

Pinal County, Arizona
Annual Expenditure Limitation Report

Year Ended June 30, 2020

**Pinal County, Arizona
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Year ended June 30, 2020**

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Independent Accountants' Report

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, 2020, 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.

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
April 15, 2022

Pinal County, Arizona
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2020
(Amounts in Thousands)

1. Economic Estimates Commission expenditure limitation	\$ 280,136
2. Amount subject to the expenditure limitation (total amount from part II, line C)	\$ <u>151,693</u>
3. Amount under (in excess of) the expenditure limitation	\$ <u><u>128,443</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: Randee Stinson, Accounting and Reporting Manager

Telephone Number: 520-866-6264

Date: April 15, 2022

See accompanying notes to report.

Pinal County, Arizona
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2020

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Internal service funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 265,511	\$ 2,063	\$ 21,166	\$ 587,046	\$ 875,786
B. Less exclusions claimed:					
Debt proceeds (Note 8)	12,198				12,198
Debt service requirements (Note 2)	18,673				18,673
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	1,954				1,954
Trustee or custodian (Note 4)	3,038			587,046	590,084
Grants and aid from the federal government (Note 5)	28,510	268			28,778
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	1,237				1,237
Amounts received from the State of Arizona (Note 5)	21,085	13			21,098
Quasi-external interfund transactions (Note 15)			20,919		20,919
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 7)	4,922				4,922
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	19,228				19,228
Contracts with other political subdivisions (Note 5)	1,145				1,145
Refunds, reimbursements, and other recoveries (Note 10)	748				748
Amounts received for distribution to school districts (Note 5 and 9)	2,599				2,599
Prior years carryforward (Note 14)	510				510
Total exclusions claimed	<u>115,847</u>	<u>281</u>	<u>20,919</u>	<u>587,046</u>	<u>724,093</u>
C. Amounts subject to the expenditure limitation	<u>\$ 149,664</u>	<u>\$ 1,782</u>	<u>\$ 247</u>	<u>\$ -</u>	<u>\$ 151,693</u>

See accompanying notes to report.

Pinal County, Arizona
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2020

Description	<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	\$ 293,683	\$ 2,122	\$ 21,168	\$ 587,046	\$ 904,019
B. Subtractions:					
Items not requiring use of current financial resources:					
Depreciation		378			378
Pension and other postemployment benefits (OPEB) expense (Note 12)		73	13		86
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 11)	14,417				14,417
Long-term care contributions the State Treasurer withheld (Note 13)	<u>13,755</u>				<u>13,755</u>
Total subtractions	<u>28,172</u>	<u>451</u>	<u>13</u>	<u>-</u>	<u>28,636</u>
C. Additions:					
Capital asset acquisitions		358			358
Pension and OPEB contributions paid in the current year (Note 12)		<u>34</u>	<u>11</u>		<u>45</u>
Total additions	<u>-</u>	<u>392</u>	<u>11</u>	<u>-</u>	<u>403</u>
D. Amounts reported on Part II, Line A	<u>\$ 265,511</u>	<u>\$ 2,063</u>	<u>\$ 21,166</u>	<u>\$ 587,046</u>	<u>\$ 875,786</u>

See accompanying notes to report.

Pinal County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2020

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 \$18,673 in the Governmental Funds consists of principal payments of \$9,947 and interest payments of \$8,726.

Note 3 - The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$1,954 in the Governmental Funds consists of expended investment earnings. Of the total investment earnings revenues of \$2,899 in the Governmental Funds, \$158 was included in the amounts deducted on the Reconciliation as expenditures of separate legal entities. An additional \$46 is already included as an exclusion for amounts received for distribution to school districts (see Note 9). Remaining revenues of \$741 in the Governmental Funds have been carried forward to future years.

Note 4 - The \$3,038 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 \$587,046 in distributions to investment pool participants.

Pinal County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2020

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 - Governmental Funds	Amount
Grants and aid from the federal government	\$ 28,510
Amounts received from the State of Arizona	21,085
Highway user revenues in excess of those received in fiscal year 1979-80	19,228
Contracts with other political subdivisions	1,145
Amounts received for distribution to school districts	2,304
Other revenues—(nonexcludable)	58,357
Amount carried forward	
Total intergovernmental revenues as reported in the fund financial statements	\$ <u>130,629</u>

Description - Enterprise Funds	Amount
Grants and aid from the federal government	\$ 268
Amounts received from the State of Arizona	13
Other revenues—(nonexcludable)	43
Total intergovernmental revenues and capital contributions as reported in the proprietary fund financial statements	\$ <u>324</u>

Note 6 - The exclusion claimed for grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes of \$1,237 in the Governmental Funds, consists of contributions revenue expended. Of the total contributions revenues of \$1,843 in the Governmental Funds, \$380 was included in the amounts deducted on the Reconciliation as expenditures of separate legal entities. An additional \$226 is already included as an exclusion for amounts received for distribution to school districts (see Note 9).

Note 7 - The \$4,922 exclusion claimed in the Governmental Funds for amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements consists of highways and streets expenditures for new road construction and major road reconstruction projects made from the accumulation of sales tax revenues approved by county voters and, therefore, is exempted from the expenditure limitation.

Note 8 - The exclusion of \$12,198 claimed for bond proceeds in the Governmental Funds consists of the Pledged Revenue Bonds Payable, Tax-Exempt and Taxable Series 2019 proceeds spent for construction of various capital projects and purchase of capital assets. The remaining balance of unspent revenue bond proceeds of \$51,586 have been carried forward to future years.

Note 9 - The exclusion claimed of \$2,599 for amounts received for distribution to school districts consists of federal, state, and county revenues recorded as education expenditures for operating an accommodation school.

Pinal County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2020

Note 10 - The \$748 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 (\$536) and other financing sources (\$212) in the financial statements.

Note 11 - The subtraction of \$14,417 in the Governmental Funds, for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the County's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the Governmental Funds categories in the fund financial statements:

	Governmental Funds
Special Assessment Districts	
General Government	\$ 21
Highways and Streets	2,747
Health	9,073
Sanitation	3
Culture and recreation	2,573
Total	\$ 14,417

Note 12 - The addition of \$86 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 \$45 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.

Note 13 - The subtraction of \$13,755 for long-term care contributions the State Treasurer withheld consists of transaction privilege taxes withheld to meet the County's share of long-term care costs that was reported as a revenue and an offsetting expenditure in the County's governmental funds. Consequently, this expenditure has been subtracted on the Reconciliation.

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

	Governmental Funds
Description	
Debt Proceeds	\$ 510
Total Prior years carryforward expended	\$ 510

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