may be either fixed or variable.

To remain exempt from federal taxation all government bonds are required to be registered. That means the bond purchasers are registered with the issuing government and the bonds cannot be sold or exchanged without a change of registration. [Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982, Section 310. [A.R.S. §11-274.](#)]

Bond principal may either be repaid all on one date or periodically over the life of the bond issue:

**Term Bonds**—Bonds whose principal, in total, matures on one date. Monies are generally required to be deposited over the life of the bond issue into a sinking fund that, along with the interest earnings on these monies, will be sufficient to retire the bond principal upon maturity.

**Serial Bonds**—Bonds whose principal is repaid in periodic installments over the life of the bond issue.

Bonds may include other repayment modifications:

**Callable Bonds**—Callable bonds grant the issuer the right to pay part or all of the obligation before the stated maturity, sometimes in exchange for a premium price, by giving notice of redemption in a manner specified in the bond contract.

**Demand Bonds**—Bonds that give the bondholder the right to require the issuer, or the issuer's agent, to redeem the bonds within a certain period after giving notice, usually 1 to 30 days. The issuer or the issuer's agent is required to redeem bonds at a price equal to the principal plus accrued interest.

Other important bond attributes are:

**Interest Rates**—Bonds may have fixed rates in which the bond coupon interest rate is fixed over the life of the bond issue. For bonds that have variable interest rates, the bond coupon rate is variable based on an index or other formula, as specified in the bond indenture.

**Bond Discount**—The difference between the present value and the face amount of the bonds when the former is less than the latter. If bonds are sold at a discount, the bond discount plus interest to be paid on the bonds must not exceed the amount of interest that would be payable on the bonds over the maturity schedule prescribed by the board of supervisors at the maximum rate set out in the Bond Resolution and approved by the voters, if applicable. A.R.S. §35-457. However, school district bonds and refunding bonds cannot be sold at a discount. [A.R.S. §§15-1024](#) and 35-475.

**Bond Premium**—The difference between the present value and the face amount of bonds when the former is greater than the latter. The bond premium cannot exceed the greater of 2 percent of the par value of the bond issue or \$100,000. Any net premium not used to pay the costs of the bond issue must be deposited in the debt service fund and used to pay interest on the bonds. [A.R.S. §§15-1024](#) and 35-457.

There are four types of bonds county treasurers may administer:

**General Obligation Bonds** represent general long-term indebtedness of the county as a whole, and are not a specific liability of an individual fund. The proceeds from these bonds are primarily used to finance the acquisition of capital assets. However, the bonds are secured through the full faith and credit of the county, not with the assets purchased. The total bond amount authorized may be sold at one time or in increments as the monies are needed.

General obligation bonds must be approved by the county's voters through a bond election. At that time, voters approve the use of the bond proceeds, amount of the bond issue, and maximum interest rate on the bonds. Principal and interest payments are made from revenues received through a secondary tax levy collected by the county treasurer. Either the county treasurer or an outside trustee may act as the paying agent.

**Revenue Bonds** are generally used to finance the construction or acquisition of capital assets of revenue-producing projects and proprietary funds. These bonds are secured through revenues of the project financed by the bonds, the full faith and credit of the entity, or the assets purchased with the bond proceeds. The total bond amount may be sold at one time or in increments.

The county board of supervisors approves revenue bonds, which are not subject to the Arizona constitutional debt limitations. Principal and interest payments are made from project-generated revenues. Either the county treasurer or an outside trustee may act as the paying agent.

**Special Assessment Bonds** are used to finance public improvements intended to benefit one group of property owners rather than all county property owners. Examples of these improvements include street paving, sidewalks, curbs, gutters, etc.

The property owners within the special assessment district approve the special assessment bonds and their property serves as bond security. Principal and interest payments are made primarily through a tax assessment levied against the benefiting property owners. The county treasurer collects the property tax assessment for special assessment bonds and acts as the paying agent.

**Bearer Bonds** are unregistered bonds on which principal and interest are payable to the holder, and no endorsement is required to transfer the bonds. Possession of a bond certificate serves as evidence of ownership for bearer bonds. The owner submits coupons to the treasurer to receive interest payments. However, because government bonds must now be registered to be exempt from federal taxation, bearer bonds are no longer issued.

## Accounting for a Bond Issue

Bonds may be issued through a competitive or a negotiated sale. In a competitive bond sale, the bonds are sold through a sealed bid process and the lowest bidder is awarded the bond issue. In a negotiated bond sale, the bonds are sold through a negotiation process with an underwriter.

The following basic documents are part of the bond offering:

- Bond resolution—Includes terms and purpose of the bonds and the financial responsibilities of the parties involved. The board of supervisors must formally adopt the bond resolution.
- Preliminary Official Statement—Discloses all information pertinent to market the bonds to investors.



- Official Statement—Final version of the Preliminary Official Statement prepared after the bonds are sold. The Official Statement contains the actual interest rates at which the bonds were sold.

The board of supervisors must forward a copy of the resolution and redemption and amortization schedules to the treasurer.

The board of supervisors may employ registrars, transfer agents, and paying agents to administer the bonds. The parties involved in a bond issue may include the following individuals:

- Financial advisor—coordinates the bond issuance
- Underwriter—markets and sells the bonds
- Bond counsel—gives opinions on whether bonds meet tax-exempt status; acts on behalf of the holders, not the issuer
- Trustee—acts as fiduciary between holder and issuer
- Registrar—keeps a list of bond holders; usually a bank
- Transfer agent—performs the exchange process when a bondholder sells; usually a bank
- Paying agent—makes actual payments; usually the same bank is the transfer agent, paying agent, and registrar
- Credit enhancement providers—provides bond insurance, bond rating, bond interest rate

**Bond Registration**—The treasurer may act as registrar, transfer agent, and paying agent, or the treasurer may be required by the board of supervisors to contract for these services from the private sector. A treasurer designated as a registrar may impose a surcharge of not more than 25 percent of the average fee charged by commercial bank trust departments during the previous calendar year for discharging the duties described above. Treasurers accepting the duties of registrar, transfer agent, and paying agent should still contract for services provided by financial advisors, underwriters, and bond counsel in order to satisfy the legal requirements of an issue and assist in sales.

All government bonds must be registered and the treasurer must maintain a register of all bonds sold whether or not the treasurer is the registrar (see page **IV-E-5** for more guidance related to the bond register).

**Bond Proceeds**—Upon receiving the resolution and redemption and amortization schedules from the board of supervisors, the treasurer should confer with the underwriters and obtain the bond proceeds. The bond proceeds may be transmitted by check or bank wire transfer directly to the treasurer's bank account. The treasurer should then:

- Compare the check or wire transfer amount with the resolution and resolve any differences with the underwriters.
- Prepare a **Treasurer's Receipt** (see page IV-C-7) for the amount of the proceeds.
- Record the amount of the Treasurer's Receipt in the **Treasurer's Journal**, if applicable.
- Record the amount of the bond proceeds in the bond building or capital projects accounts for the applicable agency in the **Treasurer's Ledger** (see §IV-B, Accounting Records).

The treasurer should also sign any pertinent documents such as the indenture; servicing agreement with the bank; and certification of capitalization for debt limitations, which is a written statement certifying that the county is within its debt limitation.

Costs of registration, transfer, and payment may be deducted from bond proceeds, or may be treated as interest and such costs may be added to and paid from the proceeds of taxes levied to pay interest on the bonds. A.R.S. §§35-456 and **35-491**.

School district bond proceeds cannot be expended for items whose useful life is less than the average life of the bonds issued or for items whose useful life is less than five years. A.R.S. §15-1021.

From information in the resolution, underwriter documents, and **Treasurer's Journal**, the treasurer must prepare and maintain a bond register. **A.R.S. §11-274**. Bond registers may be prepared in various formats, but must include the following information:

- Agency
- General description of the bonds, including the purpose of the bond issue, year, etc.
- Purchaser
- Amount of the bond issue
- Date of bond issue and date sold
- Amount received
- Interest rate
- Maturity dates and amounts due for principal and interest

**Short-term Investment of Bond Proceeds**—When school district bond proceeds are not required to be used for a period of 10 days or more, the proceeds may be invested as provided by **A.R.S. §15-1025(B)**. The treasurer may invest those monies as requested by the governing board of a school district; however, the treasurer must be the custodian of the purchased securities. All interest earned on the investment of bond proceeds must be deposited in the school district's debt service fund if not designated by the voters for deposit in the bond building fund. **A.R.S. §§15-1024 and 15-1025**.

The treasurer must keep separate accounts for all school district debt service and bond building funds. On or before the fifteenth day of each month, the treasurer must credit the monies collected during the preceding month to the applicable school district debt service fund account. **A.R.S. §15-1027**.

For a special taxing district, the treasurer may invest any idle bond proceeds solely for the district's benefit in investments authorized by statute (Title 48).

**Principal and Interest Payments**—All principal and interest transactions should be recorded in the appropriate entity's debt service fund. Taxes collected to pay bond principal and interest must be deposited into this account and payments from this account should be made by check, warrant, or wire transfer. A.R.S. §§11-275, **15-1022**, and **35-491**.

The treasurer should record all principal and interest payments in the bond register. Further, if the paying agent is an outside trustee, the treasurer should reconcile the interest amount billed by the outside trustee to

the treasurer's records and resolve any discrepancies. Finally, after the bonds are redeemed, the treasurer should receive a retired bond certificate from the outside trustee.

The treasurer must cancel bearer bonds and coupons when paid. Canceled bonds and coupons and retired bond certificates should then be submitted to the clerk of the board of supervisors for storage. **A.R.S. §§15-1022 and 35-459.**

If at any time there is insufficient money in the county's debt service fund to pay the interest due on the bonds, the board of supervisors may transfer sufficient monies from the general fund to the debt service fund. Likewise, any excess in the debt service fund over the amount required for principal and interest on the bonds may be transferred to the general fund. A.R.S. §11-275.

**Bond Fund Completion**—The statutes give clear guidance to school districts on the appropriate disposition of monies remaining in a bond building fund after the facilities being acquired or constructed have been completed. The governing board must specify the disposition of such monies, in writing, as follows:

- If the district has outstanding bond debt, the balance remaining in the bond building fund must be transferred to the district's debt service fund. In accordance with **A.R.S. §15-1028**, districts may apply their remaining balances in the debt service fund to the payment of other outstanding bond issues.
- If the district has no outstanding bond debt, the balance remaining in the bond building fund should be transferred to the district's maintenance and operation (general) fund. **A.R.S. §15-1024.**

Although the statutory guidance is specific for school districts, the same logic is appropriate for other bond accounts administered by the county treasurer.

## Other Types of Debt

**Certificates of Participation (COPs)** are units of ownership in debt that are repaid from lease payments, often on major equipment financing. The investors receive portions of the lease payments in proportion to the certificates they own. The difference between a COP and a bond is that the security of the COP is contingent on annual appropriations of monies and not on a general obligation of the issuer. Therefore, the board of supervisors can terminate a COP if they fail to appropriate adequate funding to make the lease payments. COPs are approved by the board of supervisors and are not subject to the Arizona constitutional debt limitations. The security for COPs can range from nothing to the entire asset acquired. Principal and interest payments are made from unrestricted resources. The paying agent is an independent third party.

**Certificates of Supplemental Interest Payments (COSIPs)** represent the ownership of a right to supplemental interest payments on a bond issue. The COSIP payments represent interest on the bonds which has been stripped away and sold separately from the bond. The interest on COSIPs is payable on maturity. This maturity value is calculated based on the maturity date, market interest rate for similar types of investments, and amount of proceeds estimated as necessary to cover escrow and other issuance costs of the bond offering. Generally, COSIPs mature prior to the maturity date of the bonds. COSIPs are not subject to the county's debt limitation.

**Bond Anticipation Notes** are short-term interest-bearing notes issued in anticipation of bonds to be issued at a later date. Bond anticipation notes must be authorized by resolution of the board of directors. The notes are retired from proceeds of the bond issue to which they are related. A.R.S. §§48-962, 48-963, 48-2081 and 48-2082.

**Tax Anticipation Notes (TANs)** are used to finance short-term projected expenses of the county when taxes will not be received in time to pay expenses. The notes are secured by the taxes estimated at the time of issuance, and must be paid in full on or before July 31<sup>st</sup> following the end of the applicable fiscal year in which they are issued. The amount of TANs issued in any fiscal year must not exceed 90 percent of the aggregate of all uncollected taxes estimated to be received by the county for the fiscal year as shown on the budget.

The county board of supervisors must approve the issuance of TANs. Principal and interest payments are made from tax revenues which are required to be deposited into a TAN's principal and interest redemption fund. The paying agent is the county treasurer or an outside trustee. **A.R.S. §35-465** et seq.

**Grant Anticipation Notes** are used to finance short-term projected expenses when applicable grant monies will not be received in time to pay expenses of the grant program. The notes are secured by the estimated grant revenues at the time of issuance, and the liability must be included in the county's financial statements. However, the county is not liable for the payment of principal and interest on grant anticipation notes from other than grant revenues, and grant anticipation notes are not subject to the county's debt limitation. The amount of grant anticipation notes cannot exceed the aggregate of all uncollected grant revenues to be received by the county under the terms of the applicable grant agreements.

All grant revenues received must be deposited into a grant anticipation note principal and interest redemption fund, until the monies in the fund are sufficient to pay all principal and interest on the notes when due, or redeemed prior to maturity. The paying agent is the county treasurer or an outside trustee. **A.R.S. §35-466** et seq.

**Revenue Anticipation Notes** are used to finance short-term projected expenses of a county when revenues will not be received in time to pay expenses. The revenues are limited to assessments, charges, fees, or other revenues derived from or associated with facilities existing and operating at the time the revenue anticipation notes are sold. The notes are secured by the amount of revenues estimated at the time of issuance, and the liability must be included in the county's financial statements. However, the county is not liable for the payment of principal and interest on revenue anticipation notes from other than such revenues, and the notes are not subject to the county's debt limitation. The amount of revenue anticipation notes issued in any fiscal year must not exceed 50 percent of the aggregate of all uncollected revenues estimated to be received by the county for the fiscal year.

The county board of supervisors must approve issuance of revenue anticipation notes, but they do not need to be approved by the county's taxpayers. Revenues, when received, should be deposited into a special revenue anticipation note redemption fund until monies are sufficient to pay all principal and interest on the notes when due. All monies in the special fund must be used to pay principal and interest on the notes and may not be used for any other reason. The paying agent is the county treasurer or an outside trustee. **A.R.S. §35-467** et seq.

## **Debt Limitation**

The Arizona Constitution, Article 9, §8, prohibits a county from becoming indebted in any manner in excess of 6 percent of the county's taxable property assessed valuation without prior approval of a majority of the property owners. However, under no circumstance may a county become indebted in an amount that exceeds 15 percent of the assessed valuation of its taxable property. Authority to issue bonds above the 6 percent

limit is provided by A.R.S. §35-451 et seq. The county board of supervisors initiates the process whereby a proposed county bond issue is put before the voters.

### **Extinguishment of Debt**

Governmental bonds and other similar long-term debt are considered extinguished in the following circumstances:

- Debt is paid at the scheduled maturity
- Call provisions of the debt are exercised, in which the county pays off the debt before the scheduled maturity, which is usually at a premium
- Sufficient cash or other assets are placed with an escrow agent in an irrevocable trust to be used solely for satisfying scheduled payments of debt interest and principal
- Old debt is replaced with new debt
- Debtor is legally released from being the primary obligor under the debt, either judicially or by the creditor, and it is probable that the debtor will not be required to make future payments with respect to the debt under any guarantees

**Defeasance of Debt**—Defeasance of debt can occur in two forms.

- Legal defeasance occurs when debt is legally satisfied based on certain provisions in the debt instrument. An example of this is when refunded bonds are called and paid from the proceeds of the corresponding refunding bond issue.
- In-substance defeasance occurs when debt is considered defeased for accounting and financial reporting purposes. An example of this is when sufficient assets have been accumulated in a sinking fund that will provide for all future debt service requirements. To qualify as an in-substance defeasance, the assets in the sinking fund must be transferred to an irrevocable trust that is restricted to owning only monetary assets that are essentially risk-free as to the amount, timing, and collection of interest and principal. In addition, the monetary assets held by the trust must provide cash flows from interest and maturity of those assets that approximately coincide, in timing and amount, with the scheduled interest and principal payments on the defeased debt.

Note: The circumstances for in-substance defeasance of debt do not apply to refunded bonds with variable interest rates because of the uncertainty of future debt service requirements.

**Advanced Refunding of Debt**—Advance refunding of debt involves the issuance of new debt to provide monies to pay interest on old, outstanding debt as it becomes due, and to pay the principal on the old debt either as it matures or at an earlier call date. This is done to obtain an economic advantage, such as lower interest rates, a revised payment schedule, an extension of maturity dates, or removal or modification of restrictions.

The board of supervisors may issue refunding bonds to redeem an outstanding bond issue. The refunding bond proceeds are used to purchase U.S. Treasury securities for a refunding escrow account. Bond interest payments and principal repayments are then made from the escrow account. **A.R.S. §35-473.01**. To comply

with A.R.S. §35-472, refunding bonds must be signed by the county treasurer and the chairman of the board of supervisors.

## Arbitrage

In accordance with U.S. Treasury regulations, if the proceeds from tax-exempt bonds are invested in securities providing a yield materially higher than that of the bonds, the earnings from such investments may be required to be rebated to the U.S. Treasury and the interest on the bonds may be declared taxable. Arbitrage rebate regulations require that investments of bond proceeds be monitored for arbitrage earnings, and rebates be made appropriately to avoid penalties, including fines and retroactive taxability of the bonds. The treasurer may set aside, at the direction of the board of supervisors or at the treasurer's discretion, amounts sufficient to meet potential rebates. **A.R.S. §35-513**. Arbitrage regulations may also apply to certificates of participation.

## Reporting Requirements

At least every June 30<sup>th</sup>, a list of outstanding bond issues should be included on the **Treasurer's Report** (see page V-3). The following information should be reported for each bond issue:

- Agency
- Opening balance
- New issues
- Principal payments
- Ending balance

Refunded bonds should not be included on the Treasurer's Report.

Reports related to the issuance of bonds must be filed with the ADOR within 60 days of the issuance. The reports should include all the necessary information as required in A.R.S. §35-501(B).

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## INTRODUCTION

In accordance with **Arizona Revised Statutes (A.R.S.) §42-18001**, the county treasurer is responsible for collecting all property taxes and apportioning them to the appropriate accounts. When unpaid property taxes become delinquent, the treasurer is also responsible for conducting tax lien sales, processing redemptions of tax liens sold, and processing deeds on foreclosures. The legal requirements governing these duties and recommended procedures for carrying them out are as follows.

## LEGAL REQUIREMENTS

1. The tax roll attached to the county board of supervisors' resolution for collecting property taxes is the treasurer's authority to collect taxes levied. **A.R.S. §42-18003**. Immediately upon receipt of the tax roll, the treasurer must publish an official notice that contains the information required by **A.R.S. §42-18051**.
2. The treasurer should apportion all monies collected from the county equalization assistance for education tax levy to the school districts within the county in accordance with A.R.S. §15-971(C) at the same time as other tax levy monies are apportioned. **A.R.S. §15-994**.
3. The county treasurer must, upon request, mail a statement of taxes due on mortgaged property to the mortgagor, at the mortgagor's last known address, and to the mortgagee. The tax statement sent to the mortgagor must be a written document. The tax statement sent to the mortgagee may be in any form established by the county treasurer. A.R.S. §42-18054.
4. The first-half taxes on personal and real property are due and payable on October 1<sup>st</sup> unless the total amount of taxes is \$100 or less, in which case the full amount is due. Second-half taxes are due and payable on March 1<sup>st</sup>. **A.R.S. §42-18052**.
5. The tax rate levied against personal property is the rate established pursuant to A.R.S. §42-17151 in the taxing jurisdiction where the property is located. **A.R.S. §42-19101**.
6. Within 30 days after personal property taxes become delinquent, the treasurer must deliver to the sheriff a tax bill directing the sheriff to seize and sell as much of the property as is necessary to pay taxes, interest, and seizure and selling costs. The treasurer may issue the tax bill within 30 days after the first installment becomes delinquent; however, the treasurer must issue it after the second installment becomes delinquent, or after the entire amount is delinquent. **A.R.S. §42-19108**.
7. A treasurer must accept a partial tax payment providing the payment is equal to at least 10 percent of the amount due. However, partial payments may not be less than \$10. After taxes become delinquent, the treasurer may accept partial payment but complete payment must include interest and penalties. The receipt issued to the taxpayer must state that it covers a partial payment of taxes. **A.R.S. §42-18056**.
8. When taxes are paid, the county treasurer must enter the date of payment on the tax roll and issue a receipt for the payment, subject to the provisions of **A.R.S. §42-18055(C)**. The receipt should include the information required by A.R.S. §42-18055(B).



9. The first-half taxes on personal and real property become delinquent after 5 p.m. on the first business day of November, and the second-half taxes become delinquent after 5 p.m. on the first business day of the following May. **A.R.S. §42-18052(B)**.
10. Tax payments which are deposited, properly addressed and postage prepaid, in an official depository of the U.S. mail are deemed received on the date shown by the postmark. If the due date falls on Saturday, Sunday, or a legal holiday, the tax payment is considered timely if received on the next business day. A.R.S. §1-218.
11. Any taxes that have been overpaid as a result of a change made by statute in the tax roll must be refunded upon claim by the taxpayer. If monies are available, then refunds must be made in the current year. If no monies are available, the board of supervisors must budget the refund in the next fiscal year. If a refund remains unclaimed two years after the original due date of the taxes, the monies budgeted for the refund revert to the county general fund. **A.R.S. §42-18061**.
12. The treasurer must maintain a record of delinquent taxes that includes a list of the properties, owners of record, and the amount of taxes, penalties, and interest due. **A.R.S. §42-18102**. Taxes accrue interest from the date of delinquency at the rate of 16 percent per year simple until paid. A fraction of a month is counted as a whole month, except that no interest may be collected if the delinquency is the result of an error by the county assessor or county treasurer or if the full year tax is paid on or before December 31<sup>st</sup> of the tax year. **A.R.S. §42-18053**.
13. On or before September 1<sup>st</sup> of each year, the treasurer must mail a notice to the last known address of each person owing delinquent taxes stating that there are delinquent taxes against the real property assessed in the taxpayer's name. A.R.S. §42-18103.
14. Properties on which delinquent taxes are due must be advertised and sold for the aggregate amount of all unpaid taxes that are delinquent, together with all penalties, interest, and charges due for the current or preceding years. **A.R.S. §42-18104**.
15. Cities, towns, counties, school districts, community college districts, the State Board of Directors for Community College Districts, state agencies, instrumentalities of the state, and special taxing districts must, when acquiring real or personal property by purchase, exchange, condemnation, gift, or otherwise, pay to the county treasurer any taxes on the property that were unpaid as of the date of acquisition plus penalties and interest, in accordance with A.R.S. §§9-904, 11-260, 15-341, 15-1424, 37-804, and 48-248, respectively.
16. On or before December 31<sup>st</sup> of each year, the treasurer must prepare a list of all real property upon which the taxes for prior years are unpaid and delinquent and a notice stating that the treasurer will sell a tax lien on each parcel of real property at public auction. **A.R.S. §42-18106**.
17. The treasurer must publish the list and notice, described in A.R.S. §42-18106, in two consecutive weekly issues of the officially designated county newspaper. Also, for a period of not less than two weeks before the date of sale, the treasurer must post near the outer door of the treasurer's office a copy of the list and notice. **A.R.S. §42-18109**.

