County Budget & Audit Guide

County Supervisors Association | Updated for 2025

County Supervisors ASSOCIATION of arizona

TABLE OF CONTENTS

County Supervisors ASSOCIATION of arizona

SUMMARY OF LEGISLATIVE CHANGES

Each year CSA will update this document with changes from the preceding legislative session. This summary will outline any changes impacting county financial operations.

For the 2025 regular session, the changes include:

County Revenues

CORP Employer Contribution Adjustment SB 1739: 2025-2026; criminal justice (*Kavanaugh)* As permanent law, increases the employer contribution rate for state corrections and county detention officers from 5.0% to 5.5%, effective July 1, 2026. The bill includes legislative intent language that indicates a $1M ongoing appropriation from the State to help offset the local government cost beginning in FY 2027, but funds are not advanced appropriated. *Laws 2025, Ch. 237*.

HB 2704: tax; distribution; county stadium district *(Weninger)* Redirects city, county, and state TPT revenues generated from business activities at Chase Field to the Maricopa County Stadium District Fund for the purposes of reconstructing, equipping, repairing, maintaining, or improving the stadium. Includes additional diversions of individual income tax, Phoenix local sales tax, and MAG regional transportation taxes. Caps the total amount of tax diversions to the district at $500 million, which is increased annually by 3%. JLBC staff estimates that the total TPT reduction to counties would be $(2.0) million, which consists of $(1.2) million for all counties statewide receiving a lower amount of shared revenue, and $(0.8) million for MAG. Modifies the board of directors from the county board of supervisors to an appointed board of directors and makes various other changes to how funds can be expended. Includes delayed repeal of tax diversions from and after December 31, 2025. *Laws 2025, Ch. 251*

Juvenile Dependency Proceedings Fund Distribution Change: SB 1739: 2025-2026; criminal justice *(Kavanaugh)* As permanent law, modifies distribution of the Juvenile Dependency Proceedings Fund (JDPF) to be based on juvenile dependency case filings, caps distribution to any single county at $250,000 annually. Change is effective on September 26, 2025 (General Effective Date). *Laws 2025, Ch. 237*.

SB 1144: jail facilities excise tax; extension *(Payne)* Permits *"the Board of Supervisors of any county that levies a jail facilities excise tax under § 42-9109.01"* – the Maricopa County Board of Supervisors – to call for a countywide election to authorize the levy of a transaction privilege tax that: **(a)** may only be used for specified purposes (the *"construction and renovation of adult and juvenile jail facilities,"* the maintenance and operation of such facilities, and the creation and implementation of *"other programs designed tor reduce the expense"* of such facilities), **(b)** is limited to rates of *"not more than 4% of the transaction privilege tax rate prescribed by § 42-5010 (A) applying to each person engaging or continuing in the county in a business taxed under Chapter 5, Article 1 of this title,"* and **(c)** *"may not continue for more than twenty years."* Requires the county to *"maintain its support of adult and juvenile jail facilities,"* and repeals the previously summarized provisions *"from and after December 31, 2027, if, as of that date, the tax has not been approved by the qualified voters."* Outlines required contents of the resolution and distribution. *Laws 2025, Ch. 155*.

SB 1122: property tax exemptions; inflation adjustment *(Mesnard)* Statute (§ 42-11111) quantifies the property tax exemption provided by the Arizona Constitution to Arizona residents – specifically, **(a)** "*widows and widowers*," **(b)** *"persons with total and permanent disabilities,"* and **(c)** "*veterans with service or nonservice connected disabilities"* – at $4,188, provided their total property assessment does not exceed $28,459. Veteran are entitled to a larger exemption via the multiplication of the total exemption amount "*by the percentage of the veteran's disability, as rated by the United States Department of Veterans Affairs."* Per statute, both the "*total allowable exemption amount"* and the *"total assessment limit amount"* are adjusted annually by the "*average annual percentage increase, if any, in the GDP price deflator in the two most recent complete state fiscal years."* **SB 1122** specifies that, for the "*total assessment limit amount"* the annual adjustment should originate from "*the annual percentage increase, if any, in the federal house price index for the two most recent complete state fiscal years."* *Laws 2025, Ch. 16*.

SB 1224: property tax; limited property value *(Mesnard)* As outlined in § 42-13302, a property's limited property value (LPV) is typically reset to reflect comparable properties of the same use or classification when the property undergoes significant changes - such as construction, demolition, or destruction - equal to 15 percent or more of its full cash value (also known as a *Rule B* calculation of LPV). Additionally, under the Arizona Constitution (Art. 9, § 18), residents age 65 or older whose income falls below a certain threshold may qualify for a valuation freeze on their primary residence if approved by the County Assessor. This "*senior freeze*" must be renewed triennially. **SB 1224** expands when a *Rule B* valuation is applied, such as: **(a)** when a property loses eligibility for the senior valuation freeze (due to a transfer of ownership or failure to reapply), or **(b)** when a property that previously qualified for a statutory valuation no longer qualifies. *Laws 2025, Ch. 96*.

Pensions and Employee Benefits

SB 1287: PSPRS; part-time employment *(Gowan)* From July 1, 2027 to July 1, 2031, allows employers and patrol police officers, sheriff's deputies and state highway patrol officers to enter into an agreement for part-time work and allows the employee to continue to earn service in the Public Safety Personnel Retirement System (PSPRS). Prescribes limitations on the period an employee can be part-time and requirements for participation. Requires the employer to pay the full actuarial cost of a disability pension if a member becomes eligible for one during their part-time service. Exempts school resource officers from return-to-work requirements. *Laws 2025, Ch. 183*.

