

**Pinal County, Arizona**  
**Annual Expenditure Limitation Report**  

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**Year Ended June 30, 2022**

**Pinal County, Arizona  
Annual Expenditure Limitation Report  
Year ended June 30, 2022**

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**Independent Accountants' Report**

Honorable Members of the State Legislature

The Arizona Auditor General

Honorable Board of Supervisors of  
Pinal County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of Pinal County, Arizona (the County) for the year ended June 30, 2022, and the related notes to the report. The County's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

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

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

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

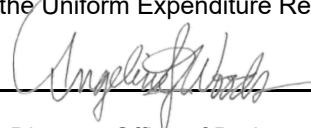
*Walker & Armstrong, LLP*

Phoenix, Arizona  
June 27, 2024

**Pinal County, Arizona**  
**Annual Expenditure Limitation Report—Part I**  
**Year ended June 30, 2022**  
**(Amounts in Thousands)**

1. Economic Estimates Commission expenditure limitation	\$	306,396
2. Amount subject to the expenditure limitation (total amount from Part II, line C)		<u>190,262</u>
3. Amount under the expenditure limitation	\$	<u><u>116,134</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of chief fiscal officer: 

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

Telephone number: (520) 866-6676 Date: June 27, 2024

**Pinal County, Arizona**  
**Annual Expenditure Limitation Report—Part II**  
**Year ended June 30, 2022**  
**(Amounts in Thousands)**

Description	Governmental funds	Enterprise funds	Internal service funds	Fiduciary funds	Total
A. Amounts reported on the reconciliation, line D	\$ 348,324	\$ 2,407	\$ 24,665	\$ 807,770	\$ 1,183,166
B. Less exclusions claimed:					
Debt service requirements (Note 2)	25,578	-	-	-	25,578
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	674	-	-	-	674
Trustee or custodian (Note 4)	3,052	-	-	807,770	810,822
Grants and aid from the federal government (Note 5)	45,568	138	-	-	45,706
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	5,458	-	-	-	5,458
Amounts received from the State of Arizona (Note 5)	21,563	15	-	-	21,578
Quasi-external interfund transactions (Note 15)	-	-	24,665	-	24,665
Amounts accumulated for the purchase for land, buildings, or improvements (Note 7)	19,896	-	-	-	19,896
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	24,003	-	-	-	24,003
Contracts with other political subdivisions (Note 5)	1,048	-	-	-	1,048
Refunds, reimbursements, and other recoveries (Note 9)	569	-	-	-	569
Amounts received for distribution to school districts (Note 8)	6,531	-	-	-	6,531
Prior years carryforward (Note 14)	6,376	-	-	-	6,376
Total exclusions claimed	<u>160,316</u>	<u>153</u>	<u>24,665</u>	<u>807,770</u>	<u>992,904</u>
C. Amounts subject to the expenditure limitation	<u>\$ 188,008</u>	<u>\$ 2,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,262</u>

See accompanying notes to report.

**Pinal County, Arizona**  
**Annual Expenditure Limitation Report—Reconciliation**  
**Year ended June 30, 2022**  
**(Amounts in Thousands)**

<u>Description</u>	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Internal service funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 379,237	\$ 1,892	\$ 27,548	\$ 807,770	\$ 1,216,447
B. Subtractions:					
Items not requiring use of current financial resources:					
Depreciation	-	366	-	-	366
Pension and other postemployment benefits (OPEB) expense (Note 12)	-	22	(16)	-	6
Claims incurred but not reported (IBNR) (Note 10)	-	-	2,909	-	2,909
Total expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 11)	19,584	-	-	-	19,584
Long-term care contributions the State Treasurer withheld (Note 13)	12,110	-	-	-	12,110
Present value of net minimum lease payments recorded as expenditures at the agreements' inception	79	-	-	-	79
Total subtractions	<u>31,773</u>	<u>388</u>	<u>2,893</u>	<u>-</u>	<u>35,054</u>
C. Additions:					
Capital asset acquisitions	-	864	-	-	864
Pension and OPEB contributions paid in the current year (Note 12)	-	39	10	-	49
County transfers to separate legal entities	860	-	-	-	860
Total additions	<u>860</u>	<u>903</u>	<u>10</u>	<u>-</u>	<u>1,773</u>
D. Amounts reported on part II, line A	<u>\$ 348,324</u>	<u>\$ 2,407</u>	<u>\$ 24,665</u>	<u>\$ 807,770</u>	<u>\$ 1,183,166</u>

See accompanying notes to report.

Pinal County, Arizona  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2022  
(Amounts in Thousands)

**Note 1 - Summary of significant accounting policies**

The annual expenditure limitation report (AELR) is presented as prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes (A.R.S.) §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; statement of cash flows for the proprietary funds; and the statement of changes in fiduciary net position for the fiduciary funds.

**Note 2** - The exclusion claimed for debt service requirements of \$25,578 in the Governmental Funds consists of principal payments of \$14,387 and interest payments of \$11,191.

**Note 3** - The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$674 in the Governmental Funds consists of expended investment earnings. Of the total investment earnings revenues of \$1,305 in the Governmental Funds, \$66 was included in the amounts deducted on the Reconciliation as expenditures of separate legal entities. An additional \$13 is already included as an exclusion for amounts received for distribution to school districts (see Note 9). Remaining revenues of \$552 in the Governmental Funds have been carried forward to future years.