18. On or before August 15<sup>th</sup>, the treasurer must report to the board of supervisors the amount of taxes on the roll charged for collection during the preceding fiscal year, the total collections for that year, the amount of increase and decrease due to corrections, and the total amount of unpaid taxes on the roll as of June 30<sup>th</sup>. **A.R.S. §42-18003.**
19. Each county treasurer must remit to the State Treasurer, on or before the 15<sup>th</sup> day of each month, the portion of tax money belonging to the State that was collected during the previous month and a statement of financial transactions in a form authorized by the State Treasurer. **A.R.S. §35-145.**
20. On or before the end of each month, the treasurer must apportion the taxes collected to the appropriate accounts. **A.R.S. §42-18001.**

## PROCEDURES

The following procedures are recommended to help ensure that property taxes are properly recorded and apportioned.

### Real Property and Secured Personal Property Taxes

#### Tax Collections—A.R.S. §§42-16258, 42-18001 et seq and 42-18051 et seq

Upon receipt of the tax roll, the board of supervisors' resolution, and the accompanying abstract (list of total taxes due by tax area code and by entity within tax area code), the treasurer must publish a notice in a newspaper of general circulation in the county. The notice must be published weekly for four consecutive weeks and include the following:

- A statement indicating that the assessment and tax roll for the year are in the treasurer's possession for collection of the taxes levied.
- The amount and dates taxes become due, payable, and delinquent.
- When and where payment may be made.

The treasurer should record total taxes due to each account in the applicable **Taxes Receivable Ledger** (see pages IV-F-14 and IV-F-15).

NOTE: If the treasurer determines that any property is omitted from the roll, or has reason to believe that any personal property omitted from the roll has not been taxed in any other county for that year, the treasurer must immediately list and request the assessor to determine the valuation of the property. The treasurer must enter the valuation on the roll following the levies made and delivered by the board of supervisors. If there is an error on the roll in the name of the person assessed or taxed, the name may be changed and the tax collected, if the person is liable for the tax and can be identified by the treasurer. **A.R.S. §42-16258**. Only authorized employees should make adjustments to the tax rolls and such adjustments should be reviewed and compared to supporting documentation by a second authorized employee to ensure that the adjustment was proper.

Numerically controlled tax notices should be prepared and mailed to owners of record. Each notice should include the following information:

- The amount of current-year taxes due
- A statement of delinquent taxes from prior years
- The dates payments are due
- The dates taxes become delinquent
- A remittance advice to be returned with the taxpayer's first- and second-half payments

When the remittance advice and tax payment are received from the taxpayer, the check should immediately be restrictively endorsed "for deposit only", and the payment should be compared to the tax roll.

NOTE: Payment of taxes for power, and irrigation and water conservation districts may be made with matured bond interest coupons or warrants of the applicable district. The aggregate par value of the coupons and warrants must not exceed the amount of taxes due, and a money payment must be made to pay the balance of the taxes. The treasurer should immediately cancel any warrants or coupons upon receipt. A.R.S. §§48-1597 and 48-3117.

If the amount of the payment is the same as the amount on the tax roll, the date of payment should be posted to the tax roll. The date paid should not be entered on the tax roll unless parcel number, tax area code, and amount agree with the tax roll. For mail receipts, the date of payment is the postmark date. For over-the-counter receipts, the payment date is the date received. A **Treasurer's Receipt** (TR) must be prepared for each tax payment unless the board of supervisors has elected to follow the optional tax receipt procedures allowed by **A.R.S. §42-18055(C)**, whereby the treasurer issues a receipt for property tax payment by check only if requested by the payer. If the tax receipt procedure is followed, a TR should be prepared daily for the total amount of property tax payments received by check for which receipts were not issued. The cash or check received should be placed in the cash drawer.

If the payment exceeds the tax due, it should be processed as follows:

- Post the payment date and the amount overpaid to the tax roll.
- Calculate the refund amount.
- Place the check or cash in the cash drawer.
- Prepare a consecutively prenumbered **Overpayment Tax Receipt** (see page IV-F-19) for the overpayment.
- Submit the receipt to the treasurer and prepare a **treasurer's check**.
- Return a copy of the receipt to the cashier to retain in the cash drawer.
- Remit the treasurer's check to the taxpayer.

If the payment is less than the tax due, the treasurer should process the partial payment as follows:

- Place the cash or check in the cash drawer.
- Prepare a consecutively prenumbered **Partial Payment Tax Receipt** (see page IV-F-19), unless the board of supervisors has elected the optional tax receipt procedures authorized by **A.R.S. §42-18055(C)**. Each receipt must clearly state that it is a partial payment.
- Forward to the taxpayer the original receipt (showing amount paid and balance due).
- Record the date, partial payment amount, and Partial Payment Tax Receipt number on the tax roll and reduce the amount of taxes due.
- Process the partial payment as a regular tax payment.

After performing the **daily cash reconciliations** (see page IV-C-5), the treasurer should implement the following procedures for recording tax collections:

- Record the numbers and amounts of the **TRs** prepared for the total taxes, and for interest and charges collected on delinquent taxes in the **Treasurer's Journal** as a credit in the Due to Agency Accounts column.

- Enter the total tax collections in the Undistributed Tax Collections agency account, and record the total interest and charges collected on the delinquent taxes in the county general fund account. **A.R.S. §42-18123.**
- Summarize tax receipts by tax year and by tax area code within each tax year, and enter the total taxes collected by tax area code in the **Daily Tax Distribution Work Sheet** (see page IV-F-16) for the applicable tax year.

All current and delinquent taxes collected should be deposited intact daily in the **servicing bank account** (see page IV-C-7). Remittance advices should be batched and filed daily.

At the end of each month, the following procedures should be implemented:

- Total the tax collections recorded on the Daily Tax Distribution Work Sheets for each tax area code by tax year.
- Transcribe total taxes collected for each tax area code for each tax year to the appropriate monthly **Tax Apportionment and Distribution Work Sheet** (see page IV-F-17), and apportion them by multiplying the total collected by the predetermined tax rate percentages for each entity.

NOTE: The county is responsible for apportioning the property taxes (real and personal) it collects to the appropriate taxing authorities. The treasurer's office receives from the assessor's office the values of all property in the county for each tax year and also the approved tax rates set by the board of supervisors. This information is used by the treasurer's office to create the tax apportionment schedules. Total property tax payments are entered daily into these schedules (as noted above) to determine the taxes to be apportioned to each taxing authority.

- Combine and enter totals for related entities for each tax year by entity on the **Tax Distribution Journal** (see page IV-F-18).
- Prepare a fund transfer journal entry to transfer total tax collections during the month from the Undistributed Tax Collections account to the applicable accounts in the **Treasurer's Ledger** listed on the Tax Distribution Journal.

#### **Delinquent Taxes—A.R.S. §§1-218, 42-18052, 42-18053, 42-18102, 42-18103, and 42-18123**

Unpaid first-half taxes on real and personal property become delinquent if postmarked after 5 p.m. on the first business day in November. Unpaid second-half taxes are delinquent if postmarked after 5 p.m. on the first business day of the following May. However, if the total amount of taxes is \$100 or less, the entire amount that is unpaid after November 1 at 5 p.m. is delinquent.

Tax payments received after the delinquency date are subject to 16 percent per year simple interest charges, except that no interest may be collected if the delinquency is the result of an error by the county assessor or county treasurer or if the full year tax is paid on or before December 31<sup>st</sup> of the tax year. Interest on delinquent taxes should be calculated on the tax amount only, exclusive of penalties and fees.

Procedures for processing delinquent taxes are as follows:

- Interest charged should be recorded on the tax roll.
- Taxes received should be placed in the cash drawer.
- Delinquent taxes should be processed and apportioned the same as regular tax payments.
- Interest collected must be credited to the county general fund.

NOTE: The board of supervisors shall annually establish a time of delinquency for collection of taxes levied for community park maintenance districts. The delinquent taxes are subject to 15 percent per year simple interest charges. A.R.S. §48-1210.

In those instances in which a payer remits the amount of delinquent taxes due but does not include accrued interest, the treasurer may allocate the amount received to the delinquent taxes, the accrued interest, or proportionally to both. However, the treasurer should be consistent in the method used. The treasurer should then notify the property owner of the remaining amounts due.

The treasurer must maintain a record of delinquent taxes that includes a list of the properties, owners of record, and the amount of taxes, penalties, and interest due. On or before September 1<sup>st</sup>, notices must be mailed to the owners of record stating that there are delinquent taxes against the real property assessed in the taxpayers' names.

### **Tax Lien Sale —A.R.S. §§42-18101 et seq**

On or before December 31<sup>st</sup>, the county treasurer must prepare both a list of all real property on which the taxes for prior tax years are delinquent, and a notice stating that a tax lien on the property is subject to sale. The sale must be held within the month of February. The list should describe the property as it is on the tax roll. The notice must include the owner's name, legal description and parcel number, the tax years for which taxes are delinquent, and the taxes, penalties, interest, and charges assessed. Before the tax lien can be sold, a copy of the notice must be mailed to the owner of each parcel of property at the last known address.

On January 1<sup>st</sup>, a penalty of \$5 or 5 percent of the delinquent taxes for which the tax lien is being sold, whichever is greater, is due and must be posted to the delinquent tax record for each parcel of real property described in the list and notice.

Not less than two weeks or more than three weeks before the date of sale, the treasurer must publish the delinquent tax list and notice, as described above, in two consecutive weekly issues in the official newspaper of the county as prescribed by A.R.S. §11-255. The published notice may exclude the owner's name if the description of the real property in the notice is sufficient to identify it and includes the amount of taxes for which its tax lien is to be sold. A.R.S. §42-18111. An affidavit of publication from every publisher who publishes the list and notice must be recorded and delivered to the county treasurer immediately after the last publication. If no affidavit is received within ten days after the last publication, the publisher should not be paid.

Commencing with the day of the tax lien sale, the treasurer must sell the real property tax lien for the amount of back taxes, interest, penalties, and charges, to the bidder who accepts the lowest rate of interest. The rate is applicable to the amount so paid in order to redeem the property from the sale, and must not exceed 16 percent per year simple interest from February 1<sup>st</sup> until redeemed.

The treasurer must issue a **Treasurer's Certificate of Purchase** (see page IV-F-20) to the purchaser for taxes, and collect \$10 for each certificate. The treasurer may provide for a registered certificate in the treasurer's records in lieu of delivering a physical certificate. If there are no bids for any tax lien offered and the treasurer is satisfied no more sales will be made, the treasurer must assign the unsold property tax liens to the State and issue a certificate of purchase.

The certificate of purchase or registered certificate must include the following:

- Description of the real property on which the tax lien was sold
- Date of sale
- Name of purchaser

- Tax year or years for which the tax lien was sold
- Amount of all taxes, interest, penalties, and charges for which the tax lien was sold and the rate of interest payable in order to redeem the property

The treasurer must require that the purchase price be paid in cash at the time of sale. In addition, a record of the tax lien sales must be prepared containing the following information:

- Date of sale
- Description of each parcel on which a tax lien was sold
- Name of owner, if known
- Name of purchaser
- Total amount of taxes, interest, penalties, and charges for which each tax lien was sold
- Amount of subsequent taxes and interest paid by the purchaser
- Name of the assignee and the date of assignment of certificate
- Name of person redeeming and date of redemption
- Total amount paid for redemption
- Name of person to whom conveyed and date of deed

Proceeds from the sale must be distributed. The taxes portion of the proceeds must be apportioned to the appropriate accounts. The interest, penalties, charges or fees collected in the process of collecting taxes must be credited to the county general fund, except for the processing fee of \$10 collected as prescribed by **A.R.S. §42-18116(C)**, which must be credited to the taxpayers' information fund.

Subsequent taxes, accrued interest, and related fees may be paid by the certificate holder on or after June 1<sup>st</sup>. Upon receipt of the payment, the treasurer must record the subsequent payment in the record of tax lien sales. For making such an entry, a fee of \$5 must be charged to the certificate holder. Taxes, accrued interest, and related fees paid by the certificate holder should be processed as regular tax payments.

#### **Redemption of Real Property Tax Liens—A.R.S. §§42-18151 et seq**

Real property tax liens sold in a tax sale can be redeemed by the owner, the owner's agent, assignee or attorney, or anyone having a legal or equitable claim to the property, at any time before the delivery of a treasurer's deed to the purchaser. Redemption may be made by paying the treasurer the amount for which the real property tax lien was sold, plus interest on the entire amount for which the lien was sold at the rate specified in the **Treasurer's Certificate of Purchase**, and subsequent taxes and fees paid by the purchaser, with interest on the subsequent taxes and fees at the same rate as specified in the certificate of purchase.

A person owning a partial interest in real property may redeem a tax lien against that interest in the property by paying the proportionate share of the total amount due.

The following procedures should be followed when real property tax liens are redeemed:

- The **Redemption Certificate** (see page IV-F-21) must be issued to the person redeeming the tax lien and a duplicate copy filed with the Treasurer's Certificate of Purchase. The Redemption Certificate should indicate the parcel on which the tax lien is redeemed, date of redemption, amount paid, and by whom redeemed.
- A fee of \$10 must be collected for each Redemption Certificate.

- A redemption must be entered in the record of tax lien sales.
- A **TR** should be prepared and the amount due the holder of the **Treasurer's Certificate of Purchase** should be deposited in a suspense account.
- The TR number, date, and amount should be recorded in the **Treasurer's Journal**.
- The holder of the Treasurer's Certificate of Purchase should be notified to surrender the certificate to the treasurer's office if the tax lien has been fully redeemed. If the redemption is less than whole, the holder must present the certificate of purchase to the treasurer's office to receive the portion redeemed.
- The refund check must be forwarded to the holder for the amount of taxes, fees and interest paid, plus interest earned thereon upon receipt or presentation of the certificate of purchase.
- The treasurer must endorse on the certificate the portion redeemed and the amount of money paid to the certificate holder when the redemption is less than whole. The treasurer should then obtain a receipt from the holder for the monies redeemed and return the certificate to the holder.
- The suspense account should be reduced for the refund amount.
- The monies collected for redemption of real property tax liens held by the State should be apportioned to appropriate accounts.

**Foreclosure on Real Property—A.R.S. §§42-18201 et seq, 42-18251 et seq, and 42-18261 et seq**

The holder of a **Treasurer's Certificate of Purchase** on real property that has not been redeemed by the owner may obtain a deed to the property in one of two ways.

The first option allows the holder, 3 years after the date of purchase, to file an action to obtain a court judgment foreclosing the owner's right to redeem and ordering the treasurer to deliver the deed. At least 30 days before filing, the purchaser must send notice of intent to file the foreclosure action by certified mail to the property owner of record and to the county treasurer. The other option allows the holder to apply for a treasurer's deed to the property 5 years after the date of purchase.

NOTE: The latter option is allowed only if the tax lien was purchased on or before December 31, 1998, as this option will be eliminated in the year 2004. A purchaser of a tax lien may apply for a treasurer's deed on or before December 31, 2003. County treasurers may not accept applications for a treasurer's deed after December 31, 2003.

However, the above is not applicable to tax liens assigned to the State of Arizona. In accordance with **A.R.S. §42-18261**, if tax liens are not redeemed five years after assignment to the State, the county board of supervisors, acting on behalf of the State, may apply for a treasurer's deed to the property.

If a judgment foreclosing the right to redeem is obtained, the treasurer, on receiving a certified copy of the judgment and \$10 per parcel from the holder of the certificate of purchase, must execute and deliver a deed conveying the property described in the judgment. The deed must include the following information:

- Date, court action number, and name of the judgment
- Name of the purchaser
- Property description
- Date of the conveyance
- Formal acknowledgment by the treasurer



If the purchaser applies for a deed after 5 years from the date of sale, the treasurer should collect a \$5 fee plus the estimated costs of the title search, publication notice, certified mail, and posting notice on the property, if applicable. If the county board of supervisors, acting on behalf of the State, is the purchaser, the fees and costs are to be charged against the county general fund (until recovered through redemption of the tax lien or sale of the land under tax deed). The treasurer should also prepare a **TR** for the \$5 fee and estimated costs and deposit the monies in the county general fund.

A title search must be made to identify all parties having a legal or equitable interest in the property.

Not less than 90 days before delivery of the deed, the treasurer must notify the property owner and any other person identified in the title search required by **A.R.S. §42-18263** as having a legal or equitable interest in the property. Notification must be by certified mail, at the person(s) last known address, of the intent to deliver a treasurer’s deed. Notice may be in the following form:

<b>OFFICIAL NOTICE</b>
Treasurer’s Office, _____ County, State of Arizona.
_____ has applied for a treasurer’s deed to the following described real property, owned by _____ and located in _____ County, Arizona:
(Description)
A tax lien was sold to _____ on _____ (Date) for taxes, interest, penalties, and charges. If this tax lien is not redeemed according to law before _____ (Date) _____, I will convey the property to the applicant or the applicant’s assigns.
_____ _____ County Treasurer State of Arizona

Publication of notice must be made in a newspaper of general circulation in the county in which the property is located once a week for two consecutive weeks, stating that a treasurer’s deed has been applied for, and that unless the property is redeemed before the date specified, a treasurer’s deed will be executed and delivered to the purchaser. The published notice must include the name of the applicant, a property description, date the tax lien was sold, amount of taxes, interest, penalties, and charges for which sold, and the final date for redemption of the tax lien.

If the property is within an incorporated city or town and is reasonably accessible, a sign must be placed on the property that states, “This property is subject to foreclosure for delinquent taxes” and notice should be given of how and when the owner may redeem the tax lien.

If real property is not redeemed before the date specified in the notice, a treasurer’s deed must be executed and delivered to the holder of the certificate of purchase for a fee of \$10. A fee is not charged for property deeded to the State. A **TR** should be prepared and the monies deposited in the county general fund. The treasurer’s deed may be in the following form:

**TREASURER’S DEED**

On \_\_\_\_ (Date) \_\_\_\_, I, Treasurer of \_\_\_\_\_ County, Arizona, published notice according to law in \_\_\_\_\_, a newspaper of general circulation in \_\_\_\_\_ County, Arizona, that:

1. \_\_\_\_\_ applied for a treasurer’s deed to the real property described below; and
2. Unless the tax lien was redeemed before \_\_\_\_ (Date) \_\_\_\_, I would issue a treasurer’s deed to \_\_\_\_\_.

The property tax lien was not redeemed from that sale, and, therefore, I foreclose the right to redeem and convey to \_\_\_\_\_ the following real property located in \_\_\_\_\_ County, Arizona:

(Description)

\_\_\_\_\_  
County Treasurer  
(Date)

(Acknowledgment)

**Residential Property Tax Deferral—A.R.S. §§42-17301 et seq**

A taxpayer who meets the qualification as prescribed by A.R.S. §42-17302 may elect to defer property taxes on the taxpayer’s qualifying residence for a taxable year.

The treasurer must issue a certificate of deferral for each residence whose property taxes are deferred. Each certificate should include the following:

- The name of the taxpayer
- A description of the property
- The year for which taxes are deferred
- The amount of taxes deferred
- The rate of interest that accrues to the certificate

The treasurer must transmit a copy of the certificate to the taxpayer and to the county assessor, record a copy of the certificate with the county recorder, maintain a permanent record of all deferred taxes, and enter the deferral on the current year’s tax roll.

On or before January 15<sup>th</sup> of each year, the treasurer must sell to the State Treasurer or to the county, or both, all certificates of deferred taxes issued in the county during the previous tax year.

**Tax Abatement—A.R.S. §§42-18351 et seq**

A property owner may apply for and obtain appropriate relief that includes removing all or part of the tax lien or abating all or part of the tax in one of two ways.

The first way is a result of the treasurer's own motion. The treasurer must conduct an investigation necessary to determine the existence of any of the situations described below. The second way requires the property owner to submit to the treasurer sufficient evidence to determine the existence of any of the following situations:

- An error or omission resulting in an improper imposition of a property tax.
- An event or circumstance that existed at the time of the levy and assessment, or that occurred afterwards, and that invalidates the lien of the property tax or the sale of the lien.
- The property tax lien was not advertised for sale according to **A.R.S. §42-18105** within five years after the delinquency, unless the failure to advertise within five years after the delinquency was due to a restraining order or injunction issued by a court of competent jurisdiction.
- The cost of pursuing the statutory lien sale and collection procedures or the sale of lands under A.R.S. §42-18301 et seq would equal or exceed the revenue that could be derived.

The treasurer must then prepare a certificate of removal and abatement upon receiving the board of supervisors' and the Department of Revenue's approval. The certificate must state:

- The name of the property owner
- A description of the property
- The tax parcel number
- The years and amounts of tax, penalty, and interest involved
- The extent of the lien to be removed and the extent of the tax, penalty, and interest to be abated

When the certificate of removal and abatement becomes final and effective, the treasurer must delete the tax, interest, and penalty and make a notation in the delinquent list and the record of tax lien sales. In addition, the certificate number must be indicated in those records.

## Unsecured Personal Property Taxes

### Tax Collections

The rate of tax extended and levied against personal property is the rate established pursuant to A.R.S. §42-17151 in the taxing jurisdiction where the property is located. **A.R.S. §42-19101**. Upon receipt of the tax roll and abstract for unsecured personal taxes, the treasurer should record amounts due to each account in the applicable **Taxes Receivable Ledger** (see pages IV-F-14 and IV-F-15).

Unsecured personal property tax notices should be mailed at the beginning of each month to the owners of record. When the remittance advice and tax payment are received from the taxpayer, the following procedures should be performed:

- The amount of the payment remitted should be compared to the tax roll.
- The date of payment should be recorded on the tax roll.
- The remittance advice and payment should be processed as a regular tax payment (see page **IV-F-4**).
- The taxes collected must be apportioned in the same manner as regular real property tax payments.

NOTE: Apportionment rates for personal property taxes are the rates of the year before the year of the tax notice (i.e., the rate in effect in January of the year prior to the notice).

**Delinquent Taxes—A.R.S. §§42-19108, 42-19115, 42-19117, and 42-19118**

Personal property taxes become delinquent 30 days after the due date. The treasurer may issue the tax bill after the first installment becomes delinquent; however, the tax bill must be issued after the second installment, or the entire amount, becomes delinquent. Within 30 days of the delinquency date, the treasurer must deliver to the sheriff a tax bill directing the sheriff to seize and sell as much of the property as necessary to pay taxes, interest, and costs of seizure and sale. The tax bill must be in the following form as prescribed by **A.R.S. §42-19108**.

<b>TAX BILL</b>
_____ County, Arizona
In the matter of the delinquent personal property tax assessed against _____.
To the Sheriff of _____ County, Arizona:
You are commanded to seize and sell the following personal property:
(Description)
Or as much of it as is necessary to pay the amount of \$ _____, constituting delinquent taxes assessed against the property, plus _____% interest on that amount from _____ (Date) _____, as prescribed by law, and the cost of sale.
This tax bill is your warrant of authority to seize the property, make the sale and make and deliver a bill of sale to the purchaser of the property. You are authorized to seize and sell the property in any county where the property may be found.
_____ County Treasurer
(Date)

Monies collected by the sheriff should be returned to the treasurer, along with the tax bill. The treasurer must apportion the tax proceeds to the taxing entities' accounts. Amounts received for interest and other costs incurred must be credited to the county general fund. If a balance remains after payment of taxes, interest, and costs, the treasurer must issue a refund check to the property owner. The amount of the refund check should be recorded in the **Treasurer's Journal**.

If the treasurer or sheriff, is unable to find sufficient personal property to pay the tax and costs assessed, and the owner refuses or fails to pay the tax, the treasurer must bring an action in the Superior Court for collection of the tax and costs.

If the treasurer, sheriff and county attorney are unable to locate both the personal property on which taxes have been assessed and the owner, successors, or assignees, the tax may be declared uncollectible after certain procedures are followed. The treasurer must prepare and submit to the board of supervisors a **Treasurer's Certificate of Clearance** (see page IV-F-22), which states the name of the person liable for the tax, a description of the property, the tax roll number, delinquent date, year and amount of the tax, any interest and penalties, and the extent of any lien on the property. The treasurer must also submit an affidavit from the sheriff stating that the property and the owner, successors, or assignees have not been located.

After approval by the board of supervisors, the treasurer must delete from the records the tax, interest, and penalties covered by the certificate. The treasurer must note in the records the number and date of the certificate of clearance authorizing the deletion. If the property owner, successors, or assignees are located after approval of the certificate, the treasurer may reinstate and collect the taxes, interest, and penalties.

### **Payments under Protest**

When a property owner disputes the amount of property taxes assessed, the payment may be made under protest. In such cases, the following procedures should be performed:

- Stamp “Paid Under Protest” on the tax roll and tax receipt.
- Process and apportion as a regular tax payment.

### **Taxes Receivable Ledger**

The treasurer should maintain separate records for each type (real and personal) of property tax, each year, each agency, and each account.

The records should be maintained to provide a summary of total taxes receivable by type (i.e., real property and personal property taxes receivable), amounts of taxes receivable for each year within type, amounts of taxes receivable for each agency by year and type, and amounts of taxes receivable for each account within each eligible agency by year and type.

When the tax roll and accompanying abstract are received, the treasurer should record the total amount of taxes receivable by type, year, agency, and account in the appropriate taxes receivable ledger and subsidiary ledgers. At the end of each month, after the month’s tax collections are apportioned, the amounts applicable to each type, year, agency, and account should be recorded in the **Taxes Receivable Ledger** (see page IV-F-15).

**TAXES RECEIVABLE LEDGER**  
**REAL PROPERTY**  
**20XX**  
**COUNTY**  
**GENERAL FUND**

<b>Date</b>	<b>Reference</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>	<b>Ending Balance</b>

DAILY TAX DISTRIBUTION WORK SHEET (By Tax Area Code)  
FOR 20XX REAL PROPERTY TAXES  
(Month Year)

<u>Date</u>	<u>105</u>	<u>130</u>	<u>131</u>				<u>Total</u>
1	_____	_____	_____	_____	_____	_____	_____
2	_____	_____	_____	_____	_____	_____	_____
3	_____	_____	_____	_____	_____	_____	_____
4	_____	_____	_____	_____	_____	_____	_____
5	_____	_____	_____	_____	_____	_____	_____
6	_____	_____	_____	_____	_____	_____	_____
7	_____	_____	_____	_____	_____	_____	_____
8	_____	_____	_____	_____	_____	_____	_____
9	_____	_____	_____	_____	_____	_____	_____
10	_____	_____	_____	_____	_____	_____	_____
11	_____	_____	_____	_____	_____	_____	_____
12	_____	_____	_____	_____	_____	_____	_____
13	_____	_____	_____	_____	_____	_____	_____
14	_____	_____	_____	_____	_____	_____	_____
15	_____	_____	_____	_____	_____	_____	_____
16	_____	_____	_____	_____	_____	_____	_____
17	_____	_____	_____	_____	_____	_____	_____
18	_____	_____	_____	_____	_____	_____	_____
19	_____	_____	_____	_____	_____	_____	_____
20	_____	_____	_____	_____	_____	_____	_____
21	_____	_____	_____	_____	_____	_____	_____
22	_____	_____	_____	_____	_____	_____	_____
23	_____	_____	_____	_____	_____	_____	_____
24	_____	_____	_____	_____	_____	_____	_____
25	_____	_____	_____	_____	_____	_____	_____
26	_____	_____	_____	_____	_____	_____	_____
27	_____	_____	_____	_____	_____	_____	_____
28	_____	_____	_____	_____	_____	_____	_____
29	_____	_____	_____	_____	_____	_____	_____
30	_____	_____	_____	_____	_____	_____	_____
31	_____	_____	_____	_____	_____	_____	_____
Total	=====	=====	=====	=====	=====	=====	=====

TAX APPORTIONMENT AND DISTRIBUTION WORK SHEET  
 FOR 20XX REAL PROPERTY TAXES  
 (Month Year)

Area Code (Total Collected) 105 (\$ _____)	Percentage	State	County		CCD	_____	Total
			General	Debt Service			
State	Y%	_____	_____	_____	_____	_____	_____
County							
General	Y%	_____	_____	_____	_____	_____	_____
Debt Service	Y%	_____	_____	_____	_____	_____	_____
CCD	Y%	_____	_____	_____	_____	_____	_____
City or Town	Y%	_____	_____	_____	_____	_____	_____
School District (Funds Maintained Separately)							
Maintenance & Operation	Y%	_____	_____	_____	_____	_____	_____
Capital Outlay	Y%	_____	_____	_____	_____	_____	_____
Adjacent Ways	Y%	_____	_____	_____	_____	_____	_____
Debt Service	Y%	_____	_____	_____	_____	_____	_____
Special District							
Operating	Y%	_____	_____	_____	_____	_____	_____
Debt Service	Y%	_____	_____	_____	_____	_____	_____
Total	<u>100%</u>						
Grand Total		=====	=====	=====	=====	=====	=====

Legend: CCD – Community College District



**TAX DISTRIBUTION JOURNAL**  
**(Month Year)**

<u>Description</u>	<u>YEAR OF TAX LEVY</u>				
	<u>20XX</u>	<u>20X3</u>	<u>20X2</u>	<u>20X1 &amp; Prior</u>	<u>Total</u>
State	_____	_____	_____	_____	_____
County					
General	_____	_____	_____	_____	_____
Debt Service	_____	_____	_____	_____	_____
Community College District	_____	_____	_____	_____	_____
City or Town	_____	_____	_____	_____	_____
School District (Funds					
Maintained Separately)					
Maintenance & Operation	_____	_____	_____	_____	_____
Capital Outlay	_____	_____	_____	_____	_____
Adjacent Ways	_____	_____	_____	_____	_____
Debt Service	_____	_____	_____	_____	_____
Special District					
Operations	_____	_____	_____	_____	_____
Debt Service	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____
Total	=====	=====	=====	=====	=====

**OVERPAYMENT TAX RECEIPT**

No. \_\_\_\_\_ (Prenumbered)                      Date \_\_\_\_\_

ABC County Treasurer

Received from \_\_\_\_\_

\_\_\_\_\_ Dollars

(amount of overpayment)

For \_\_\_\_\_

(description of taxes received)

\_\_\_\_\_  
(Signature of Cashier)

(Original and one copy)

**PARTIAL PAYMENT TAX RECEIPT**

No. \_\_\_\_\_ (Prenumbered)                      Date \_\_\_\_\_

ABC County Treasurer

Received from \_\_\_\_\_

\_\_\_\_\_ Dollars

Tax Roll No.    \_\_\_\_\_

Tax year        \_\_\_\_\_

Amount paid    \$ \_\_\_\_\_

Balance due    \$ \_\_\_\_\_

\_\_\_\_\_  
(Signature of Cashier)

No. (prenumbered)

**TREASURER'S CERTIFICATE OF PURCHASE**

\_\_\_\_\_ County,  
State of Arizona

I certify that at a sale of tax liens on real estate located in \_\_\_\_\_ County, Arizona, for delinquent taxes for the following year, or years, \_\_\_\_\_: held at the County Treasurer's Office in \_\_\_\_\_ County on \_\_\_\_\_ (Date) in accordance with law, \_\_\_\_\_ (Name of Purchaser) purchased a tax lien on the real property described as follows:

Location	Sec. or Lot	Sec. or Block	Township, City, or Town	Range, Division, or Addition	No. of Acres	Amount Paid
						Taxes
						Penalties
						Interest
						Other Charges
						Total
						Interest Rate

The purchaser has paid the amount of money indicated opposite the description of the real property, on which amount the purchaser shall receive, until this certificate is redeemed, interest at a rate not to exceed 16 percent per year simple.

\_\_\_\_\_  
Treasurer, County, Arizona

\_\_\_\_\_  
Deputy Treasurer, County, Arizona

Above purchase recorded on the County's tax lien sale records this \_\_\_\_\_ (Date recorded) \_\_\_\_\_.

By: \_\_\_\_\_

Date of Sale: \_\_\_\_\_

Total Paid: \$ \_\_\_\_\_

Purchased by: \_\_\_\_\_

Original Owner: \_\_\_\_\_

Treasurer's Assignment From County of \_\_\_\_\_

To: \_\_\_\_\_

Date: \_\_\_\_\_ Fee: \$10.00

No. \_\_\_\_\_  
Assignment

From: \_\_\_\_\_

To: \_\_\_\_\_

Date: \_\_\_\_\_

Assignment

From: \_\_\_\_\_

To: \_\_\_\_\_

Date: \_\_\_\_\_

**REDEMPTION CERTIFICATE  
TREASURER'S OFFICE**

\_\_\_\_\_ County, State of Arizona

I certify that the real estate described below and located in \_\_\_\_\_ County, Arizona, which was sold for delinquent taxes for the year \_\_\_\_ on Certificate of Purchase No. \_\_\_\_\_ on \_\_\_\_\_ (Date) has been redeemed by \_\_\_\_\_ by the payment to me of the following sum of money, \$ \_\_\_\_\_, being the amount due as provided by law:

**DESCRIPTION OF PROPERTY REDEEMED**

<b>Sec. or Lot</b>	<b>Sec. or Block</b>	<b>Township, City or Town</b>	<b>Range, Division or Addition</b>	<b>No. of Acres</b>

Amount of Certificate of Purchase	_____
Accrued Interest on Certificate of Purchase	_____
Subsequent Tax	_____
Interest on Same	_____
Recording Redemption Certificate	_____
Redemption Certificate Fee	_____
<b>Total Amount Paid</b>	=====

\_\_\_\_\_  
County Treasurer

By \_\_\_\_\_  
Deputy Treasurer

(Date)

No. (prenumbered)

Date \_\_\_\_\_

**TREASURER’S CERTIFICATE OF CLEARANCE**

\_\_\_\_\_ County, State of Arizona

I certify that the personal property described below, and the owner or his successors or assigns, have not been located after diligent search. In accordance with A.R.S. §42-19118, I declare the tax on the personal property to be uncollectible, and request approval to delete the tax, interest, and penalties from my records.

Described property \_\_\_\_\_

Person(s) assessed to \_\_\_\_\_

Doing business as \_\_\_\_\_

Last known address \_\_\_\_\_

Extent of any liens \_\_\_\_\_

<b>Tax Roll No.</b>	<b>Year of Tax</b>	<b>Delinquent Date</b>	<b>Amount of Tax</b>	<b>Interest</b>	<b>Penalties</b>	<b>Total Due</b>

Total Amount of Tax, Interest, and Penalties to be Deleted \$ \_\_\_\_\_

\_\_\_\_\_  
Treasurer, \_\_\_\_\_ County, Arizona

\_\_\_\_\_  
By \_\_\_\_\_ Deputy Treasurer

Approved by Board of Supervisors

By \_\_\_\_\_

Date \_\_\_\_\_

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## INTRODUCTION

The county treasurer's primary responsibility is to manage the public monies and trust funds of the county and related political subdivisions. Public monies include all monies in the county treasury or coming lawfully into the treasurer's possession or custody. In addition to those monies required to be deposited with the county treasurer, the governing body of any political subdivision may authorize the treasurer to invest other monies on its behalf. Trust funds are those monies which the treasurer must preserve and invest, as prescribed by statute or trust agreement.

The county treasurer has the fiduciary responsibility to invest idle monies to gain the most benefit possible while minimizing the risk of loss. To maximize investment opportunities, the treasurer may establish and maintain investment pools or may invest certain amounts individually. However, the Legislature has imposed many statutory requirements and restrictions on the investment of public monies.

## LEGAL REQUIREMENTS

1. The treasurer must invest idle public monies only in eligible investments, as prescribed in A.R.S. §35-323(A). The maximum maturity for all eligible investments, other than repurchase agreements, is three years. For repurchase agreements, the maximum maturity is 180 days. **A.R.S. §35-323.**
2. The treasurer must solicit bids from eligible depositories, as defined by A.R.S. §35-321(3), for purchases of certificates of deposit (CDs). CDs must be purchased from the eligible depository bidding the highest permissible rate of interest. A.R.S. §35-323(B).
3. The treasurer must apportion interest income during the period such income is earned in accordance with general public fund accounting practices, otherwise known as generally accepted accounting principles. Interest realized on subdivision monies pooled within a public deposit and not maintained by a treasurer for more than 60 days shall be credited to the depositing agency's (the entity that deposits the monies with the county treasurer) general fund. Interest realized on public deposit monies that are maintained solely by the treasurer shall be distributed on a proportionate basis to subdivision accounts. **A.R.S. §35-327.** Interest earned on pooled investments of school district monies must be apportioned at least quarterly to the appropriate school district accounts based on an average monthly balance. **A.R.S. §15-996.**
4. The treasurer shall invest proceeds from tax, grant, and revenue anticipation notes if authorized by the appropriate governing body. Note proceeds may be invested only in authorized securities. The resolution pertaining to the issuance of the notes should be consulted to determine the maximum period proceeds may be invested and the maximum allowable yield on such investments. **A.R.S. §§35-465.05, 35-466.05, and 35-467.05.**
5. The treasurer must invest debt service monies credited to school district accounts as requested by a school district governing board. **A.R.S. §15-1025.** If requested by the school district governing board, the treasurer must also invest bond proceeds that are not required to be used for a period of ten days or more. All monies earned on the investment of bond proceeds must be deposited in the debt service fund unless designated by the voters for deposit in the bond building fund. **A.R.S. §15-1024.**

6. The treasurer must invest trust funds in any of those securities permitted for the investment of public monies as prescribed in A.R.S. §35-323(A), or in fixed income securities of corporations in any state that carry one of the two highest ratings of *Moody's Investors Service* and *Standard and Poor's Rating Service*. If only one of these services rates the security, the security must carry the highest rating of that service. A.R.S. §35-324(A).
7. The treasurer must ensure that all cash deposits in excess of amounts covered by insurance are properly collateralized. Collateral must equal at least 101 percent of the deposit. Acceptable types of collateral are described in **A.R.S. §35-323(G)**.
8. The treasurer is responsible for safeguarding all investments pursuant to **A.R.S. §35-327** and must regularly account for, itemize, and inventory investments.
9. The treasurer may invest county monies in the State Treasurer's investment pool. A.R.S. §35-326.
10. The treasurer should invest monies received in trust, as defined in A.R.S. §12-286(D), in interest-bearing savings accounts or CDs in eligible depositories. Interest earned must be deposited in the county general fund. A.R.S. §12-286.



## **PROCEDURES**

The treasurer should establish written policies concerning investments. These policies should require that proper authorization be obtained for the purchase or sale of investments, modification in terms of investments, release of collateral, and the receipt and delivery of securities. Similarly, any changes in the types of investments in the investment portfolio should be approved in accordance with investment policies.

The treasurer should analyze deposits and prepare a projection of cash flows to determine when monies will be needed and the amounts available to invest. Then the treasurer should determine which monies may be included in pooled investments and which must be separately invested and accounted for. For example, idle monies in a school district's debt service fund must be invested and separately accounted for if specifically requested by the district's governing board. Also, certain special districts may request that their idle monies be separately invested.

### **Investment Restrictions**

The treasurer may invest public monies only in eligible investments, defined by **A.R.S. §35-323(A)** as the following:

- Certificates of deposit (CDs) in eligible depositories
- Interest-bearing savings accounts
- Repurchase agreements with a maximum maturity of 180 days
- The pooled investment funds established by the State Treasurer under A.R.S. §35-326
- Bonds or other debt instruments of the U.S. or any of its agencies or instrumentalities if the obligations are guaranteed as to principal and interest by the U.S. or by any agency or instrumentality of the U.S.
- Bonds or other debt instruments of Arizona or any of its counties, incorporated cities or towns, or school districts
- Bonds, notes, or other debt instruments of any Arizona county, municipal district, municipal utility, or special taxing district payable from revenues, earnings, or a special tax specifically pledged to pay the principal and interest on the obligations, and payments to establish and maintain a lawful sinking fund or reserve fund
- Bonds, notes, or other debt instruments issued by any Arizona county improvement district or municipal improvement district to finance local improvements authorized by law, if the principal and interest of the obligations are payable from assessments on real property within the improvement district

The treasurer must award investments in CDs to the eligible depository bidding the highest interest rate. A.R.S. §35-323(B). An eligible depository, as defined in A.R.S. §35-321(3), is any commercial or savings bank or savings and loan association having either an Arizona branch or its principal place of

business in Arizona and insured by the Federal Deposit Insurance Corporation or its successor or any other insuring instrumentality of the U.S. according to the applicable federal law, or any credit union that is insured by the National Credit Union Administration or its successor.

The treasurer may follow a formal bidding process, if practical, or obtain quotations by telephone, provided an adequate record of the bids is maintained. The information for each bid received from each depository should include the amount for bid, the name of the depository and interest rate on the CD, and the maturity date.

### **Accounting for Investments**

Each time an investment is purchased, the treasurer should record the account, date purchased, type of investment purchased, face amount, name of the bank/investor, interest rate, and maturity date in the **Investment Log** (see page IV-G-10). If the investment is not with the county's servicing bank, the servicing bank should be notified to transfer the investment amount to the appropriate bank/investor. When an advice of purchase is received from the bank, the investment activity should be recorded in the **Treasurer's Journal** and posted to the applicable investment account in the **Investment Ledger**. (See page IV-G-11 for an example posting to the investment account.) The advice of purchase should contain the date, description, amount, and new ending balance. The treasurer or designated employee should compare the advice to the Investment Log entry for propriety. Differences with the bank should be resolved immediately. Advices should be filed by investment account and date of purchase.

When securities mature, the treasurer should notify the bank regarding which securities to sell. The treasurer should record the sale of the securities in the **Investment Log**. Upon receiving an advice of redemption from the bank, the investment activity should be recorded in the **Treasurer's Journal** and posted to the applicable investment account in the **Investment Ledger**. The advice of redemption should contain the date, description, amount, new ending balance, and interest earned. The treasurer or designated employee should compare the advice to the **Investment Log** entry for propriety and any differences with the bank should be resolved immediately. A **Treasurer's Receipt** should be prepared to record the interest earned for each investment account and recorded as follows:

- Interest earned on specific investments should be recorded in the applicable agency accounts in the **Treasurer's Ledger**.
- Interest earned on pooled investments should be recorded in the Undistributed Interest Income clearing account.

After the above procedures have been completed, the advice of redemption should be attached to the applicable advice of purchase. The advices should then be filed by investment account and date of redemption.

At the end of each month, the following procedures should be performed by an employee independent of any investment function:

- The **Investment Ledger** should be reconciled to the **Treasurer's Journal**.
- The trustee statements received from the bank should be reconciled to the accounting records.

### Safeguarding Investments

The treasurer is responsible for the safekeeping of all investments purchased and may enter into an agreement with any eligible depository's trust department for the safekeeping and handling of purchased securities. A.R.S. §35-327(B). However, the safekeeping of investments includes ensuring not only their physical security but also that credit risk is kept to a minimum.

Credit risk is the risk that another party to the investment (i.e., counterparty) will not fulfill its obligations; for example, the issuer of a debt instrument may not redeem the instrument at maturity. Credit risk can be associated with the issuer of a security, with a financial institution holding deposits, or with the custodian of securities or collateral. Credit risk exposure can be affected by a concentration of investments in any one investment type or with any one counterparty.

To minimize the credit risks associated with investments, county treasurers should investigate the creditworthiness of the financial institutions that hold their investments and ensure that uninsured investments are adequately collateralized. **A.R.S. §35-323(G)** requires all deposits in excess of amounts covered by insurance be collateralized at a minimum of 101 percent of the deposit and includes a list of allowable types of collateral.

Additionally, for financial reporting purposes, Governmental Accounting Standards Board (GASB) Statement No. 3 generally requires that investments be classified into three categories of credit risk:

- Insured or registered in the county's name, or for which the securities are held by the county or its agent in the county's name.
- Uninsured and unregistered with the securities held by the counterparty's trust department or agent in the county's name.
- Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the county's name.

If investments are handled by the county rather than a bank trust department, the treasurer should take the following steps to safeguard investments:

- Require that investments be stored in a vault or safe deposit box.
- Obtain adequate bonding for the custodian of the investments.
- Require that an employee independent of the custodian record all investments placed in or removed from the box or vault.
- Maintain a permanent log of employees who are authorized access to the investments. Signature cards for these employees should be kept on file. To obtain access to the investments, the signatures of two or more authorized employees should be required.
- Require that one or more persons, independent of recordkeeping duties, be present during all inspections of investments.

## Reporting Requirements

GASB Statement No. 31 had far-reaching effects on county treasurers because they are the counties' investment managers and on county finance departments because of the many new reporting requirements. Using the definitions in the GASB statement, each county treasurer has custody of three types of monies.

First, the treasurer collects some monies for others, which will be held for a short time until they are remitted to the other entity. An example of this type of collection is property taxes collected on behalf of cities and towns. These monies do not belong to the county and generally will not be invested by the treasurer. They will be reported in the county's agency funds.