**Note 4** - The \$3,052 exclusion claimed for trustee or custodian in the governmental funds consists of county contributions to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs; and in the fiduciary funds, the exclusion consists of \$807,770 in distributions to investment pool participants.

Pinal County, Arizona  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2022  
(Amounts in Thousands)

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

Description	Amount
Grants and aid from the federal government	\$ 45,568
Amounts received from the State of Arizona	21,563
Highway user revenues in excess of those received in fiscal year 1979-80	24,003
Contracts with other political subdivisions	1,048
Amounts received for distribution to school districts	5,321
Other revenues—(nonexcludable)	84,178
Amount carried forward	195
Total intergovernmental revenues as reported in the governmental fund financial statements	<u>\$ 181,876</u>

Description	Amount
Grants and aid from the federal government	\$ 138
Amounts received from the State of Arizona	15
Other revenues—(nonexcludable)	48
Total intergovernmental revenues and capital contributions as reported in the proprietary fund financial statements	<u>\$ 201</u>

**Note 6** - The exclusion claimed for grants, aid, contributions, or gifts from a private agency, organization, or individual of \$5,458 in the Governmental Funds, consists of contributions revenue expended. Of the total contributions revenues of \$5,943 in the Governmental Funds, \$484 was included in the amounts deducted on the Reconciliation as expenditures of separate legal entities.

**Note 7** - The \$19,896 exclusion claimed in the Governmental Funds for amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements consists of highways and streets expenditures for new road construction and major road reconstruction projects made from the accumulation of sales tax revenues approved by county voters and, therefore, is exempted from the expenditure limitation.

**Note 8** - The exclusion claimed of \$6,531 for amounts received for distribution to school districts consists of federal, state, and county revenues recorded as education expenditures for operating an accommodation school.

**Note 9** - The \$569 exclusion claimed in the Governmental Funds for refunds, reimbursements, and other recoveries consists of prior year voided warrants and refunds and insurance reimbursements. Such items are recorded as miscellaneous revenues (\$272) and other financing sources (\$297) in the financial statements. The remaining amount of \$1 is carried forward to future years.



Pinal County, Arizona  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2022  
(Amounts in Thousands)

**Note 10** - The \$2,909 subtraction for claims incurred but not reported consists of the estimated costs of claims incurred and expensed in the current year but not yet paid in the internal service fund.

**Note 11** - The subtraction of \$19,584 in the Governmental Funds, for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the County's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the Governmental Funds categories in the fund financial statements:

	Governmental Funds
<b>Special Assessment Districts</b>	
Highways and Streets	\$ 3,511
Health	13,057
Culture and recreation	3,016
Total	\$ 19,584

**Note 12** - The subtraction of \$6 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise/Internal Service Funds. The addition of \$49 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the Enterprise/Internal Service Funds.

	Enterprise funds	Internal service funds	Totals
<b><u>Statement of cash flows</u></b>			
Change in net pension and OPEB asset	\$ -	\$ -	\$ -
Change in deferred inflows related to pensions and OPEB	(5)	3	(2)
Change in deferred outflows related to pensions and OPEB	96	24	120
Change in net pension and OPEB liability	(108)	(53)	(161)
Total	\$ (17)	\$ (26)	\$ (43)

**AELR-Reconciliation**

Pension/OPEB contributions – addition	\$ 39	\$ 10	\$ 49
Pension/OPEB expense(income) – subtraction	(22)	16	(6)
Total	\$ 17	\$ 26	\$ 43

**Note 13** - The subtraction of \$12,110 for long-term care contributions the State Treasurer withheld consists of transaction privilege taxes withheld to meet the County's share of long-term care costs that was reported as a revenue and an offsetting expenditure in the County's governmental funds. Consequently, this expenditure has been subtracted on the Reconciliation.

Pinal County, Arizona  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2022  
(Amounts in Thousands)

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

	<u>Governmental Funds</u>	
<b>Description</b>		
Debt Proceeds	\$	6,376
Total prior years carryforward expended	\$	6,376

**Note 15** - The exclusion of \$24,665 claimed for quasi-external interfund transactions in the internal service fund includes employer and employees' medical contributions for health and other insurance. These expenditures are recorded as medical claims and services in the internal service fund. Of the total revenues of \$24,951 in the internal service funds, \$24,665 is claimed for exclusion and the remaining amount of \$286 is carried forward to future years.

**Note 16** - Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. A summary of the revenue sources and the changes in their balances is shown in the table below:

<u>Description</u>	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>
Debt proceeds	\$ 15,908	\$ -	\$ 6,376	\$ 9,532
Dividends, interest, and gains on the sale or redemption of investment securities	18,875	552	-	19,427
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	1,925	-	-	1,925
Amounts received from the State of Arizona	31,505	130	-	31,635
Quasi-external interfund transactions	127	286	-	413
Highway user revenues in excess of those received in fiscal year 1979-80	17,797	65	-	17,862
Contracts with other political subdivisions	10,465	-	-	10,465
Refunds, reimbursements, and other recoveries	7,282	1	-	7,283
<b>Total carryforward</b>	<b>\$ 103,884</b>	<b>\$ 1,034</b>	<b>\$ 6,376</b>	<b>\$ 98,542</b>