Second, some county departments and some outside entities deposit monies with the treasurer and instruct the treasurer to invest those monies in specific investments. These are called individual investment accounts. If these monies belong to county departments, they will be reported in the county funds. If they belong to outside entities, they will be reported in the county's investment trust funds.

The remaining monies held by the treasurer will be pooled and invested. GASB Statement No. 31 defines this pool as an *external investment pool* because at least one of the participants in the pool is a legally separate entity, such as a school or fire district. Again, if the monies in the pool belong to county departments, they will be reported in the county funds. If not, they will be reported in the county's investment trust funds.

GASB Statement No. 31 encourages stand-alone financial statements for all external investment pools; however, if the pool does not issue these financial statements, the county must include certain information about the pool in its financial statements. The county finance department will depend on the treasurer to provide that information. Also, outside participants must disclose certain information concerning their investments in the pool. They also will rely on the county treasurer for that information.

GASB Statement No. 31 also requires governmental entities to report certain investments at fair value in the balance sheet and all investment income, which includes interest, dividends, and the net increase or decrease in the fair value of investments, in the operating statement. See pages [IV-G-14](#) and [IV-G-15](#) for guidance concerning how different types of investments should be valued for the financial statements.

Fair value is defined as the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. Sources of fair value information include newspapers for securities exchanges, individual broker-dealers, the National Quotations Bureau, and securities custodians. If quoted market prices are available, fair value is simply the number of units times the market price per unit. When securities are thinly traded or quoted market prices are not available, estimated fair value may be used. Similar investments with quoted market prices may be considered in determining estimated fair value.

The treasurer should establish written policies and procedures to determine which investments may be reported at amortized cost and which must be reported at fair value. Then the treasurer should document how to determine the fair value of investments if valued at other than market price.

At year-end, the treasurer must determine the fair value for all investments. These valuations may be performed more frequently if desired.

Note: Investments may be recorded at cost in the accounting records. There is no requirement to make journal entries to adjust the accounting records to fair value.

Individual investment accounts should be valued separately. Pooled investments should be valued in total and the total value allocated to each pool participant in proportion to their year-end cost balances.

The example worksheet on page **IV-G-12** illustrates one method for allocating pooled cash and investments to pool participants.

In step 1, the treasurer identified the pooled assets and which agencies they belonged to. First, the treasurer categorized the assets held by cash and investment elements such as cash on hand, cash in servicing account, cash in depository accounts, and investments. The investments were then further categorized as pooled and specific, and finally categorized by type. The treasurer then identified the custodial accounts: county monies, monies held and invested for others, and remittance accounts held temporarily for others.

Next the treasurer adjusted both the assets and custodial accounts for those monies that were not part of the pooled assets. Cash in servicing accounts was reduced by the amount of the remittance accounts since they were not invested, and the specific investments for county fund D, county fund E, school fund C, and other agency B were eliminated. At this point, the treasurer arrived at a total for pooled assets and each agency's portion of those assets, valued at cost.

In step 2, the treasurer determined the fair value for each of the pooled investments and added the adjusted cash amounts to determine the fair value of pooled assets to be allocated among the pool participants. Finally, the treasurer calculated the allocation rate by dividing the fair value of the total pooled assets by the cost of those assets.

In step 3, each agency's adjusted portion of the assets determined in step 1 (assets valued at cost) was multiplied by the allocation rate to determine that agency's fair value of pooled assets.

At year-end, the treasurer must communicate the cost and fair value of each individual investment account to the pertinent agency. The treasurer must also communicate to each pool participant its portion of the pooled assets valued both at cost and fair value.

In addition, the treasurer should provide a summary of cash inflows (deposits, interest earnings, etc.) and cash outflows (warrants paid, withdrawals, etc.) to the county finance department and each outside participant to enable them to calculate the change in fair value for their investments.

The treasurer should also provide the following information to the county finance department and other agencies for which the county treasurer invests:

- The methods and significant assumptions used to estimate the fair value of investments, if fair value is based on other than market quotes

- The policy for determining which investments are reported at amortized cost
- A description of any regulatory oversight for the investment pool
- Any involuntary participation in the external investment pool
- How fair value was estimated, if fair value was not obtained from a sponsoring investment pool
- Investment income associated with one fund that has been assigned to another fund

### **Apportioning Interest Earned on Pooled Investments**

The treasurer should periodically apportion interest earned from pooled investments (recorded in the Undistributed Interest Income clearing account) first to the participating agencies and then to the individual accounts within the agencies. Interest should be apportioned monthly, or at least quarterly.

If interest is apportioned monthly, the treasurer may average each agency's beginning and ending balances and allocate interest proportionately. Then, for each agency, the treasurer would average the beginning and ending balances for each account and allocate the agency's earnings to the accounts proportionately. Alternatively, with a more sophisticated computer system, interest may be apportioned using an average daily balance.

If interest is apportioned quarterly, the treasurer may use one of several methods to calculate the apportionment rate (percentages) used to apportion interest first to the agencies and then to the individual accounts:

- Total the month-end balances for the three months of the quarter
- Total the average month-end balances for the three months of the quarter
- Calculate an average monthly balance for the quarter

Treasurers may develop apportionment rates using one of the methods described here, or may develop another reasonable method appropriate to their particular accounting system. In any case, the method chosen must be used consistently.

Note: The treasurer should apportion interest earned to participating agencies and individual accounts based on their proportionate balances on deposit *during the period such interest is earned* and not on the proportionate balances during the period in which interest earnings are ultimately received.

Treasurers should credit interest earned on pooled investments to all individual accounts with positive balances and charge interest expense proportionately to accounts with negative balances. This method ensures that accounts with positive balances receive their appropriate share of interest income, including interest charges to accounts with negative balances. However, OMB Circular No. A-87 indicates that interest expense may not be charged to a negative account balance related to federal monies. Therefore, as a more practical alternative, the treasurer may apportion interest income only to those accounts with positive balances.

The example worksheet on page **IV-G-13** illustrates a quarterly apportionment. From January 1 through March 31 the treasurer's investment pool earned \$94,000. That interest was first allocated to the three agencies participating in the pool using total month-end balances to calculate the apportionment rate. XYZ School District received 8.16 percent (\$7,670) of the interest earnings.

Then the treasurer allocated the school district's earnings to its individual accounts. For the purpose of this example, the school district's debt service and bond building accounts were presumed to have been invested separately. Therefore, the interest was apportioned only to the accounts that were pooled for investment. Since the Adjacent Ways account had a negative total balance, that account was excluded from the allocation, and the earnings were allocated to the remaining accounts based on their total month-end balances during the quarter.

Note: When the interest earnings are actually *received*, the treasurer debits the clearing account and credits the individual accounts based on the amounts calculated on the apportionment schedule.

TREASURER'S INVESTMENT LOG									
Account	Date Purchased	Type of Investment	Face Amount	Name of Bank/Investor	Interest Rate	Maturity Date	Number of Days	Amount of Interest	Date Redeemed
County General Fund	6/16/X1	C.D.	\$ 500,000	DEF Bank	6.5%	7/16/X1	30	\$ 2,671	7/16/X1
County General Fund	2/16/X2	U.S.T.B.	1,500,000	DEF Bank	5.5%	8/15/X2	180	40,685	8/15/X2
County General Fund	6/30/X2	C.D.	500,000	ABC Bank	6.0%	7/30/X2	30	2,466	7/30/X2
XYZ SD Debt Service	7/6/X2	C.D.	240,000	KLM Bank	7.0%	1/2/X3	180	8,285	1/2/X3
_____	__/__/__	_____	_____	_____	____%	__/__/__	__	_____	__/__/__
_____	__/__/__	_____	_____	_____	____%	__/__/__	__	_____	__/__/__
_____	__/__/__	_____	_____	_____	____%	__/__/__	__	_____	__/__/__
_____	__/__/__	_____	_____	_____	____%	__/__/__	__	_____	__/__/__
_____	__/__/__	_____	_____	_____	____%	__/__/__	__	_____	__/__/__
_____	__/__/__	_____	_____	_____	____%	__/__/__	__	_____	__/__/__
_____	__/__/__	_____	_____	_____	____%	__/__/__	__	_____	__/__/__
_____	__/__/__	_____	_____	_____	____%	__/__/__	__	_____	__/__/__
_____	__/__/__	_____	_____	_____	____%	__/__/__	__	_____	__/__/__
_____	__/__/__	_____	_____	_____	____%	__/__/__	__	_____	__/__/__



INVESTMENT ACCOUNT				
XYZ SCHOOL DISTRICT NO. 99				
DEBT SERVICE				
<u>Date</u>	<u>Description</u> <u>(i.e., type of security, interest rate or due date)</u>	<u>Amount</u>		<u>Balance</u>
		<u>Purchased</u> <u>Debit</u>	<u>(Redeemed)</u> <u>Credit</u>	
7/6/X2	Certificate of deposit (7 %) 6 months	\$240,000		\$240,000
1/2/X3	Certificate of deposit (7 %) 6 months—interest earned \$8,285		\$240,000	
1/6/X3	Certificate of deposit (7.5%) 12 months	268,000		268,000
__/__/__	_____	_____	_____	_____
__/__/__	_____	_____	_____	_____
__/__/__	_____	_____	_____	_____
__/__/__	_____	_____	_____	_____
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__/__/__	_____	_____	_____	_____
__/__/__	_____	_____	_____	_____

Example Worksheet

Allocation of Pooled Cash and Investments

Step 1: Identify pooled assets (valued at cost) and who they belong to.

ASSETS			CUSTODIAL ACCOUNTS				
	Balance	Adjustments <sup>1</sup>	Adjusted Balance		Balance	Adjustments <sup>1</sup>	Adjusted Balance
Cash on hand	\$ 5,000		\$ 5,000	County fund A	\$180,000		\$180,000
Cash in servicing account	255,000	(\$ 55,000)	200,000	County fund B	160,000		160,000
Cash in depository accounts	60,000		60,000	County fund C	140,000		140,000
Pooled investments:				County fund D	120,000	(\$ 40,000)	80,000
Repurchase agreements	100,000		100,000	County fund E	100,000		100,000
U.S. Treasury securities	235,000		235,000	County fund E—specific invest.	120,000	(120,000)	0
Government agency securities	240,000		240,000	School fund A	110,000		110,000
State Treasurer LGIP	200,000		200,000	School fund B	90,000		90,000
Specific investments:				School fund C	70,000		70,000
For County fund D—State LGIP	40,000	( 40,000)	0	School fund C—specific invest.	50,000	( 50,000)	0
For County fund E—Repo	120,000	(120,000)	0	Other agency A	65,000		65,000
For School fund C—U.S. Treas	50,000	( 50,000)	0	Other agency B	45,000		45,000
For Other agency B—State LGIP	<u>30,000</u>	<u>( 30,000)</u>	<u>0</u>	Other agency B—specific invest.	30,000	( 30,000)	0
				Remittance account—state	40,000	( 40,000)	0
				Remittance account—cities	<u>15,000</u>	<u>( 15,000)</u>	<u>0</u>
TOTALS	<u>\$1,335,000</u>	<u>(\$295,000)</u>	<u>\$1,040,000</u>		<u>\$1,335,000</u>	<u>(\$295,000)</u>	<u>\$1,040,000</u>

Step 2: Determine fair value of pooled assets and calculate allocation rate.

Pooled Assets	Cost	Fair Value
Investments:		
Repurchase agreements	\$ 100,000	\$ 100,000
U.S. Treasury securities	235,000	245,000
Government agency securities	240,000	260,000
State Treasurer LGIP	<u>200,000</u>	<u>200,000</u>
	775,000	805,000
Cash:		
Cash on hand	5,000	5,000
Cash in servicing account	200,000	200,000
Cash in depository accounts	<u>60,000</u>	<u>60,000</u>
Total pooled assets	<u>\$1,040,000</u>	<u>\$1,070,000</u>
Allocation rate (fair value/cost)		1.0288

Step 3: Allocate fair value of pooled assets to participants.

Pool Participants	Cost	Fair Value <sup>2</sup>
County fund A	\$ 180,000	\$ 185,184
County fund B	160,000	164,608
County fund C	140,000	144,032
County fund D	80,000	82,304
County fund E	100,000	102,880
School fund A	110,000	113,168
School fund B	90,000	92,592
School fund C	70,000	72,016
Other agency A	65,000	66,872
Other agency B	<u>45,000</u>	<u>46,344</u>
Total	<u>\$1,040,000</u>	<u>\$1,070,000</u>

<sup>1</sup> Remittance accounts excluded and cash in servicing bank reduced by same amount because remittance accounts are not invested. Specific investments also eliminated.

<sup>2</sup> Each participant's portion of posted assets valued at cost (from Step 1) multiplied by the allocation rate (from Step 2).

EXAMPLE WORKSHEET—INTEREST APPORTIONMENT

Allocation of Interest Pool Participants

Apportionment period: January 1 – March 31

Interest earned: \$94,000

Agency	Month-End Balances			Total Agency Balances	Apportionment Rate <sup>1</sup>	Interest Earned by Agency <sup>2</sup>
	Jan	Feb	Mar			
County	\$520,000	\$610,000	\$530,000	\$1,660,000	.7739	\$ 72,747
Fire District	130,000	60,000	120,000	310,000	.1445	13,583
XYZ School District	55,000	62,000	58,000	175,000	.0816	7,670
Total month-end balances				<u>\$2,145,000</u>	<u>1.0000</u>	<u>\$ 94,000</u>

Allocation of Interest to Accounts

Agency: XYZ School District

Apportionment period: January 1 – March 31

Interest earned: \$7,670

Account	Month-End Balances			Total Account Balances	Apportionment Rate <sup>5</sup>	Interest Earned by Account <sup>6</sup>
	Jan	Feb	March			
Maintenance & Operation	\$30,000	\$40,000	\$44,000	\$ 114,000	.6477	\$ 4,968
Capital Outlay	11,000	12,000	10,000	33,000	.1875	1,438
Food Services	10,000	11,000	8,000	29,000	.1648	1,264
Adjacent Ways	4,000	(1,000)	(4,000)	(1,000)		
Total agency balance <sup>3</sup>				\$ 175,000	<u>1.000</u>	<u>\$ 7,670</u>
Negative balances excluded <sup>4</sup>				1,000		
Total for apportionment				<u>\$ 176,000</u>		

<sup>1</sup> Total agency balance for each agency divided by total month-end balances. The combined apportionment rates for all agencies must total 1.

<sup>2</sup> Interest earned by the pool multiplied by agency's apportionment rate. The combined interest earned by all agencies must equal interest earned by the pool.

<sup>3</sup> Must be same as total month-end balances for XYZ School District listed in the allocation of interest to pool participants.

<sup>4</sup> Negative balances are added back to determine apportionment rate, which allows interest to be apportioned only to accounts with positive balances.

<sup>5</sup> Total account balance for each account divided by total for apportionment. The combined apportionment rates for all accounts must total 1.

<sup>6</sup> Interest earned by XYZ School District multiplied by the account's apportionment rate. The combined interest earned by all accounts must equal interest earned by XYZ School District.

GUIDELINES FOR VALUING INVESTMENTS

Applicable Types of Investments	Examples of Investment Type	Conditions	Valuation Basis
<u>Individual Investment Accounts (Specific Investments)</u>			
Interest-earning investment contracts	• Certificates of deposit, nonparticipating/nonnegotiable		Cost
	• Certificates of deposit, participating/negotiable	<ul style="list-style-type: none"> <li>▪ Remaining maturity at time of purchase of one year or less</li> <li>▪ Remaining maturity at time of purchase of over one year</li> </ul>	Cost Fair value
	• Repurchase agreements, nonparticipating/nonnegotiable		Cost
	• Repurchase agreements, participating/negotiable	<ul style="list-style-type: none"> <li>▪ Remaining maturity at time of purchase of one year or less</li> <li>▪ Remaining maturity at time of purchase of over one year</li> </ul>	Cost Fair value
	• Guaranteed investment contracts		Fair value
	• Bank investment contracts		Fair value
External investment pools	• State Treasurer’s LGIP		Share price
	• SEC 2a7-like pools		Share price
Open-end mutual funds	• SEC-registered investment companies issuing shares to investors		Share price
Debt securities	<ul style="list-style-type: none"> <li>• U.S. Treasury securities (bonds and notes)</li> <li>• Government agency securities (e.g., FNMA, FHLB)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Remaining maturity at time of purchase of one year or less</li> <li>▪ Remaining maturity at a time of purchase of over one year</li> </ul>	Cost Fair value
			Fair value
	• County/municipal securities		Fair value
	• Corporate bonds		Fair value
	Equity securities	• Common and preferred stock	

GUIDELINES FOR VALUING INVESTMENTS

Applicable Types of Investments	Examples of Investment Type	Conditions	Valuation Basis
<u>External Investment Pools (Pooled Investments)</u>			
Interest-earning investment contracts	• Certificates of deposit, nonparticipating/nonnegotiable		Cost
	• Certificates of deposit, participating/negotiable		Fair value
	• Repurchase agreements, nonparticipating/nonnegotiable		Cost
	• Repurchase agreements, participating/negotiable		Fair value
	• Guaranteed investment contracts		Fair value
	• Bank investment contracts		Fair value
External investment pools	• State Treasurer’s LGIP		Share price
	• SEC 2a7-like pools		Share price
Open-end mutual funds	• SEC-registered investment companies issuing shares to investors		Share price
Debt securities	↑• U.S. Treasury securities (bonds and notes)	↑	▪ Remaining maturity at year-end of ninety days or less
	↓• Government agency securities (e.g., FNMA, FHLB)	↓	▪ Remaining maturity at year-end of over ninety days
	• County/municipal securities		
	• Corporate bonds		
	• Common and preferred stock		
Equity securities			Fair value

<sup>1</sup> For an investment originally purchased with a maturity longer than ninety days, the investment’s fair value on the day it becomes short term (i.e., ninety days) is its cost for purposes of valuing the investment.

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## **INTRODUCTION**

The treasurer has statutory responsibility for preparing certain reports. Monies collected and disbursements made for each agency account must be reported to the board of supervisors monthly by the fifteenth day of each month for the preceding month and annually, as of the last business day of June. **A.R.S. §11-501.**

## **PROCEDURES**

The above statutory requirements are normally accomplished by preparing a monthly **Treasurer's Report** (see pages V-2 and V-3). The Treasurer's Report includes beginning and ending cash balances, receipts, disbursements, and transfers for each agency account and the county's bonded indebtedness. Additional information requested by the board of supervisors may be included in the Treasurer's Report. The Treasurer's Report must include a statement signed by the treasurer attesting to its accuracy.

The treasurer should obtain information for preparing the report from the **Treasurer's Journal** (see page IV-B-6) and **Treasurer's Ledger** (see pages IV-B-7 and IV-B-8). The Treasurer's Report should be reconciled monthly to the Treasurer's Journal and Treasurer's Ledger.

Monthly **Treasurer's Reports** should also be provided to the various agencies and county departments that have cash on deposit with the County Treasurer. These agencies and departments should reconcile their records to the Treasurer's Report in order to ensure the accuracy of their records and the treasurer's records.

\_\_\_\_ COUNTY, ARIZONA  
**TREASURER'S REPORT**  
**JULY 20XX**

Agency	Agency Account	Account Number	Opening Balance		Receipts Credit	Transfers-		Disbursements Debit	Closing Balance	
			Debit	Credit		In Credit	Out Debit		Debit	Credit
Treasurer	Undistributed Interest Income Clearing	000990			\$ 16,100					\$ 16,100
	Undistributed Tax Collections Clearing	000999			225,600		\$ 225,600			
County	General	200100		\$2,523,600	1,536,750	\$ 47,850	1,266,750	\$ 510,250		2,331,200
	Law Library	200202		52,100	9,700	900		8,400		54,300
	Road	200201		526,250	159,900	22,000		205,500		502,650
	Rabies Control	200203	\$3,150		5,350	400		1,250		1,350
	Health Services	200240		1,874,800	273,100	1,700		225,300		1,924,300
	County School	200270		447,100	168,600	7,400		147,950		475,150
	Special County School Reserve	200271		223,650	83,950	1,800		49,800		259,600
	Job Training Partnership Act	200280		137,300	24,200	600		12,650		149,450
	Expense Clearing	200780				739,900		739,900		
	Payroll Clearing	200781		3,200		527,350		517,600		12,950
	Capital Projects	200400		1,532,450	580,200	2,800		604,700		1,510,750
	Debt Service	200300		932,600	467,550	2,450		610,000		792,600
School District No. 99	Maintenance & Operation	499001		1,246,650	249,300	62,700		427,500		1,131,150
	School Plant (Sale)	499506		23,500						23,500
	Federal Projects	499214		573,000	347,000			351,000		569,000
	Capital Outlay	499610		237,400	91,600			138,000		191,000
	Bond Building	499630		425,200	125,000			147,000		403,200
	Debt Service	499700		282,500	43,300	37,150		10,500		352,450
	Food Service	499510		253,400	34,750			57,650		230,500
	Civic Center	499515		3,800	200			800		3,200
	Community School	499520		18,150	2,150			2,350		17,950
	Insurance Proceeds	499550		25,200	10,800			8,400		27,600
XYZ Community College	Current General	500800		2,027,450	1,113,450			847,600		2,293,300
	Unexpended Plant	500805		521,600	225,000			277,050		469,550
	Retirement of Indebtedness—Plant	500806		173,400	85,000			3,500		254,900
XYZ Fire District	Operating	610900		113,450	17,050	21,450		22,100		129,850
ABC Sanitary District	Operating	620960		64,650	8,050	15,900		27,500		61,100
State of Arizona	Clearing	100980		238,650	40,500			238,650		40,500
City of Cholla	Clearing	310980		7,400	7,750			7,400		7,750
City of Saguaro	Clearing	320980		12,350	14,500			12,350		14,500
<b>TOTALS</b>				<u>\$3,150</u>	<u>\$14,500,800</u>	<u>\$5,966,400</u>	<u>\$1,492,350</u>	<u>\$1,492,350</u>	<u>\$6,212,650</u>	<u>\$14,251,400</u>

I \_\_\_\_\_, Treasurer and ex-officio Tax Collector of \_\_\_\_\_ County, State of Arizona, do solemnly swear that the report herewith submitted is a true and correct statement of transactions of my office for the month of \_\_\_\_\_, \_\_\_\_\_, and that the balances or overdrafts as herein indicated are the true and correct balances or overdrafts as of the close of business \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Treasurer



\_\_\_\_\_ COUNTY, ARIZONA  
**TREASURER'S REPORT**  
**JULY 20XX**

<b>Outstanding registered warrants:</b>	<b><u>Balance</u></b>
Rabies control	<u>\$1,900</u>
Total registered warrants	<u><u>\$1,900</u></u>

<b>Bonded indebtedness:</b>	<b><u>Beginning Balance</u></b>	<b><u>Issued</u></b>	<b><u>Retired</u></b>	<b><u>Ending Balance</u></b>
Elm Creek Elementary School District No. 99	\$1,200,000		\$95,000	\$1,105,000
XYZ Community College District	600,000		20,000	580,000
XYZ Fire District	30,000			30,000
XYZ Sanitary District	<u>25,000</u>	_____	_____	<u>25,000</u>
Total bonded indebtedness	<u><u>\$1,855,000</u></u>	<u>_____</u>	<u><u>\$115,000</u></u>	<u><u>\$1,740,000</u></u>

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Arizona Revised Statutes (A.R.S.) pertaining to county treasurers' financial accounting and reporting are summarized below. A listing of other statutes that relate to county treasurers has been included without summaries for your convenience beginning on page [VI-A-23](#).

A.R.S. §	Title and Description
<b>TITLE 11—COUNTIES</b>	
<b>Chapter 2—Board of Supervisors</b>	
11-251.10	<p>Conveyance or lease; affordable housing; agreement; recording</p> <p>If the Board of Supervisors determines that any real property, owned or to be purchased by the county, can be used to provide affordable housing for low income households, the Board may dispose of the property at less than fair market value without a public auction. The dwelling units must remain continually affordable to low income households for no less than thirty years.</p>
11-273	<p>Sale of bonds; disposition of proceeds</p> <p>The treasurer must sell bonds for not less than par and accrued interest. The proceeds from the sale of bonds must be used exclusively for the purpose for which the bonds were issued.</p>
11-274	<p>Bond register</p> <p>The treasurer must keep a register of all bonds sold.</p>
<b>Chapter 3—County Officers</b>	
11-414	<p>Monthly statement of fees collected; disposition of fees</p> <p>At the end of each month, county and precinct officers entitled to collect fees, except notaries public, must prepare an itemized statement of all fees earned during the previous month. This statement, verified under oath, must be filed with the county treasurer on the first day of the month; all fees earned, as shown by the statement, must be deposited with the treasurer when the statement is filed.</p>
11-475.01	<p>Document storage and retrieval conversion and maintenance fund; purpose</p> <p>Establishes document storage and retrieval conversion and maintenance fund consisting of monies received from a special recording surcharge, not to exceed \$4 for each instrument, paper, or notice filed with the county recorder. All such monies received must be transmitted to the county treasurer and deposited in the fund.</p>
11-491	<p>Custodian of public monies</p> <p>The treasurer must keep possession of all monies belonging to the State or county until lawfully disbursed.</p>
11-492	<p>Apportionment of county monies</p> <p>All taxes collected and public monies received must be deposited with the treasurer and applied to appropriate funds.</p>

A.R.S. §	Title and Description
11-493	<p>Duties</p> <p>The county treasurer must:</p> <ol style="list-style-type: none"> <li>1. Receive all monies of the county.</li> <li>2. Keep an account of the receipt and expenditure of such monies.</li> <li>3. Keep separate and distinct accounts for different funds.</li> <li>4. Enter no monies received for the current year on the account with the county until after the annual settlement with the board of supervisors.</li> <li>5. Disburse county monies by county warrants issued by the board of supervisors and signed by the chairman and clerk of the board, or by electronic transfer authorized by the board of supervisors on receipt of a written authorization signed by the chairman and clerk of the board, or chief financial officer and the clerk of the board, or as provided by law.</li> </ol>
11-494	<p>Receipts for monies received; violation; classification</p> <p>The treasurer must issue a receipt for all monies received except tax payments received by check according to <a href="#">A.R.S. §42-18055(C)</a>. The receipts must be in a standard format, numbered consecutively, issued in numerical sequence, and signed or validated by the treasurer, who must issue one copy to the person paying the money, one copy to the clerk of the board, and, in the case of school district deposits, one copy to the county school superintendent. The treasurer must retain the original.</p>
11-495	<p>Taxpayers' information fund</p> <p>Establishes a taxpayers' information fund in each county consisting of monies collected from the public records copy surcharge imposed according to A.R.S. §11-496 and the tax lien processing fee imposed according to <a href="#">A.R.S. §42-18116</a>, subsection C. The treasurer must administer the fund and spend the monies in the fund only to defray the cost of converting or upgrading an automated public information system as specified in statute. In addition, the treasurer must annually notify the board of supervisors of the amount of anticipated revenues.</p>
11-496	<p>Public records copy; proceeds of sale; agent duties; surcharge; deposit</p> <p>The treasurer may impose a surcharge of not more than 25 percent of the fee charged for furnishing a copy, printout, or photograph. In addition, a treasurer who is designated as a registrar pursuant to <a href="#">§35-491</a> may impose a surcharge of not more than 25 percent of the average fee charged by commercial bank trust departments during the previous calendar year for discharging registrar, transfer, and paying agent duties. These monies must be deposited in the taxpayers' information fund.</p>
11-497	<p>Disbursement of forest reserve monies</p> <p>The treasurer must notify the clerk of the board of supervisors and the county school superintendent of the amount received from the State Treasurer as the county share of pass through monies from the United States from forest reserves, and the money must be distributed for the benefit of public schools and public roads of the county as the board of supervisors directs.</p>
11-498	<p>Inspection of records</p> <p>The records of the treasurer are subject to inspection and examination by the Auditor General, the board of supervisors, and the grand jury.</p>

A.R.S. §	Title and Description
11-499	<p>Issuance of county bonds; liability</p> <p>The board of supervisors, not the county treasurer, is the issuer of county bonds. The board assumes all liability on the bonds including bonds issued pursuant to A.R.S. §§11-254.03, 11-264.01, 11-271, 11-281, 11-307, 11-371, and 11-721, and all other county bonds.</p>
11-501	<p>Monthly and annual reports to the board</p> <p>The treasurer must:</p> <ol style="list-style-type: none"> <li>1. Report accounts of collection, custody, and disbursement of public revenues to the board of supervisors on the 15th day of each month for the preceding month.</li> <li>2. Make a full report to the board annually, as of the last business day in June.</li> <li>3. Deposit paid warrants with the clerk of the board.</li> </ol>
11-502	<p>Transmittal of money to State Treasurer</p> <p>The treasurer must transmit monies belonging to the State to the State Treasurer within ten days after the State Treasurer requests such transmittal.</p>
11-503	<p>Failure to make settlement or report; penalty</p> <p>If the treasurer neglects or refuses to settle or report as required by law, the treasurer must pay \$500 for each act of neglect or refusal to the county as a penalty.</p>
11-504	<p>Correction of errors</p> <p>If an error occurs in the accounts of the treasurer, except for the tax rolls, the treasurer must correct it immediately if the error was not made more than 15 years before it was discovered. The treasurer must also make a notation of the date the error was corrected and the reason the correction was made, next to the original entry.</p>
11-539	<p>State aid to county attorneys fund</p> <p>Establishes a state aid to county attorneys fund consisting of appropriations and monies allocated by <b>A.R.S. §41-2421(B)</b> and <b>(J)</b>. The Arizona Criminal Justice Commission (ACJC) administers the fund and allocates fund monies to each county in accordance with <b>A.R.S. §41-2409(A)</b>. Monies must be expended to assist county attorneys in the processing of criminal cases. The county treasurer must invest fund monies distributed to the county and any interest earned must be expended for the purpose noted above.</p>
11-588	<p>State aid to indigent defense fund</p> <p>Establishes a state aid to indigent defense fund consisting of appropriations and monies allocated by <b>A.R.S. §41-2421(B)</b> and <b>(J)</b>. ACJC administers the fund and allocates fund monies to each county in accordance with <b>A.R.S. §41-2409(C)</b>. Monies must be expended to assist the county public defender, legal defender, and contract indigent defense counsel in the processing of criminal cases. The county treasurer must invest fund monies distributed to the county and any interest earned must be expended for the purpose noted above.</p>

#### Chapter 4—Fiscal Provisions

11-602	<p>Expense fund; estimate of expenses; transfer of funds; retransfer of excess</p> <p>The treasurer must transfer monies into the Expense Fund when so directed by the board of supervisors.</p>
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A.R.S. §	Title and Description
11-604.01	<p>Revolving line of credit; uses; procedures; bids; application of revenues; exception</p> <p>The board of supervisors may enter into agreements with a financial institution authorized to do business in this State for the purpose of obtaining a separate and distinct revolving line of credit for the county and each individual political subdivision of that county for the current fiscal year to pay the lawful claims and obligations of that political subdivision until sufficient monies for payment from property taxes and other nonrestricted revenues are received by the treasurer. The agreement must be made in accordance with the provisions of this statute.</p>
11-605	<p>Warrants drawn on fund</p> <p>Warrants must be paid in the order of presentation. When insufficient monies exist in the fund to pay a warrant, the warrant must be paid from monies obtained by the treasurer on behalf of each entity in accordance with A.R.S. §11-604.01. If no such agreement has been entered into, the provisions of A.R.S. §11-635 are applicable.</p>
11-634	<p>Payment of warrants</p> <p>When the board of supervisors, county superintendent of schools, or a special district presents a warrant for payment, the treasurer must pay it and charge the appropriate account.</p>
11-635	<p>Warrants unpaid for lack of funds; interest</p> <p>If a revolving line of credit has not been obtained for an entity or if the revolving line of credit has been expended, warrants that cannot be paid must be stamped “not paid for lack of funds”, and dated. From that time until paid, the warrant may not bear more than 10 percent interest per year. A register must be maintained to identify such warrants.</p>
11-637	<p>Effect of priority of presentment on preference of payment</p> <p>Warrants must be paid in the order presented.</p>
11-639	<p>Redemption of unpaid warrants</p> <p>As monies become available and are in amounts sufficient to justify redeeming unpaid warrants, the county treasurer must redeem these unpaid warrants in the date order in which they were originally registered.</p>
11-640	<p>Record of interest paid</p> <p>Interest paid on registered warrants must be recorded in the register or call warrant list and entered in the appropriate account, separate from the principal.</p>
11-644	<p>Failure to present county check or warrant for payment; notice; claim</p> <p>A check that is drawn by the county treasurer in the treasurer’s official capacity or a warrant that is drawn on the county general fund and is not presented for payment within one year after the date of issuance is void and is deemed to have been paid. The entity drawing the check or warrant must notify the payee that the check or warrant is void. If the check or warrant is for less than \$50, the notice must be sent by first-class mail. If the check or warrant is for \$50 or more, the notice must be sent by certified mail. The amount of the voided check or warrant must be credited to the county general fund or other appropriate fund. At any time within one year after an unrepresented check or warrant has been voided, the payee or the payee’s representative or successor may present a claim for the amount of the check or warrant to the board of supervisors. If the board finds there was sufficient reason for failing to present the original check or warrant, the board may allow the claim and pay it from the county general fund.</p>

A.R.S. §	Title and Description
<b>Chapter 7—Intergovernmental Operations</b>	
11-1011	Rabies control fund Monies collected for rabies control must be credited to the rabies control fund.
<b>Chapter 11—Business Licenses</b>	
11-1608	Liability for collections; disposition of monies; quarterly statement On the 15th day of each month, the sheriff must deposit with the county treasurer all monies collected for license fees.
<b>TITLE 12—COURTS AND CIVIL PROCEEDINGS</b>	
<b>Chapter 1—Courts of Record</b>	
12-102.01	Criminal case processing and enforcement improvement fund Establishes a criminal case processing and enforcement improvement fund, consisting of appropriations, to improve criminal case processing and enforcement of court orders in county superior and justice courts. The Supreme Court administers the fund and allocates monies to the counties for collaborative projects designed to achieve these objectives.
12-102.02	State aid to the courts fund Establishes a state aid to the courts fund consisting of appropriations and monies allocated pursuant to <b>A.R.S. §41-2421(B)</b> and <b>(J)</b> . The Supreme Court administers the fund and allocates monies to the superior court, including the clerk of the court, and the justice courts in each county to assist in the processing of criminal cases. Counties must expend the monies to supplement rather than supplant previous funding for the processing of criminal cases.
12-102.03	Local courts assistance fund Establishes a local courts assistance fund in each county consisting of monies allocated pursuant to <b>A.R.S. §41-2421(E)</b> and <b>(G)</b> . Monies must be expended to assist the county superior court, clerk of the court, and justice courts in the processing of criminal cases. The county treasurer must invest fund monies and any interest earned must be expended for the purpose noted above.
12-113	Judicial collection enhancement fund; purpose; administration; report; definition The clerk of the court must transmit to the treasurer each month the fees collected according to A.R.S. §12-116. The treasurer must transmit to the State Treasurer on or before the fifteenth day of each month all fees submitted by the clerk of the court for deposit into the judicial collection enhancement fund.
12-135.01	Local alternative dispute resolution fund; report The superior court must transmit monthly to the treasurer for deposit in the local alternative dispute resolution fund all fees collected according to A.R.S. §12-134. On notice of the presiding judge, the treasurer must invest and divest monies in the fund and interest earned must be credited to the fund. On or before January 10 of each year, the treasurer must submit an annual report to the presiding judge of the superior court indicating the total amount of monies in the local alternative dispute resolution fund.



A.R.S. §	Title and Description
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### Chapter 2—Judicial Officers and Employees

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| 12-284.01 | <p>Document storage and retrieval conversion fund; purpose</p> <p>Establishes a document storage and retrieval conversion fund for the clerk of the superior court consisting of monies received from an additional fee charged, not to exceed \$15, to persons required to pay filing and appearance fees. All monies from the additional fee must be transmitted to the county treasurer and placed in the document storage and retrieval conversion fund for the clerk of the superior court.</p> |
| 12-284.03 | <p>Distribution of fees</p> <p>Monies received from the clerk of the superior court as described in A.R.S. §12-284, subsection J, must be transmitted, distributed, or deposited by the county treasurer in accordance with subsection A of this statute.</p>  |

## TITLE 15—EDUCATION

### Chapter 3—Local Governance of Schools

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|--------|---|
| 15-303 | <p>Apportionment of funds</p> <p>The county school superintendent must apportion the school monies and give written notification to the county treasurer of the amount apportioned to each school district in the county.</p>   |
| 15-304 | <p>Warrants; limitations; definition</p> <p>The county school superintendent, on the voucher of the governing board of a school district, must draw warrants on the county treasurer for all necessary expenditures of a school district. The superintendent may not draw a warrant for an expenditure from any school district fund, except the maintenance and operation, capital outlay or adjacent ways fund, or federal and state grant funds, unless sufficient cash is available in the fund according to the records of the county school superintendent. The superintendent may only draw a warrant for an expenditure from a federal or state grant fund when sufficient cash is not available in the grant fund if the treasurer maintains the two accounts as provided in <a href="#">A.R.S. §15-996</a> and if the superintendent determines that the expenditures are included in the budget section of the approved grant application.</p> |
| 15-365 | <p>Service programs operated through the office of a county school superintendent; reports; definitions</p> <p>The county treasurer must pay the appropriate amount into the small district service program fund from monies collected from the tax levy for county equalization assistance for education.</p>  |

### Chapter 9—School District Budgeting and Financial Assistance

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| 15-994 | <p>Tax levy; county equalization assistance for education</p> <p>Except as provided in A.R.S. §15-365, the treasurer must apportion all monies collected from the county equalization assistance for education tax levy to the school districts within the county in accordance with A.R.S. §15-971, subsection C at the same time as other tax levy monies are apportioned.</p> |
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A.R.S. §	Title and Description
15-996	<p>Duties of county treasurer relating to school district's monies</p> <p>Treasurer must:</p> <ol style="list-style-type: none"> <li>1. Receive and hold all school district monies and keep a separate account for each school district and for the special county school reserve fund. The treasurer may maintain separate accounts for each fund of a school district or the treasurer may maintain only two accounts for each school district's monies in addition to the funds provided for in <b>A.R.S. §§15-1024, 15-1025</b>, 15-2021, 15-2031, and 15-2041 (i.e., the bond building fund, the debt service fund, the deficiencies correction fund, the building renewal fund, and the new school facilities fund). If only two accounts are maintained, the first account must consist of maintenance and operation, unrestricted capital outlay, soft capital allocation, and adjacent ways monies and the second account must consist of federal and state grant monies and all other monies. The treasurer must pool these monies for investment, except for the bond building and debt service funds. The treasurer must apportion at least quarterly to appropriate school districts the interest earned, based on an average monthly balance.</li> <li>2. Register warrants as follows: <ol style="list-style-type: none"> <li>a. If separate accounts are maintained for each fund, warrants may only be registered on the maintenance and operation, unrestricted capital outlay, soft capital allocation, and adjacent ways accounts and only if the total cash balance of all four accounts is insufficient to pay the warrants.</li> <li>b. If the county treasurer maintains only two accounts, the county treasurer may register warrants only on the first account and only if the balance of that account is insufficient to pay the warrants. The treasurer may honor warrants for any federal or state grant fund with a negative balance as long as the total balance in the second account is positive. If the second account total balance is negative the warrant for a federal or state grant fund must be charged to the maintenance and operation fund.</li> </ol> </li> <li>3. Notify the county school superintendent by the 15th day of each month of the month end balances of each school district account.</li> <li>4. Pay warrants issued by the county school superintendent duly endorsed by the person entitled to receive the monies.</li> </ol>
15-1022	<p>Tax levy for bonds; administration and disposition of tax; cancellation of paid bonds</p> <p>Monies collected for payment of principal and interest on bonds must be deposited with the treasurer and credited to the debt service fund. The treasurer must keep the debt service fund separate from all other funds in the county treasury. Bonds and coupons must be canceled when paid.</p>
15-1024	<p>Interest on bonds; sale; disposition of proceeds; definition</p> <p>Proceeds from the sale of bonds must be deposited with the county treasurer and recorded in the bond building fund. When bond proceeds are not needed for a period of ten days or more, the monies may be invested. Monies earned as interest on bond proceeds must be credited to the debt service fund unless the voters authorized the monies to be credited to the bond building fund.</p>

A.R.S. §	Title and Description
15-1025	<p>Investment and reinvestment of debt service fund</p> <p>The governing board of a school district may invest and reinvest all monies credited to the debt service fund of the district. The monies may be invested and reinvested in various securities listed in subsection B of this statute. The purchase of the securities must be made by the treasurer or the treasurer's designated agent upon authority of a resolution of the governing board. The treasurer is the custodian of all securities so purchased.</p>
15-1027	<p>Administration of school district debt service funds by county treasurer</p> <p>Separate accounts must be maintained for each school district debt service fund. On or before the fifteenth day of the month, the treasurer must credit the debt service fund with all interest earned by the fund.</p>
15-1028	<p>Disposition of surplus tax monies</p> <p>Monies remaining in the debt service fund of a school district after payment of a bond issue may be used to pay other bonded indebtedness or, on written request from the governing board of the school district, must be transferred to the general fund of the school district.</p>

## **TITLE 22—JUSTICES OF THE PEACE AND OTHER COURTS NOT OF RECORD**

### **Chapter 2—Civil Proceedings in Justice Courts**

22-281	<p>Fees and deposits</p> <p>The treasurer must distribute or deposit all of the monies received from the justices of the peace in accordance with subsections C and D of this statute.</p>
22-284	<p>Electronic filing and access; fee; county judicial collection enhancement fund</p> <p>Access fee monies collected by the justice court according to this section must be deposited with the county treasurer and expended to improve access to justice court records, subject to the approval of the presiding judge of the superior court. The treasurer must invest the monies, and interest earned on these monies must be deposited with the fee monies that are deposited according to this statute.</p>

## **TITLE 25—MARITAL AND DOMESTIC RELATIONS**

### **Chapter 3—Dissolution of Marriage**

25-354	<p>Children's issues education fund; report</p> <p>Establishes a children's issues education fund consisting of monies collected according to A.R.S. §25-355. On notice of the presiding judge, the treasurer must invest monies in the fund and interest earned must be credited to the fund. On or before August 10 of each year, the treasurer must submit a report to the presiding judge of the superior court that shows the amount of monies in the fund.</p>
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A.R.S. §	Title and Description
<b>Chapter 4—Child Custody and Visitation</b>	
25-412	<p>Expedited child support and visitation fund</p> <p>Establishes an expedited child support and visitation fund consisting of monies received according to A.R.S. §12-284, subsection D. The treasurer may invest monies in the fund. Interest earned on investments must be deposited in this fund.</p>
25-413	<p>Domestic relations education and mediation fund; report</p> <p>Establishes a domestic relations education and mediation fund consisting of monies received according to A.R.S. §12-284, subsection C. On notice of the presiding judge of the superior court, the treasurer must invest monies in the fund, and interest earned must be credited to the fund. On or before August 10 of each year, the treasurer must submit a report to the presiding judge of the superior court that shows the amount of monies in the fund.</p>
25-414	<p>Violation of visitation rights; penalties</p> <p>Fine monies collected by the superior court according to this paragraph must be transmitted monthly to the county treasurer. The county treasurer must transmit these monies monthly to the State Treasurer for deposit into the alternative dispute resolution fund established according to A.R.S. §12-135.</p>
<b>Chapter 5—Family Support Duties</b>	
25-515	<p>Child support automation fund; use; nonreversion</p> <p>Establishes the child support automation fund in each county consisting of monies received under A.R.S. §12-284, subsection E. Requires the clerk of the superior court in each county, in cooperation with the county board of supervisors, to administer the fund and expend fund monies subject to the board of supervisors' approval. The clerk of the superior court must use fund monies to improve, maintain, and enhance computer hardware, software, and automation systems used to collect court ordered child support. (This statute was repealed by Laws 2000, Chapter 312, Section 15, effective July 18, 2000. However, counties may continue to expend these monies for the purpose specified until the monies are exhausted.)</p>
<b>TITLE 28—TRANSPORTATION</b>	
<b>Chapter 7—Certificate of Title and Registration</b>	
28-2005	<p>Disposition of fees; county assessor's special registration fund</p> <p>Inactive monies in the assessor's special registration fund may be invested by the treasurer and any interest earned credited to the fund. All or any unexpended part of the fund's previous fiscal year balance may be transferred to the county fund for highway construction and maintenance.</p>
<b>Chapter 16—Taxes</b>	
28-5808	<p>Vehicle license tax distribution</p> <p>The county treasurer must distribute vehicle license tax monies received to the incorporated cities and towns of the county in accordance with subsection (B)(2)(C).</p>

A.R.S. §	Title and Description
<b>TITLE 31—PRISONS AND PRISONERS</b>	
<b>Chapter 1—Jails</b>	
31-121	Duty of sheriff to receive and provide for prisoners; contracts for furnishing food; city or town prisoners; employment; canteens; special services fund; insurance; education programs <p style="margin-left: 40px;">At the discretion of the board of supervisors or board of directors of a county jail district, the sheriff may maintain a canteen at any jail facility under his jurisdiction. The county treasurer should establish a special services fund in which the sheriff must deposit all profits from canteen and charge-a-call services.</p>
<b>TITLE 35—PUBLIC FINANCES</b>	
<b>Chapter 1—Budgetary and Fiscal Provisions for State Agencies</b>	
35-145	Control of taxes receivable from counties; statements from county treasurer; violation; penalty. The treasurer must remit to the State Treasurer, on or before the 15th day of each month, the portion of tax monies belonging to the State along with a statement of financial transactions in a form authorized by the State Treasurer.
<b>Chapter 2—Handling of Public Funds</b>	
35-323	Investing public monies; bidding; security and other requirements <p style="margin-left: 40px;">Defines those securities and deposits in which public monies may be invested; sets requirements for surety bonds and collateral; establishes restrictions on investments.</p>
35-324	Investment of trust funds; loan of securities; sale of permanent endowment securities <p style="margin-left: 40px;">Defines those securities in which trust fund monies may be invested; establishes conditions under which securities owned by the permanent endowment funds may be loaned to the financial or dealer community; sets requirements for selling permanent endowment securities at a price below par or cost.</p>
35-325	Servicing bank of public monies <p style="margin-left: 40px;">Bids must be solicited from banks no later than the first Monday in March for consideration as the servicing bank for the treasurer.</p>
35-327	Treasurer; duties; safekeeping of securities; warrants of financial officers; interest; exemptions; responsibilities <p style="margin-left: 40px;">Interest earned on investment of subdivision monies must be apportioned in accordance with general public fund accounting practices.</p>
35-328	Investment of sinking funds <p style="margin-left: 40px;">Monies in sinking funds may be invested and reinvested by the governing body or officer in charge of sinking funds.</p>

A.R.S. §	Title and Description
<b>Chapter 3—Public Indebtedness</b>	
35-459	Redemption of bonds and coupons Bonds and coupons must be redeemed at maturity and the word canceled must be written on the face of the bond and coupon.
35-465.04	Application of taxes; payment of notes Tax revenues pledged for the payment of tax anticipation notes must be set aside to repay the notes.
35-465.05	Investment of tax anticipation note proceeds; period of investment covenants Proceeds from tax anticipation notes may be invested in authorized securities. Covenants prescribing the period of investment and maximum investment yield may be contained in the resolution pertaining to the issuance of the notes.
35-465.06	Use of proceeds Proceeds from the sale of tax anticipation notes must be paid into the treasury of the taxing district.
35-467.04	Application of revenues, principal and interest redemption fund; payment of notes Establishes the revenue anticipation note principal and interest redemption fund to account for all revenues received by the taxing district from the issuance of revenue anticipation notes. A taxing district is a city, county, school district, or municipal corporation having the power to levy ad valorem taxes.
35-467.05	Investment of note proceeds; period of investment covenants Proceeds of revenue anticipation notes may be invested in authorized investments. Covenants prescribing the period of investment and maximum investment yield may be contained in the resolution pertaining to the issuance of the notes.
35-467.06	Use of proceeds Proceeds from the sale of revenue anticipation notes must be paid into the treasury of the taxing district.
35-473.01	Refunding bonds issued in advance of maturity of the bonds to be refunded; definition Authorizes the issuance of refunding bonds and defines methods of accounting.
35-491	Registration of bonds; payment of principal and interest; paying agent; security for deposits; record date; definition Authorizes the issuance of registered bonds and prescribes the method of payment of principal and interest on such bonds.
35-493	Collection and payment of bond through bank or trust company; effect The proceedings authorizing any bond may permit the registered holder to authorize any bank or trust company authorized to do business in this State to present the bond to the treasurer for payment of the principal. If the obligor has a fiscal agent outside of the State, the obligor may authorize any bank or trust company doing business where such agent is located to make the presentment.

A.R.S. §	Title and Description
35-513	<p>Rebate set-aside; authorization</p> <p>The treasurer may set aside at the direction of the governing board of any political subdivision or at the treasurer's discretion amounts sufficient to meet potential rebates to the federal government in consideration of retaining any exemption on federal income taxes for the interest income on the issuer's bonds.</p>
<b>TITLE 36—PUBLIC HEALTH AND SAFETY</b>	
<b>Chapter 1—State and Local Boards and Departments of Health</b>	
36-187	<p>County treasurer as treasurer of local departments of health; duties; collection of fees</p> <p>The treasurer must establish a health department fund and perform duties as treasurer of the health department.</p>
<b>Chapter 12—Public Housing</b>	
36-1511	<p>County housing trust fund; board; purpose; administration</p> <p>The Board of Supervisors may establish a county housing trust fund for projects and programs that provide affordable housing opportunities for low income households. The fund consists of the following:</p> <ol style="list-style-type: none"> <li>1. Monies appropriated by the board of supervisors.</li> <li>2. Any private, federal, state or local government grant, gift, or appropriation and monies designated by law for deposit in the fund.</li> <li>3. Investment earnings of the fund.</li> </ol>
<b>TITLE 37—PUBLIC LANDS</b>	
<b>Chapter 3—Acts of Congress Relating to State and Federal Lands</b>	
37-724	<p>Receipts from lease of public lands</p> <p>All monies received from leases of public lands within any county must be placed to the credit of the school district within the county in which the land lies. If the lands do not lie within a school district, the monies must be placed to the credit of the general school fund of the county.</p>
37-725	<p>Receipts from grazing district fees; district treasurer; duties</p> <p>All monies received from grazing fees of a grazing district regularly established and including public lands within the county must be deposited in a special fund designated the range improvement fund of the grazing district which shall be given a number. The treasurer of the county in which such public lands are located is the ex officio district treasurer of any federal grazing district located wholly or in part within the county. The treasurer must collect, receive, receipt, and account for all monies from such source, and must pay it upon the warrant of the grazing district signed by the chairman of the board of district advisors and countersigned by the vice-chairman thereof and the regional grazier in administrative charge of the district.</p>

A.R.S. §	Title and Description
<b>TITLE 38—PUBLIC OFFICERS AND EMPLOYEES</b>	
<b>Chapter 5—Social Security and Retirement</b>	
38-810	<p>Contributions</p> <p>Within ten working days after each payroll date, the county treasurer must transfer the contributions provided for in subsections A and C to the fund manager of the elected officials' retirement plan. In addition, the monies credited under subsection B must be transferred to the fund manager on or before the 15<sup>th</sup> day of each month that follows the month in which the fees were collected.</p>
<b>TITLE 41—STATE GOVERNMENT</b>	
<b>Chapter 4—Department of Administration and Personnel Board</b>	
41-736	<p>Forest reserve monies</p> <p>Forest reserve monies received must be deposited in the county general fund and disbursed as required by <a href="#">A.R.S. §11-497</a>.</p>
<b>Chapter 21—Arizona Criminal Justice Commission (ACJC)</b>	
41-2409	<p>State aid; administration</p> <p>Requires the ACJC to administer the state aid to county attorneys fund (<a href="#">A.R.S. §11-539</a>) and the state aid to indigent defense fund (<a href="#">A.R.S. §11-588</a>). ACJC must distribute monies in the fund to each county by September 1<sup>st</sup> of each year. Counties may expend the monies only for the purposes specified by A.R.S. §§11-539 and 11-588. The county treasurer must invest the monies distributed to the county and any interest earned must also be expended for the purposes specified in the above statutes.</p>
41-2417	<p>State aid to detention fund; definition</p> <p>A special account must be established by the treasurer for monies granted to a county by the Supreme Court from the state aid to detention fund that are used to secure the payment of bonds for the construction, acquisition or improvement of a juvenile detention center required by A.R.S. §8-305.</p>
41-2421	<p>Enhanced collections; allocation of monies; criminal justice entities</p> <p>Requires that 5 percent of monies collected by the county superior court, clerk of the court, and justice courts for specified fines, fees and other charges be transmitted to the county treasurer. The county treasurer must allocate these monies to the funds established in <a href="#">A.R.S. §§11-539, 11-588, 12-102.03</a>, and to the state treasurer for transmittal to the Department of Law for the processing of criminal cases.</p>



A.R.S. §	Title and Description
<b>TITLE 42—TAXATION</b>	
<b>Chapter 6—Local Excise Taxes</b>	
42-6111	<p>County capital projects tax</p> <p>Allows the board of supervisors of a county with a population of fewer than two million people, by a unanimous vote, to submit a proposed capital projects tax to the voters. Establishes a county transportation and capital projects fund with the state treasurer for each applicable county. Each month the state treasurer must distribute monies in the fund to the applicable county treasurer in a manner prescribed by the board of supervisors. Revenues may be used only for the purposes specified in subsection E.</p>
<b>Chapter 12—Property Classification</b>	
42-12052	<p>Review and verification of class three property; notice to owner; penalty; appeals</p> <p>When class three property is reclassified as class four due to the property owner's failure to respond to notices sent, the county treasurer must assess the taxpayer a penalty.</p>
<b>Chapter 16—Property Tax Appeals and Reviews</b>	
42-16258	<p>Correcting tax roll by county treasurer</p> <p>When the treasurer has reason to believe that any property that has been omitted from the roll has not been taxed in any other county for the year, the treasurer must list and request the assessor to determine the valuation of such property. The treasurer must enter the valuation on the roll.</p>
<b>Chapter 17—Levy</b>	
42-17254	<p>Assessment and collection of municipal taxes</p> <p>The treasurer must collect taxes for cities and towns in the manner provided for collection of county taxes.</p>
42-17255	<p>Remitting tax collections to municipality; receipt</p> <p>On or before the 15th day of each month, the treasurer must remit all tax monies collected for cities and towns for the previous month.</p>
<b>Chapter 18—Collection and Enforcement</b>	
42-18001	<p>County treasurer as tax collector; bond</p> <p>The treasurer is ex officio tax collector and must collect all property taxes, and apportion such taxes to the appropriate funds on or before the end of each month.</p>
42-18002	<p>Annual report by county treasurer; settlement of accounts; liability for failure to settle</p> <p>On or before August 15 each year, the treasurer must report to the board of supervisors the amount of taxes charged for the previous year, the total collections, the increase or decrease due to corrections, and the amount of unpaid taxes. The treasurer must keep the accounts of ex officio tax collector and of county treasurer separate and distinct. At the end of each month, all collections of the tax collector must be transferred to the accounts of the county treasurer, and the records of both tax collector and county treasurer must so indicate.</p>

A.R.S. §	Title and Description
42-18003	<p>Delivery of roll to county treasurer; resolution for collecting taxes</p> <p>Upon completion of the assessment and tax roll, the board of supervisors must adopt a resolution for the collection of taxes by the treasurer as provided by law from the persons named in the roll. The assessment and tax roll and the cross-index must be delivered to the treasurer on or before October 1. The roll attached to the board of supervisors' resolution for collecting taxes gives the treasurer authority to collect taxes.</p>
42-18051	<p>Notice of tax</p> <p>Immediately on receiving the tax roll from the board of supervisors, the treasurer must publish an official notice stating that taxes will be collected. The notice must specify certain information to include due dates and delinquency dates prescribed by A.R.S. §42-18052, and interest rates for delinquent payments as prescribed by A.R.S. §42-18053. No other demand for taxes is required. Eliminates interest on delinquent first-half taxes if the full-year tax amount is paid on or before December 31.</p>
42-18052	<p>Due dates and times; delinquency</p> <p>First and second halves of real and personal property taxes must be paid no later than October 1 and March 1, respectively. However, if the total amount of taxes is \$100 or less, the entire amount is due on October 1. Taxes become delinquent if unpaid by 5 p.m. on the first business day in November and May of each year.</p>
42-18053	<p>Interest on delinquent taxes; exception</p> <p>Taxes bear interest from the time of delinquency at the rate of 16 percent per year simple until paid. A fraction of a month is counted as a whole month.</p>
42-18055	<p>Posting payments; receipts</p> <p>When a tax is paid, the treasurer must enter the date of payment on the tax roll and credit the payment to the person or property that is liable for the tax. The treasurer also must give a receipt for the payment stating the information as required by this statute. The board of supervisors may establish procedures whereby receipts for tax payments made by check are issued only when requested by the taxpayer; no charge may be made for requested receipts.</p>
42-18056	<p>Partial payment of taxes; partial receipt</p> <p>Partial payments of taxes must be accepted by the treasurer in an amount of at least 10 percent of the installment and in an amount of at least \$10.</p>
42-18061	<p>Refund of overpayment due to change in tax roll; reversion of unclaimed refund</p> <p>Overpayment of taxes resulting from a change in the tax rolls must be refunded. If monies are available, the treasurer must pay the refund in the current year. If monies are not available, the board of supervisors must budget for the refund in the next fiscal year.</p>
42-18101	<p>Sale and foreclosure of tax liens; effect of insubstantial failure to comply</p> <p>The treasurer must secure the payment of unpaid delinquent taxes by using the provisions of this article and articles 4, 5, and 6 of this chapter to sell the tax liens provided for in A.R.S. §42-17154 and to foreclose the right to redeem.</p>
42-18102	<p>Delinquent tax record</p> <p>The treasurer must maintain a record of delinquent taxes, listing the properties, owners of record, and the amount of taxes, penalties, and interest due.</p>

<b>A.R.S. §</b>	<b>Title and Description</b>
42-18103	<p>Notice of delinquent taxes</p> <p>On or before September 1 each year, the treasurer must notify the property owners that delinquent taxes exist against real property.</p>
42-18104	<p>Taxes for which lien may be sold</p> <p>Delinquent taxes for which a real property tax lien may be sold must not be limited to a particular year or years. The treasurer must advertise and sell the tax lien for the aggregate amount of unpaid taxes that are delinquent on the property together with all penalties, interest, and charges respectively due for the current or preceding years.</p>
42-18105	<p>Limitation on sale for unpaid tax; exceptions</p> <p>No sale for unpaid taxes may commence later than five years after delinquency unless the sale is advertised within the five year period or the failure to advertise within five years of the delinquency is due to a restraining order or injunction issued by a court of competent jurisdiction.</p>
42-18106	<p>Delinquent tax list and notice of sale</p> <p>On or before December 31, the treasurer must prepare a list of all real property on which the taxes for prior tax years are unpaid and delinquent, and an accompanying notice (with the information required in subsection B) stating that the property is scheduled to be auctioned for the taxes, penalties, interest, and other charges.</p>
42-18107	<p>Additional penalty on listed property</p> <p>A penalty of \$5 or 5percent of the delinquent taxes for which the tax lien is being sold, whichever is greater, must be added to the amount of taxes delinquent on each parcel described in the list. This penalty is imposed and due on January 1 after the printing of the list as prescribed by A.R.S. §42-18106.</p>
42-18108	<p>Personal notice of proposed sale</p> <p>The treasurer must mail a copy of the notice of proposed sale to the owner of each parcel of property on the delinquent tax list at the owner's last known address.</p>
42-18109	<p>Publication and posting of list and notice</p> <p>The treasurer must publish the list and individual notice under A.R.S. §42-18106 once each week for two consecutive weeks in a newspaper of general countywide circulation. A copy of the list and notice must also be posted near the outer door of the treasurer's office and remain posted for at least two weeks before the date of sale.</p>
42-18110	<p>Affidavits of posting and publication</p> <p>The treasurer must record an affidavit from each newspaper that published the delinquent tax list and notice of the tax lien sale, as provided in A.R.S. §42-18109. The recorded affidavit is prima facie evidence of the recited facts in any action in the courts of the State.</p>
42-18112	<p>Time of sale</p> <p>The sale designated in the list provided in A.R.S. §42-18109 must be held in February. The sale must continue from day to day, Sundays and holidays excluded, until the tax lien on each parcel has been sold. If for any reason a real property tax lien cannot be advertised and sold at the time required, the treasurer must schedule the sale for a later date.</p>

A.R.S. §	Title and Description
42-18113	Procedure in the case of no bid; assignment to state Property not sold must be assigned to the State and a certificate of purchase prepared for each parcel.
42-18114	Successful purchaser Real property offered for sale for delinquent taxes must be sold to the person who pays the whole amount of delinquent taxes, interest, penalties, and other charges and accepts the lowest rate of interest if redeemed. As prescribed by §42-18053, the rate may not exceed 16 percent per year simple.
42-18116	Payment; resale or recovery on reneged bid; processing fee The purchaser of a real property tax lien must pay the purchase price in cash at the time of sale. If payment is not made, the tax lien must be resold. The purchaser must pay a processing fee of not more than \$10 per tax lien which must be deposited in the taxpayers' information fund.
42-18117	Record of tax lien sales The treasurer must make a correct record of all sales of real property tax liens known as the record of tax lien sales. This record must include the information described in this statute.
42-18118	Certificate of purchase or registered certificate; form; assignment; fee The treasurer must provide a certificate of purchase to each purchaser or assignee of property sold for delinquent taxes and collect a fee of \$10 for each certificate. The treasurer may provide for a registered certificate in the treasurer's records in lieu of delivering a physical certificate. The certificate of purchase or registered certificate must describe the real property on which a tax lien is being sold; state the date of the sale, name of purchaser, tax year or years for which the lien was sold, amount of taxes, interest, penalties, and other charges for which the tax lien was sold, and the rate of interest payable in order to redeem.
42-18119	Certificate of purchase as evidence of valid procedure The certificate of purchase or its certified copy is prima facie evidence of the correct performance and regularity of all acts pertaining to the tax lien sale and the validity and enforceability of the tax lien.
42-18120	Duplicate certificate of purchase; fee When a certificate of purchase is lost, destroyed or wrongfully withheld from the rightful owner, the purchaser of the certificate must file a notarized affidavit with the county treasurer attesting to the loss of the certificate. A fee of \$5 must be charged for the duplicate.
42-18121	Payment of subsequent taxes by certificate holder; fee On or after June 1 of each year, the holder of a certificate of purchase may pay subsequent taxes, accrued interest, and related fees then due on the real property. The treasurer must record the amount paid on the certificate of purchase or registered receipt and on the record of tax lien sales. A fee of \$5 must be collected from the holder for making the entries.

A.R.S. §	Title and Description
42-18122	<p>Resale of tax liens assigned to the state; fee</p> <p>The treasurer must sell, assign, and deliver a certificate of purchase to an individual who pays to the treasurer the whole amount then due, including interest, penalties, and charges, on real property tax liens previously assigned to the State. The purchaser must also pay the whole amount of subsequent taxes assessed on such real property and a fee of not more than \$10 from the assignee for making each assignment.</p>
42-18123	<p>Distribution of monies</p> <p>Monies collected for delinquent or back taxes must be distributed by the treasurer in the same manner and proportions as the law requires other taxes to be distributed. Other charges, interest, and penalties must be credited to the county general fund.</p>
42-18126	<p>Failure to perform duty by county treasurer; classification</p> <p>A treasurer who knowingly refuses or fails to publish and post the list and notice of delinquent tax sales before February 15, or knowingly refuses or fails to perform any of the duties imposed by this chapter, is guilty of a class 2 misdemeanor.</p>
42-18151	<p>Who may redeem real property tax liens; persons under disability; persons owning partial interest</p> <p>Real property tax liens sold for delinquent taxes may be redeemed by the owner, agent, assignee or attorney, or by a person having a legal or equitable claim in the property, including a certificate of purchase of a different date.</p>
42-18152	<p>When lien may be redeemed</p> <p>A real property tax lien may be redeemed at any time within three years after the date of sale, or before delivery of a treasurer's deed to the purchaser or the purchaser's heirs or assigns.</p>
42-18153	<p>Amount required for redemption</p> <p>To redeem a real property tax lien, a person must pay to the county treasurer the amount of the real property tax lien, with interest at the rate specified in the certificate of purchase, together with the amount of all taxes accruing after the sale and endorsed on the certificate of purchase, with interest on the subsequent taxes at the rate specified in the certificate of purchase.</p>
42-18154	<p>Certificate of redemption; issuance; contents; fee</p> <p>The treasurer must issue a certificate of redemption to the person redeeming the real property. The redemption must be recorded in the record of tax lien sales and a fee of \$10 must be collected for each certificate. The holder of a certificate of redemption may record the certificate of redemption in the office of the county recorder.</p>
42-18155	<p>Payment of redemption money to holder of certificate of purchase</p> <p>The treasurer must remit monies to the holder of the certificate of purchase for redeemed tax liens on surrender of the certificate.</p>
42-18201	<p>Action to foreclose right to redeem</p> <p>Three years after the sale of a tax lien, if the lien is not redeemed, the purchaser, the purchaser's heirs, or assignee may bring an action to foreclose the right to redeem.</p>
42-18204	<p>Judgment foreclosing right to redeem; effect</p> <p>If a judgment is entered foreclosing the right to redeem, the court shall direct the treasurer to execute and deliver a deed.</p>

A.R.S. §	Title and Description
42-18205	<p>County treasurer's deed; form</p> <p>Upon receipt of a certified copy of a judgment foreclosing the right to redeem real property, along with a fee of \$10 per parcel, the treasurer must provide a deed conveying the property to the purchaser. The deed must include required information as provided in this statute.</p>
42-18206	<p>Redemption during pendency of action to foreclose</p> <p>At any time prior to entry of a judgment foreclosing the right of redemption, any person entitled to redeem may redeem, even though an action has been commenced.</p>
42-18251	<p>Application for treasurer's deed; termination of administrative foreclosure of right of redemption</p> <p>For a tax lien that was sold on or before December 31, 1998, if after five years from the sale the owner has not redeemed the property, the purchaser of a tax lien may apply for a treasurer's deed under this article. The treasurer must not accept an application for a treasurer's deed under this article after December 31, 2003.</p>
42-18252	<p>Fees and costs</p> <p>The purchaser or assignee, at the time of applying for a treasurer's deed, must pay a fee of \$5 plus the estimated cost of the title search, notice publication, mailing of notices by certified mail, and posting notice on the property.</p>
42-18253	<p>Title search</p> <p>Before a deed can be delivered, a title search must be made to identify all parties with a legal or equitable interest in the property.</p>
42-18254	<p>Personal notice by certified mail</p> <p>The treasurer must give notice by certified mail to the owner of the property and any interested parties identified in the title search that a treasurer's deed has been applied for, and indicate the last date the property can be redeemed. The notice may be in the form outlined in this statute.</p>
42-18255	<p>Publishing notice</p> <p>In addition to mailing the notice as described in A.R.S. §42-18254, the treasurer must publish notice in a newspaper of general circulation once a week for two consecutive weeks that a treasurer's deed has been applied for, and include other information as prescribed in this statute.</p>
42-18256	<p>Posting notice on the property</p> <p>If the property is within the limits of an incorporated city or town, if it can be readily located, is reasonably accessible, and if any notice sent by certified mail under A.R.S. §42-18254 has not been delivered, a sign must be placed on the property indicating the property is subject to sale.</p>
42-18257	<p>Redemption after application for treasurer's deed; payment of fees and costs</p> <p>This statute defines amounts to be paid to redeem real property sold for taxes.</p>
42-18258	<p>Issuance of treasurer's deed; form</p> <p>If the real property is not redeemed before the date specified in the notice of application for treasurer's deed, the treasurer must, upon receipt of a fee of \$10, execute and deliver to the applicant a treasurer's deed conveying the real property sold at the tax sale.</p>

A.R.S. §	Title and Description
42-18261	<p>Application for treasurer's deed by board of supervisors on behalf of state</p> <p>If tax liens are not redeemed five years after assignment to the State, the county board of supervisors, acting on behalf of the State, may apply for and receive a treasurer's deed to the property.</p>
42-18262	<p>Costs; charge against county general fund</p> <p>The costs incurred by the county treasurer under this article are a charge against the county general fund until recovered through redemption of the tax lien or sale of the land under tax deed.</p>
42-18263	<p>Title search</p> <p>Before preparing a treasurer's deed under this article, a title search must be made to identify all parties with a legal or equitable interest in the property.</p>
42-18264	<p>Personal notice by certified mail</p> <p>At least 90 days before delivering a treasurer's deed, the county treasurer must mail a notice, by certified mail, to the owner of the property and any parties identified in the title search. The notice must state that the county board of supervisors has applied for a treasurer's deed on behalf of the State and must include the provisions as outlined in subsection C of this statute.</p>
42-18265	<p>Publishing notice</p> <p>In addition to mailing the notice as described in A.R.S. §42-18264, the treasurer must publish notice in a newspaper of general circulation once a week for two consecutive weeks that a treasurer's deed has been applied for, and include other information as prescribed in this statute.</p>
42-18266	<p>Posting notice on the property</p> <p>If the property is within the limits of an incorporated city or town, if it can be readily located, is reasonably accessible, and if any notice sent by certified mail under A.R.S. §42-18264 has not been delivered, a sign must be placed on the property indicating the property is subject to sale.</p>
42-18267	<p>Issuance of treasurer's deed; form</p> <p>If the property is not redeemed before the date stated in the notice, the treasurer must execute and deliver a treasurer's deed to the county board of supervisors, acting on behalf of the State.</p> <p>The treasurer's deed may be in the form as prescribed in subsection B.</p>
42-18401	<p>Collection of personal property tax by seizure and sale</p> <p>The treasurer may collect taxes due on personal property by seizure and sale if not otherwise collected.</p>
42-18402	<p>Seizure and sale of personal property about to be removed or concealed</p> <p>If a treasurer believes that personal property that is assessed taxes will be removed from the county, sold, concealed, or otherwise disposed of, the taxes with costs and charges will be collected by seizure and sale of the property.</p>

A.R.S. §	Title and Description
<b>Chapter 19—Unsecured Personal Property</b>	
42-19101	<p>Extension and levy of tax</p> <p>The rate of tax against personal property is the rate established pursuant to §42-17151 in the taxing jurisdiction where the property is located.</p>
42-19106	<p>Lien of taxes</p> <p>The tax levied against personal property is a lien against the property and is prior and superior over all other liens.</p>
42-19107	<p>Unlawful sale, transfer or removal of personal property; classification</p> <p>It is unlawful for the owner or any other person to sell or transfer personal property or remove it from its location until taxes are paid.</p>
42-19108	<p>Issuance of tax bill</p> <p>After personal property tax becomes delinquent, the treasurer must present a tax bill that directs the sheriff to seize and sell as much of the personal property as necessary to pay the taxes, interest, and costs of seizure and sale. The treasurer may issue the tax bill within 30 days after the first installment becomes delinquent; however, the treasurer must issue it within 30 days after the second installment becomes delinquent, or after the entire amount is delinquent. <b>A.R.S. §42-18052</b>. The tax bill must be in the form prescribed in this statute.</p>
42-19115	<p>Return of sale, distribution of proceeds</p> <p>The sheriff must pay to the treasurer monies received from the sale of property. Proceeds will be distributed as prescribed in this statute.</p>
42-19117	<p>Tax as debt against property owner; action to collect tax</p> <p>Upon request of the treasurer, the county attorney must bring action against the owner to collect delinquent personal property taxes.</p>
42-19118	<p>Clearing uncollectible tax</p> <p>Tax may be declared uncollectible according to provisions detailed in this section. The county treasurer must then prepare and submit a certificate of clearance to the board of supervisors. The certificate must include information as outlined in subsection B of this statute. On approval of the certificate, the treasurer must delete from all applicable records, the tax, interest, and penalty covered by the certificate, and must make appropriate notations that the deletion was made by the approval of a certificate of clearance and the number and date of the certificate.</p>

## TITLE 48—SPECIAL TAXING DISTRICTS

### Chapter 1—General Provisions

48-251	<p>Annual report</p> <p>Each nonexempt district that does not comply with the reporting requirements of this section within 30 days after receipt, by certified mail from the State Treasurer, of the notification of noncompliance, will be assessed a civil penalty of one hundred dollars per day for each day that the district remains in noncompliance. The county treasurer must transfer the penalty assessment to the State Treasurer from the monies of the district.</p>
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<b>A.R.S. §</b>	<b>Title and Description</b>
48-252	District budgets Each nonexempt district must submit its most recently adopted annual budget to the county board of supervisors and the county treasurer no later than July 10 of each year.

48-253	District audits and financial reviews Describes when an audit or financial review must be obtained by a district. In addition, requires the district to submit a copy of its completed audit or financial review to the county treasurer and the board of supervisors within one hundred eighty days after the close of the district's fiscal year.
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### **Chapter 5—Fire Districts**

48-807	County fire district assistance tax; annual budget Defines the county fire district assistance tax and the amount the county treasurer must pay to each fire district in the county from the proceeds of the tax. The distribution must be in accordance with subsection A of the statute. In addition, taxes levied and collected according to subsection F must be kept in a separate fund known as the fire district fund of the town or settlement for which collected.
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A.R.S. §	Title and Description
<b>TITLE 1—GENERAL PROVISIONS</b>	
<b>Chapter 2—Laws and Statutes</b>	
1-218	Filing by mail; date of filing
<b>TITLE 3—AGRICULTURE</b>	
<b>Chapter 1—Agricultural Administration</b>	
3-126	Annual county agricultural extension budget; tax levy; collection; expenditures
<b>TITLE 8—CHILDREN</b>	
<b>Chapter 1—Adoption</b>	
8-134	Confidential intermediary The cost of providing information according to the confidential intermediary program must be paid to the clerk of the court who will transmit the monies to the county treasurer for deposit in the juvenile probation fund.
<b>Chapter 2—Juvenile Court</b>	
8-241	Fees on disposition The clerk of the superior court must pay all monies collected from the fee imposed according to this statute to the county treasurer for deposit in the juvenile probation fund.
<b>Chapter 3—Juvenile Offenders</b>	
8-321	Referrals; diversions; conditions; community based alternative programs; definition The clerk of the superior court must pay all assessment monies collected according to this statute to the county treasurer for deposit in the juvenile probation fund.
8-346	Restitution fund; restitution contracts
<b>Chapter 6—Children’s Camps</b>	
8-553	License fee
<b>TITLE 9—CITIES AND TOWNS</b>	
<b>Chapter 1—Formation</b>	
9-136	State or county collected taxes
<b>Chapter 4—General Powers</b>	
9-404	Payment of outstanding taxes, penalties, and interest on acquiring property
<b>Chapter 8—Police and Fire Departments</b>	
9-955	Officers of board; meetings; procedures for disbursements

A.R.S. §	Title and Description
9-957	Powers and duties of board; investments; review of decisions
<b>TITLE 11—COUNTIES</b>	
<b>Chapter 2—Board of Supervisors</b>	
11-251	Powers of board Relates to the powers of the county board of supervisors.
11-260	Payment of outstanding taxes, penalties, and interest on acquiring property
11-268	Removal of rubbish, trash, weeds, filth, debris, and dilapidated buildings; violation; classification; removal by county; costs assessed; collection; priority of lien; definition
11-271	Authority to erect county buildings; bond issue; limitation
11-272	Bonds; interest limitation; form
11-275	Tax levy to pay bonds and interest; debt service fund
11-276	Redemption of bonds; notice; effect of failure to present bonds
11-309	Hospital enterprise; accounting; fund; administration; budget
11-380	Separate fund to pay interest and principal on maturing installment
<b>Chapter 3—County Officers</b>	
11-446	Payment of fees into county treasury
11-532	Powers and duties Relates to the powers of the county attorney including the requirement to pay all monies received by him in his official capacity to the county treasurer.
11-534	Effect of failure of county attorney to attend court If the county attorney fails to attend court, the court may designate another person and compensation will be paid by the county treasurer.
11-537	County attorney juvenile diversion fund
11-538	County attorney victim compensation fund; exemption from lapsing
11-600	Burial of indigent deceased; disposal of property
<b>Chapter 4—Fiscal Provisions</b>	
11-606	Collection and disposition of groundwater transportation fees; economic development fund
11-621	Payments from treasury on demand; exception; duty of auditor general; payment of loss; alternative procedure
11-626	Claims by supervisors
11-631	Warrants; record
11-632	Issuance of duplicate warrant
11-633	Warrants receivable for debt or taxes due county
11-636	Effect upon interest of notice of readiness to pay unpaid warrants
11-638	Application of funds when unpaid warrants not presented
11-641	Money illegally paid; liability; recovery

A.R.S. §	Title and Description
11-664	Suspension of county assessor or county treasurer; due process
11-665	Vacancy in treasurer's office; duty of board
	<b>Chapter 7—Intergovernmental Operations</b>
11-913	County free library district fund; custody
	<b>Chapter 11—Business Licenses</b>
11-1606	Transacting business without license; classification
	<b>TITLE 12—COURTS AND CIVIL PROCEEDINGS</b>
	<b>Chapter 1—Courts of Record</b>
12-116.01	Assessments; fund deposits
12-116.02	Penalty assessments; fund deposits
12-134	Mediation; fee
12-284	Fees
12-284.02	Electronic filing and access; fee
12-286	Investment of deposits; definition
12-287	Clerk of the superior court victim location fund; exemption from lapsing
	<b>Chapter 3—Fees and Costs</b>
12-305	Law library fund
	<b>TITLE 13—CRIMINAL CODE</b>
	<b>Chapter 8—Restitution and Fines</b>
13-811	Disposition of fines
	<b>Chapter 9—Probation and Restoration of Civil Rights</b>
13-901	Probation
	Fees assessed and collected by the clerk of the court according to this statute must be paid to the county treasurer for deposit in the adult probation services fund.
	<b>Chapter 18—Theft</b>
13-1811	County bad check trust fund; use of fund
	<b>Chapter 36—Family Offenses</b>
13-3616	Conditions of bond; forfeiture; disposition of proceeds recovered

A.R.S. §	Title and Description
<b>Chapter 38—Miscellaneous</b>	
13-3942	Delivery of unclaimed stolen or embezzled property to county sheriff The sheriff must sell stolen or embezzled property not claimed by the owner within six months, and remit the proceeds to the county treasurer.
<b>TITLE 14—TRUSTS, ESTATES AND PROTECTIVE PROCEEDINGS</b>	
<b>Chapter 5—Protection of Persons Under Disability and Their Property</b>	
14-5433	Probate fund; use
14-5603	Deposit of funds; investment plan
14-5604	Claim against estate for expenses
<b>TITLE 15—EDUCATION</b>	
<b>Chapter 2—State Governance of Schools</b>	
15-209	Disbursement of apportioned federal funds
15-210	Unlawful expenditure of federal monies
<b>Chapter 3—Local Governance of Schools</b>	
15-341	General powers and duties; immunity; delegation Relates to the powers of school district governing boards which includes depositing all monies received by the district other than student activities monies or monies from auxiliary operations with the county treasurer.
15-386	Insurance refund fund
<b>Chapter 4—School Elections</b>	
15-458	Formation of new district or districts by subdivision of existing district; division of assets The year in which a new school district or districts become operative, the county treasurer must certify the statement of cash and bonded indebtedness of the formerly existing school district as of the end of the fiscal year.
15-469	Lapsing of common school district; conditions; procedure; disposition of property of lapsed common school district The county school superintendent shall determine all unbonded indebtedness of the lapsed common school district and draw a warrant on the county treasurer in payment of the unbonded indebtedness.
<b>Chapter 5—School Employees</b>	
15-512	Noncertificated personnel; fingerprinting personnel; background investigations; affidavit; civil immunity; violation; classification; definition Fees charged for fingerprinting must be deposited with the county treasurer in the fingerprint fund of the school district.

A.R.S. §	Title and Description
<b>Chapter 9—School District Budgeting and Financial Assistance</b>	
15-913	Education program; juvenile detention centers
15-913.01	Education program; county jails
15-914.01	Accounting responsibility; definition
15-973	Apportionment of funds; expenditure limitation
15-991.01	Tax levy for property not located in a school district
15-992	School district tax levy; additional tax in districts ineligible for equalization assistance; definition
15-997	Authority of county officers as to funds, taxes and boundaries of joint common school district
15-998	Liability of treasurer for failure to keep separate account or give notice; enforcement
15-999	Preference of payment of warrants; use of balance of school fund remaining at close of fiscal year
15-1021	Limitation on bonded indebtedness; limitation on authorization and issuance of bonds
15-1029	Rights of bondholder; additional state tax
<b>Chapter 10—School District Funds and Related Operations</b>	
15-1101	Revolving funds; purpose and manner of procuring
15-1102	Disposition of proceeds from sale or lease of school property; school plant monies; payment of bonded indebtedness; definition
15-1103	Insurance proceeds fund; disposition of proceeds
15-1104	Unemployment compensation fund
15-1105	Civic center school fund; reversion to school plant fund; definition
15-1106	Permanent teacherage fund; uses; definition
15-1107	Litigation recovery fund; disposition of proceeds
15-1108	District services fund
15-1154	Operation of school meal programs by governing boards; school meal program fund; revolving fund
15-1204	Voucher; application; approval; requirements; budgets; prohibited uses; advances
15-1221	Bank account; federal savings bonds; withholdings; vendor electronic payments
15-1222	Bank account; employee income tax; withholdings
15-1223	Bank accounts; employee insurance; interest; accounting procedures
<b>Chapter 12—Community Colleges</b>	
15-1424	General powers of state board as body corporate; definitions
<b>Chapter 16—School Capital Finance</b>	
15-2021	Deficiencies correction fund
15-2031	Building renewal fund; definition
15-2041	New school facilities fund; capital plan

A.R.S. §	Title and Description
	<b>TITLE 16—ELECTIONS AND ELECTORS</b>
	<b>Chapter 4—Conduct of Elections</b>
16-624	Disposition of official returns and ballots
	<b>TITLE 17—GAME AND FISH</b>
	<b>Chapter 2—Game and Fish Department and Game and Fish Commission</b>
17-272	Voluntary contributions in lieu of property taxes
	<b>TITLE 22—JUSTICES OF THE PEACE AND OTHER COURTS NOT OF RECORD</b>
	<b>Chapter 1—Justice Precincts and Precinct Officers</b>
22-116	Funds in possession of justice of the peace; deposit with county treasurer; payment to claimants; disposition of unclaimed funds
22-117	Payment of compensation and expenses
	<b>TITLE 25—MARITAL AND DOMESTIC RELATIONS</b>
	<b>Chapter 3—Dissolution of Marriage</b>
25-355	Fees; exemption
	<b>TITLE 28—TRANSPORTATION</b>
	<b>Chapter 2—Administration</b>
28-372	Returned checks; fee
	<b>Chapter 4—Driving Under the Influence</b>
28-1382	Driving or actual physical control while under the extreme influence of intoxicating liquor; defenses; trial by jury; sentencing; classification
28-1383	Aggravated driving or actual physical control while under the influence; violation; classification; definition
	<b>Chapter 7—Certificate of Title and Registration</b>
28-2062	Mobile home delinquent unsecured personal property tax list
	<b>Chapter 16—Taxes</b>
28-5809	Record examination
	<b>Chapter 19—County Highways</b>
28-6704	Condemnation; federal-county highway; exception

A.R.S. §	Title and Description
28-6745	Commission expenses
28-6747	Sale of bonds; highway improvement fund; disposition of proceeds; use of surplus monies
28-6749	Cooperative contracts with federal government
<b>Chapter 21—State Highway Financing and Bonding</b>	
28-7652	Agreement for construction of bridge
28-7653	Bonds secured by bridge construction revenues
28-7656	Interest fund; redemption fund
<b>Chapter 24—Local Transportation Assistance</b>	
28-8103	Special lottery and vehicle license tax monies; fund distribution; notice; proposals; annual financial report; definitions
<b>TITLE 31—PRISONS AND PRISONERS</b>	
<b>Chapter 1—Jails</b>	
31-131	Operation of inmate industry program; special services fund; application of earnings
31-162	Inmate health services fund; audit
<b>Chapter 2—State Prison</b>	
31-227	Reimbursing county for expense of prosecution
<b>TITLE 33—PROPERTY</b>	
<b>Chapter 6.1—Deeds of trust</b>	
33-812	Disposition of proceeds of sale
<b>Chapter 11—Arizona Mobile Home Parks Residential Landlord and Tenant Act</b>	
33-1476.03	Assessments for mobile home relocation fund; waiver
<b>TITLE 35—PUBLIC FINANCES</b>	
<b>Chapter 2—Handling Public Funds</b>	
35-381	Acceptance of warrants in payment of debts; exception
35-382	Effect of acceptance of warrants by county treasurer
35-383	Charging warrant to respective funds
<b>Chapter 3—Public Indebtedness</b>	
35-427	Tax levy for amortization of bonds; determination of tax rate; additional levy; application of monies; violation; penalty



<b>A.R.S. §</b>	<b>Title and Description</b>
35-451	Local debt limit; exclusion of tax-exempt property; increase in limitation; authority to issue bonds
35-452	Election to authorize indebtedness; costs
35-453	Order for election
35-454	Informational pamphlet for election; review; election; return; canvass of vote; certificate of election
35-455	Issuance and sale of bonds; call for election
35-456	Amount, denomination and form of bonds
35-457	Sale of bonds; notice; bids; forfeiture of deposit; definition
35-458	Levy of tax for payment of interest and bonds
35-460	Erection of buildings; call for bids; publication; award of contract; bond; proprietary specifications; conditions of contract; phase construction
35-461	Payment of expenses of bond issues
35-466.01	Grant anticipation notes
35-466.02	Form of notes
35-466.03	Limitations on issuance of notes
35-466.04	Application of grant revenues; principal and interest redemption fund; payment of notes
35-466.05	Investment of note proceeds; period of investment covenants
35-466.06	Use of proceeds
35-468.03	Supplemental tax levy; interest fund; redemption fund
35-472	Form and contents of bonds; payment of principal and interest
35-475	Exchange or sale of bonds; record of bonds paid or retired
35-501	Department of revenue records of bond issues; debt level analysis and report
<b>TITLE 36—PUBLIC HEALTH AND SAFETY</b>	
<b>Chapter 1—State and Local Boards and Departments of Health</b>	
36-158	Authority to receive funds; disbursement
<b>Chapter 3—Vital Statistics</b>	
36-309	Compensation of local registrars
36-342	Fees received by state and local registrars
<b>Chapter 6—Public Health Control</b>	
36-602	Abatement of nuisances, sources of filth and causes of sickness; civil penalty; property assessment; procedure
<b>Chapter 29—Arizona Health Care Cost Containment System Administration</b>	
36-2905.01	Quality control sample; reimbursement by county of erroneous payments; definition

A.R.S. §	Title and Description
36-2905.02	Quality control analysis; county liability for erroneous payments; reimbursement by county; exclusion from error rate
	<b>TITLE 37—PUBLIC LANDS</b>
	<b>Chapter 2—Administration of State and Other Public Lands</b>
37-252	Taxation of lands sold
	<b>Chapter 3—Acts of Congress Relating to State and Federal Lands</b>
37-723	Distribution of money received from United States; appropriations to counties
	<b>Chapter 4—Acquisition of Private Real Property by State or Political Subdivision</b>
37-804	Payments of outstanding taxes, penalties, and interest on acquiring property
	<b>TITLE 38—PUBLIC OFFICERS AND EMPLOYEES</b>
	<b>Chapter 2—Qualification and Tenure</b>
38-252	County officers and employees blanket bond; amount; approval
	<b>Chapter 4—Compensation and Insurance</b>
38-614	Merit awards; county employees; merit award system board; special merit award fund
	<b>TITLE 41—STATE GOVERNMENT</b>
	<b>Chapter 7—Legislature</b>
41-1279.21	Powers and duties of auditor general relating to counties, school districts and community colleges
	<b>Chapter 8—Agencies of the Legislative Department</b>
41-1347	Preservation of public records
	<b>Chapter 11—State Department of Corrections</b>
41-1609.04	Reimbursing county for expense of prosecution; private prison
	<b>Chapter 16—Department of Building and Fire Safety</b>
41-2167	Arson detection reward fund; administration; purpose; receipts and disbursements
	<b>TITLE 42—TAXATION</b>
	<b>Chapter 5—Transaction Privilege and Affiliated Excise Taxes</b>
42-5035	Use of share of tax monies by counties; inclusion of estimate of anticipated tax collections in county budget

A.R.S. §	Title and Description
42-5410	Use of share of tax monies by counties; inclusion of estimate of anticipated tax collections in county budget
<b>Chapter 6—Local Excise Taxes</b>	
42-6108	Tax on hotels; credit
42-6109	Jail facilities excise tax; maintenance of effort; definition
42-6110	County capital projects tax
<b>Chapter 11—Property Tax</b>	
42-11004	Payment of tax as prerequisite to testing validity
42-11005	Suit to recover illegally levied, assessed or collected tax; refund
42-11007	Evidentiary value of records
42-11056	Department records of valuations; notifying department of changes in valuations
42-11102	Exemption for government property; application of procedural provisions
42-11109	Exemption for religious property; affidavit
<b>Chapter 12—Property Classification</b>	
42-12054	Change in classification of owner-occupied residence
42-12107	Penalties
42-12157	Recapture and penalty for false information or failure to notify of change in use
42-12159	Restoration of agricultural classification and valuation; refund
<b>Chapter 14—Valuation of Centrally Assessed Property</b>	
42-14153	Determining and reporting valuation
<b>Chapter 15—Assessment Process</b>	
42-15064	Assessing transient livestock; definition
42-15157	Destruction of property after rolls closed; proration of valuation and taxes
<b>Chapter 16—Property Tax Appeals and Reviews</b>	
42-16002	Changes and corrections in tax roll to reflect determinations on appeal
42-16214	Refund or credit of excess payments
42-16215	Transmitting judgment to county or department; correcting tax rolls
42-16254	Notice of claim; response; petition for review; appeal; definition
42-16256	Limitations
<b>Chapter 17—Levy</b>	
42-17005	Adjustments to levy
42-17051	Limit on county, municipal and community college primary property tax levy
42-17052	Values furnished by county assessor
42-17054	Levy limit worksheet

A.R.S. §	Title and Description
42-17055	Public inspection of values used in computing levy limitation
42-17151	County, municipal, community college and school tax levy
42-17152	Extending tax roll; limitation on residential property tax; effect of informalities
42-17153	Lien for taxes; time lien attaches; priority
42-17154	Attachment of lien to real and personal property, improvements and severed mineral rights
42-17201	County levy limit override
42-17302	Election to defer residential property taxes; qualifications
42-17303	Property entitled to tax deferral
42-17304	Deferral claim
42-17305	Filing the claim for deferral; appealing denied claim
42-17306	Certificate of deferral; record
42-17309	Sale of deferred tax liens to state; interest on lien
42-17310	Notices
42-17311	Events requiring payment of deferred tax
42-17312	Payment of deferred taxes; due dates and delinquency; enforcement of lien
<b>Chapter 18—Collection and Enforcement</b>	
42-18054	Tax statements for mortgaged property
42-18057	Payment of tax by part owner; lien for contribution
42-18058	Collection and payment of tax on livestock in feedlot or stockyard; exceptions
42-18111	Parcels; property description; designation of owner unnecessary
42-18124	Compromising taxes; interest and penalties; omission of tax or fund from action for collection
42-18125	Erroneous sales; officer's liability
42-18301	List of real property held by state under tax deed
42-18302	Notice of sale
42-18303	Auction and sale of land held by state under tax deed; disposition of proceeds
42-18351	Circumstances for abating tax and removing tax lien
42-18352	Determining existence of circumstances for abating tax and removing lien; action to recover illegally collected tax
42-18353	Certificate of removal and abatement; purging record of tax, penalty and interest
42-18403	Notice required before seizing railroad rolling stock
<b>Chapter 19—Unsecured Personal Property</b>	
42-19007	Return and certification of unsecured personal property tax roll On or before August 25, the assessor must transmit personal property valuations to the county treasurer.
42-19160	Delinquent taxes accruing under previous ownership; extension of due date; exemption of interest and penalty

A.R.S. §	Title and Description
<b>TITLE 44—TRADE AND COMMERCE</b>	
<b>Chapter 26—Electronic Transactions</b>	
44-7041	Creation; retention; conversion written records Each county must determine if, and the extent to which, it will create and retain electronic records and convert written records to electronic records. Counties must also comply with records retention requirements determined by the Arizona State Library, Archives, and Public Records and policies relating to the use of electronic signatures determined by the Secretary of State's office, as applicable.
<b>TITLE 48—SPECIAL TAXING DISTRICTS</b>	
<b>Chapter 1—General Provisions</b>	
48-242	Voluntary contributions of district revenues; method of determining valuations; properties included; credits against gross payment; time of payment
48-243	Distribution of contributions
48-248	Payment of outstanding taxes, penalties, and interest on acquiring property
<b>Chapter 2—Antinoxious Weed Districts</b>	
48-318	Alternative plan; costs as special assessment and lien of district; collection
<b>Chapter 4—Municipal Improvement Districts</b>	
48-608	Ordinance for collection of assessments by taxation
48-609.01	Special provisions pertaining to loan agreements. Describes county treasurer duties related to loan agreements between municipalities and the water infrastructure finance authority of Arizona.
<b>Chapter 5—Fire Districts</b>	
48-805	Fire district; powers and duties Relates to the powers and duties of the fire district board including warrants drawn on the county treasurer for money required to operate the district in accordance with the budget and, as so drawn, the warrants must be sufficient to authorize the county treasurer to pay from the fire district fund.
48-815	Dissolution of fire district; disposition of claims and fund balance
<b>Chapter 6—County Improvement Districts</b>	
48-935	Life of unpaid assessments; issuance of bonds; denominations; coupons; due date; funds
48-943	Redemption
48-945	Collections from sales; disposition of sale proceeds
48-962	Bond anticipation notes; form; procedures applicable
48-963	Revolving fund; lapsing provisions; separate fund

A.R.S. §	Title and Description
48-966	Refunding bonds
48-983	Payment of assessments; issuance and sale of bonds
48-985	Prepayment of assessment
48-986	Advancing maturity of bonds
<b>Chapter 8—Community Park Maintenance Districts</b>	
48-1210	Tax levies; delinquency assessment
<b>Chapter 10—Special Road Districts</b>	
48-1406	Special road tax; limitation on amount; election to exceed limits
48-1411	Payment of bonds; tax levy
<b>Chapter 11—Power Districts</b>	
48-1591	County treasurer; duties
48-1597	Payment of taxes by evidences of indebtedness; release of lands from bonded indebtedness
48-1599	Remittance of collections to district treasurer; division of collections into funds; disbursements; treasurer's report
48-1601	District warrants
<b>Chapter 13—Hospital Districts</b>	
48-1914	Budget
48-1915	Deposit and payment of district funds; investment and reinvestment of sinking fund
<b>Chapter 14—Sanitary Districts</b>	
48-2022	Sale of bonds; disposition of proceeds
48-2025	Tax levy to pay principal and interest of bonds
48-2027	Fees, rentals and service charges; reserve fund; investments; lien
<b>Chapter 16—Health Service Districts</b>	
48-2216	Sale of bonds; disposition of proceeds
48-2220	Tax levy to pay principal and interest of bonds
<b>Chapter 17—Agricultural Improvement Districts</b>	
48-2415	Entry of tax on roll; collection
48-2417	Payment of district taxes without paying other taxes
48-2418	Transmittal to district treasurer of monies collected by county treasurer
48-2422	Payment of warrants; reports of district treasurer
<b>Chapter 18—Drainage and Flood Protection Districts</b>	
48-2701	District treasurer
48-2705	Entry of tax on roll; collection of taxes and assessments

A.R.S. §	Title and Description
48-2707	Payment of district taxes without paying other taxes
48-2735	Tax levy; entry on assessment roll; collection of tax and assessments
48-2756	Terms of bonds; form; interest rate; record of sales
<b>Chapter 19—Irrigation and Water Conservation Districts</b>	
48-3111	District treasurer
48-3117	Acceptance of warrants of district in payment of district taxes
48-3118	Payment of district taxes without paying other taxes
48-3123	Issuance of certificate of release upon payment of bonded indebtedness
48-3124	Remittance of collections to district treasurer; division of collections into funds; disbursements
48-3126	Payment of claims; imprest fund; purpose
<b>Chapter 20—Irrigation Water Delivery Districts</b>	
48-3473	Estimate of expenses; levy and collection of taxes
48-3474	Credit on district taxes for irrigation project charges against lands within project
<b>Chapter 25—County Jail Districts</b>	
48-4002	Board of directors; administrative powers, duties and immunities
48-4023	Property tax levy
48-4024	County maintenance of effort
48-4025	County jail district general fund; annual audit
<b>Chapter 26—Stadium Districts</b>	
48-4203	Powers and duties of board of directors; conflict of interest; classification Designates the county treasurer as the treasurer of a countywide district established under A.R.S. §48-4202(A).
<b>Chapter 31—Special Health Care District</b>	
48-5561	Deposit of district monies
48-5563	Budget and tax levy
48-5569	Investment and reinvestment of sinking fund
48-5706	Powers of agriculture preservation district
48-5708	Fees, rentals, and service charges
48-5709	Dissolution of agriculture preservation district; disposition of property; tax for outstanding indebtedness
<b>Chapter 33—Public Health Services Districts</b>	
48-5904	Powers and duties of district Designates the county treasurer as the treasurer of a public health services district established under A.R.S. §48-5902(A).
48-5905	Transaction privilege tax; property tax

**Accrued Interest Receivable**—Interest on investments that has been earned but not received at the reporting date. This includes interest purchased.

**Active Deposit**—Monies on deposit with the treasurer and required for payment of normal operations.

**Advance Refunding Bonds**—Bonds issued to refinance an outstanding bond issue before the date the outstanding bonds become due or callable. Proceeds of the advance refunding bonds are deposited in escrow with a fiduciary, invested in U.S. Treasury bonds or other authorized securities, and used to redeem the underlying bonds at their maturity or call date and to pay interest on the bonds being refunded or the advance refunding bonds.

**Agency**—An entity with monies on deposit with the county treasurer. The agency numeric code of the account code structure identifies the specific entity.

**Agency Account**—Part of the account code structure. The agency account numeric code identifies the agency's fund or group of funds, as applicable.

**Allowance for Uncollectible Taxes**—An account used to record the portion of taxes receivable estimated to be uncollectible. The balance of this account is shown as a deduction from the taxes receivable account to which it relates.

**Arbitrage**—The simultaneous purchase and sale of the same or an equivalent security in order to profit from price discrepancies. The most common occurrence of arbitrage involves the investment of the proceeds from the sale of tax-exempt securities in a taxable money market instrument that yields a higher rate, resulting in interest revenue in excess of interest costs.

**Assess**—To establish an official property value for taxation.

**Assessed Valuation**—A valuation determined by the county on real and personal property to be used as a basis for levying taxes.

**Assessment Roll**—In the case of real property, the official list containing the legal description of each parcel of property and its assessed valuation. The name and address of the last known owner are usually shown. In the case of personal property, the official list containing the name and address of the owner, a description of the personal property, and its assessed value.

**Bearer Bond**—An unregistered bond on which interest and principal are payable to the holder. On transfers, endorsement is not required.

**Bond**—A written promise to pay a specified sum of money (called the face value or principal amount) at a specified future date, together with interest until maturity, secured by the issuer's faith and credit.

**Bond Anticipation Notes**—Short-term interest-bearing notes issued in anticipation of improvement bonds to be issued at a later date. The notes are retired from proceeds of the improvement bond issue to which they are related.

**Bond Discount**—The difference between the present value and the face amount of bonds when the former is less than the latter.



**Bond Premium**—The difference between the present value and the face amount of bonds when the former is greater than the latter.

**Callable Bonds**—A type of bond with a feature that permits the issuer to pay the obligation before the stated maturity date by giving notice of redemption in a manner specified in the bond contract.

**Capital Projects Fund**—A fund established to account for bond proceeds or other financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**Cash**—Currency, coin, checks, warrants, money orders, and bank drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits.

**Certificate of Clearance**—A document issued declaring personal property taxes uncollectible after proper procedures have been followed.

**Certificate of Deferral**—A document issued to a qualified taxpayer for each qualified residence whose property taxes have been deferred for a taxable year.

**Certificate of Participation**—A unit of ownership in debt that is repaid from lease payments on capital projects or major equipment financing. The investors receive portions of the lease payments in proportion to the certificates they own. Certificates of Participation are contingent on annual appropriations of funds and security for them can range from nothing to the entire asset acquired.

**Certificate of Purchase**—A document issued when a tax lien on real property is sold because of unpaid and delinquent taxes. Title does not transfer until the owner's right to redeem has been foreclosed.

**Certificate of Redemption**—The document issued to a property owner who redeems the property by paying back taxes, interest, and fees.

**Certificate of Supplemental Interest Payments**—The ownership of a right to supplemental interest payments on a bond issue. Payments represent interest on the bonds that has been stripped away and sold separately from the bond.

**Change Fund**—Cash provided to a cashier to make change for cash transactions.

**Chart of Accounts**—A systematic list of all accounts used in an accounting system.

**Change in the Fair Value of Investments**—The difference between the fair value of investments at the beginning of the fiscal year and at the end of the fiscal year, taking into consideration investment purchases, sales, and redemptions.

**Check**—A bill of exchange drawn on a bank and payable on demand; a written order on a bank to pay on demand a specified sum of money to a named person, to his or her order, or to bearer out of money on deposit to the credit of the maker.

**Clearing Account**—An account used to accumulate debits or credits for the purpose of distributing them later among the accounts to which they are allocable, or for the purpose of transferring the net difference to the proper account.

**Collateral**—Assets pledged to secure deposits, investments, or loans.

**Current Taxes**—(1) Taxes levied and becoming due during the current fiscal period, from the time the amount of the tax levy is first established to the date on which a penalty for nonpayment is attached. (2) Taxes levied in the preceding fiscal period but becoming due in the current fiscal period, from the time they become due until a penalty for nonpayment is attached.

**Debt Service Fund**—A fund established to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.

**Deed**—A written, notarized instrument conveying an interest in real property.

**Delinquent Taxes**—Taxes remaining unpaid on and after the date on which a penalty for nonpayment is attached.

**Demand Bonds**—Long-term debt issuance with demand (“put”) provisions that require the issuer to repurchase the bonds upon notice from the bondholder at a price equal to the principal plus accrued interest.

**Deposit Transmittal**—A form prepared by the county departments to document monies received, and deposited directly into the county’s servicing bank account, or with the county treasurer.

**Effective Interest Rate**—The rate of earning on a bond investment based on the actual price paid for the bond, the coupon rate, the maturity date, and the length of time between interest dates, in contrast with the nominal interest rate.

**Electronic Funds Transfer**—An alternative method of disbursing monies other than by a county warrant. Must be authorized by the board of supervisors. **A.R.S. §11-493(5)**.

**Eligible Depository**—Any commercial or savings bank or savings and loan association having either an Arizona branch or its principal place of business in Arizona and insured by the Federal Deposit Insurance Corporation or its successor or any other insuring instrumentality of the United States according to the applicable federal law; or credit union that is insured by the National Credit Union Administration or its successor.

**External Investment Pool**—An arrangement that commingles (pools) the monies of more than one legally separate entity and invests, on the participants’ behalf, in an investment portfolio; one or more of the participants is not part of the sponsor’s reporting entity.

**Fair Value**—The amount at which a financial instrument could be sold or exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Fidelity Bond**—A written promise by a guarantor to indemnify the county against losses from theft, defalcation, and misappropriation of public funds by governmental officers and employees.

**Fiduciary Fund Type**—The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, other government units, and/or other funds.

**Foreclosure**—An action to satisfy a debt by obtaining ownership of the property securing the debt. The holder of a Treasurer’s Certificate of Purchase may then obtain a Treasurer’s Deed to the property.

**Fund**—A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions, or limitations.

**General Long-Term Debt**—Long-term debt expected to be repaid from governmental funds.

**General Obligation Bonds**—Bonds backed by the full faith and credit of the issuing governmental unit. More commonly, but not necessarily, general obligation bonds are considered to be those payable from taxes and other general revenues.

**Generally Accepted Accounting Principles (GAAP)**—Uniform minimum standards and guidelines for financial accounting and reporting. GAAP encompass the conventions, rules, and procedures necessary to define generally accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. The primary authoritative body on the application of GAAP for counties is the Governmental Accounting Standards Board (GASB).

**Grant Anticipation Notes**—Short-term, interest-bearing notes issued by a government in anticipation of grants to be received at a later date. The notes are retired from proceeds of the grants to which they are related.

**Inactive Deposit**—Monies on deposit with the treasurer and not immediately required for payment of normal operations.

**In-Substance Defeasance**—An advance refunding in which the government is not legally released from being the primary obligor on the refunded bonds, but the possibility of the government having to make additional payments is remote. See Advance Refunding Bonds.

**Interest and Penalties Receivable on Taxes**—The uncollected portion of interest and penalties on taxes.

**Interfund Transactions**—Transactions between funds of the same governmental unit. They include quasi-external transactions, reimbursements, residual equity transfers, and operating transfers.

**Internal Control**—Policies and procedures established to provide reasonable assurance that specific government objectives will be achieved.

**Internal Investment Pool**—An arrangement that commingles (pools) the monies of more than one fund or component unit of a reporting entity.

**Investment Income**—Includes interest, dividends, and the net increase or decrease in the fair value of investments.

**Investment Trust Fund**—A fiduciary fund type used by the sponsoring government to report the external portion of an external investment pool. The external portion belongs to legally separate entities that are not part of the sponsoring government's financial reporting entity.

**Journal**—A book of original entry, used to provide a detailed record of financial transactions and to support balances in the ledger.

**Journal Entry**—The original record of an accounting transaction or adjustment for errors in amount or classification, including the date, titles, and numbers of the accounts to be debited and credited, applicable amounts, and an explanation of the entry.

**Judgment**—An amount to be paid or collected by a governmental unit as the result of a court decision, including a condemnation award in payment for private property taken for public use.

**Legal Defeasance**—Occurs when debt is legally satisfied based on certain provisions in the debt instrument. An example of this is when refunded bonds are called and paid from the proceeds of the corresponding refunding bond issue.

**Levy**—(verb) To impose taxes, special assessments, or service charges for the support of governmental activities. (noun) The total amount of taxes, special assessments, or service charges imposed by a governmental unit.

**Lien**—A claim or charge on property for payment of a debt, obligation, or duty.

**Limited Property Value**—A value determined by A.R.S. §42-13301 that is used as the basis for assessing, fixing, determining, and levying primary property taxes.

**Nominal Interest Rate**—The contractual interest rate shown on the face and in the body of a bond and used to compute the amount of interest to be paid, in contrast to the effective interest rate.

**Object Code**—The part of an account code that identifies specific types of revenue, expenditure, or balance sheet accounts.

**Paid Warrants List**—A list of warrants paid that the county treasurer prepares and provides each month to the county school superintendent and applicable special districts.

**Prepayment of Taxes**—The deposit of money with the treasurer on condition that the amount deposited is to be applied against the tax liability of a designated taxpayer after the taxes have been levied and such liability has been established.

**Primary Property Taxes**—Ad valorem taxes (taxes based on value) levied against real property and improvements except for secondary property taxes.

**Public Deposit**—Public monies deposited in an eligible depository.

**Public Monies**—Includes all monies in the county treasury or coming lawfully into the possession or custody of the treasurer.

**Records Management**—A set of policies, procedures, and techniques designed to help ensure the proper retention and disposition of public records.

**Refunded Bonds**—Bonds for which payment at a specified future date(s) has been provided for by the issuance of refunding bonds.

**Refunding Bonds**—Bonds issued to retire bonds already outstanding. The refunding bonds may be used to provide the resources for redeeming outstanding bonds, or the refunding bonds may be exchanged with the holders of the outstanding bonds. Cash received is usually invested in securities and the securities are deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the refunded bonds.

**Registered Bond**—A bond whose owner is registered with the issuing government. A registered bond cannot be sold or exchanged without a change of registered owner. All government bonds are required to be registered bonds.

**Registered Warrant**—A warrant that is guaranteed by the treasurer for future payment because of present lack of money and which must be paid in the order of its registration. **A.R.S. §11-635**. In some cases, such warrants are registered when issued; in others, when first presented to the county treasurer by the holders.

**Regular Serial Bonds**—Serial bonds in which all periodic installments of principal repayment are equal in amount.

**Remittance**—To send or make a payment of money.

**Remittance Advice**—A printed form accompanying a remittance, indicating what debt it is meant to cover and detailing any adjustments, corrections, or deductions.

**Repurchase Agreement**—A generic term for an agreement in which a government (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower); the broker-dealer or financial institution transfers securities to the government and promises to repay the cash plus interest in exchange for the same securities or for different securities.

**Revenue Anticipation Notes**—Short-term, interest-bearing notes issued by a government in anticipation of revenue to be received at a later date. Revenues are limited to assessments, charges, fees, or other revenues derived from or associated with facilities existing and operating at the time the notes are sold.

**Revenue Bonds**—These bonds are generally used to finance the construction or acquisition of capital assets of revenue-producing projects and proprietary funds. The bonds are secured through revenues of the project, the full faith and credit of the government, or the assets purchased.

**Revolving Line of Credit**—A contract entered into by the board of supervisors with a financial institution in accordance with **A.R.S. §11-604.01**, allowing the county treasurer to borrow money to pay warrants of the county or a political subdivision of the county.

**Secondary Property Taxes**—Ad valorem taxes used to pay the principal, interest, and redemption charges on bonded indebtedness or other lawful long-term obligations issued or incurred for a specific capital purpose.

**Securities**—Bonds, notes, mortgages, or other forms of negotiable or nonnegotiable instruments.

**Serial Bonds**—Bonds whose principal is repaid in periodic installments over the life of the issue.

**Servicing Bank**—An eligible depository selected by the board of supervisors to perform the duties and services required by the treasurer. The servicing bank may or may not provide all banking services within the county.

**Special Assessment**—A compulsory levy made by a local government against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

**Surety Bond**—A written promise to pay damages or to indemnify against losses caused by the party or parties named in the document, through nonperformance or through defalcation. An example is a surety bond given by a contractor or by an official handling cash or securities.

**Tax Anticipation Notes (TANs)**—Notes issued in anticipation of the collection of taxes. Principal and interest on such notes must be paid solely from the taxes estimated to be received for the current fiscal year and from the proceeds of the sale of such notes. A.R.S. §35-465.01.

**Tax Liens**—Claims that governments have on properties until taxes levied against them have been paid.

**Tax Notice**—The treasurer's written notification to the taxpayer of the amount of taxes due, the dates payable, and the delinquency dates.

**Tax Roll**—The official list showing the amount of taxes levied against each taxpayer or property. Frequently, the tax roll and the assessment roll are combined, but even in these cases the two are distinguishable.

**Taxes**—Compulsory charges levied by a government to finance services performed for the common benefit.

**Taxes Levied for Other Governments**—Taxes levied by a reporting government for other governments that are paid to them when collected.

**Taxes Receivable—Current**—The uncollected portion of taxes a government has levied, which is due but has no penalty for nonpayment attached.

**Taxes Receivable—Delinquent**—Taxes remaining unpaid on and after the date on which a penalty for nonpayment is attached.

**Term Bonds**—Bonds whose principal becomes due on one date. Also called sinking fund bonds.

**Treasurer's Receipt**—A receipt prepared in a standard format, consecutively prenumbered, and issued in numerical sequence by the county treasurer for all monies received.

**Treasurer's Report**—A monthly report prepared by the county treasurer and submitted to the board of supervisors by the 15<sup>th</sup> day of the month that indicates the beginning account balance, total receipts, total transfers-in and transfers-out, total disbursements, and the ending account balance for the preceding month for each account maintained by the county treasurer. **A.R.S. §11-501.**

**Trust Funds**—Monies entrusted to the treasurer for preservation and investment, as prescribed by the statute or instrument establishing such funds.

**Uncollectible Delinquent Taxes**—That portion of delinquent taxes receivable estimated to be uncollectible.

**Uncollectible Interest and Penalties on Taxes**—That portion of interest and penalties receivable estimated to be uncollectible.

**Warrant**—A written order drawn by the board of supervisors, county school superintendent, or a special district directing the treasurer to pay a specified amount to a designated payee. Unlike checks, warrants are not necessarily payable on demand and may not be negotiable.

County treasurers should refer to the *General Retention Schedule for Counties* published by the Arizona State Library, Archives and Public Records, Records Management Division for guidance on proper record retention and disposition of their records.

Materials, forms, and assistance are available from the Records Management Division, 1919 West Jefferson, Phoenix, Arizona 85009, telephone (602) 542-3741 or [www.azlibrary.gov](http://www.azlibrary.gov).