SB 1551: workers' compensation; disability; definitions *(Leach)* Makes changes to the schedule of fees for workers' compensation to include services by "*providers of health care, dental care, and supplies*." Requires publication of fees on the Commission's website, *but not the Arizona Administrative Register*. Increases, from $25 to $100, the monthly dependent allowance provided to an employee in addition to compensation for a temporary total disability. Modifies the definition of "*interested party*" to include a third-party administrator – further specifying that any representative must be "*authorized*" – and amends the definition of "'*serve*' or '*service*" to **(a)** remove the requirement that the receiving party consent to receive electronic transmission of service, **(b)** specifying that electronic transmission can occur "*in a manner reasonably calculated to achieve effective notice,*" and **(c)** permitting the receiving party to opt-out of service entirely by providing written notice. *Laws 2025, Ch. 73*.

HB 2015: EORP; CORP; funded ratio *(Livingston)* Administrative changes to EORP and CORP statutes to conform with adopted Board of Trustees funding policy, which requires plans to be funded to 100% of the present value of benefits before reducing the normal cost contribution rate. *Laws 2025, Ch. 261*.

County Costs

SB 1035: postconviction relief proceedings; hourly rate *(Kavanagh)* Statute (§ 13-4041) establishes the hourly rate for contracted capital postconviction relief counsel at $100 an hour. This statutory rate cap has been in place since 1998 when the state was responsible for capital postconviction relief proceedings. Since then, the responsibility for capital postconviction relief proceedings has shifted to the counties, yet the $100 per hour compensation rate remains applicable to contracted counsel. SB 1035 allows a County Board to compensate this counsel at their discretion up to a limit of $200 an hour. *Laws 2025, Ch. 58*.

Delayed Repeal of Arizona Dept. of Juvenile Corrections Local Cost Sharing Fee: SB 1739: 2025-2026; criminal justice *(Kavanaugh)* Repeals, beginning in FY 2028-29, the local cost sharing fee to fund the Department of Juvenile Corrections. *Laws 2025, Ch. 237*.

Audits

HB 2369: auditor general; county treasurer; review *(Gress)* HB 2369 amends the responsibilities of the Legislature's Auditor General to include performing *"procedural reviews of County Treasurers' offices,"* which can include: **(a)** evaluating compliance with the Uniform System of Accounting for County Treasurers (*as internal controls for accounting and administration*), **(b)** compelling the County Treasurer to provide post-review updates on implementation of recommendations and correction of deficiencies, and **(c)** permitting longer review timeframes by the Auditor General if issues remain without correction. *Laws 2025, Ch. 250*.

HB 2368: auditor general; records; financial institutions *(Gress)* HB 2368 expands the Auditor General's authority to examine records, permitting the Auditor General – as well as any of their "*authorized representatives … in the performance of official duties*" – to access "*financial institutions' or financial enterprises' information, accounts, books, records, statements, reports, communications, transactions, or any other information relating to any state agency, board, commission, department, institution, advisory council or committee, or political subdivision of the state.*" Requires "*authorized representatives*" of these financial institutions or enterprises to provide "*all information requested by the Auditor General*" or their authorized representative "*in the form and at the time prescribed by the Auditor General.*" Specifies that costs or fees associated with producing the information requested by the Auditor General shall be paid by the audited entity. Further states that the financial institution or enterprise *"is not liable"* to any audited entity *"for providing to the Auditor General or Auditor General's authorized representatives information requested pursuant to this section."* *Laws 2025, Ch. 133*.

Miscellaneous

SB 1221: China; public funds; divestment *(Mesnard)* Prohibits a *"publicly managed fund"* – defined as *"a short-term or long-term investment structure that is managed, run, controlled, or otherwise overseen by this state or a political subdivision of this state"* – from investing in: **(a)** *"the People's Republic of China"* (PRC), **(b)** *"a company owned by"* the PRC, **(c)** a company *"domiciled, incorporated, or headquartered within"* the PRC, **(d)** a company *"controlled"* by the government of the PRC, the Chinese Communist Party (CCP), the Chinese military, or **(e)** *"any instrumentality of the government"* of the PRC, the CCP, or the Chinese military. Exempts companies that may be included *"solely because the company has a subsidiary or affiliate"* that may fall within the aforementioned criteria. Beginning on the general effective date, requires a *"publicly managed fund"* to begin divestment of applicable holdings and complete *"total disinvestment … as soon as financially prudent but not later than one year after the effective date."* To facilitate such disinvestment, requires funds to do one of the following: **(a)** review public information regarding their investments, *"including information provided by nonprofit organizations, research firms and governmental entities,"* **(b)** contact contract asset and fund managers that *"invest in companies and in funds that are owned by or are domiciled within China or whose primary affairs are conducted within China,"* **(c)** contact *"institutional investors"* that have either *"divested from or engaged with"* such companies, or **(d)** retain an *"independent research firm"* to identify fund investment holdings that would fall under SB 1221's criteria. Exempts funds from divesting from prohibited investments if **(a)** the holdings total less than 1% of the total value, and **(b)** the cost of divestment over the next five years is *"more than one percent of the value of the total holdings or investments otherwise prohibited."* Specifies that these requirements do not *"inhibit, conflict with, impede, or otherwise interfere with any required financial safeguards, fiduciary requirements, or other sound investment criteria that a publicly managed fund is subject to."* Provides a number of additional exemptions and protections, including: **(a)** exemptions from *"conflicting statutory or common law obligation or fiduciary duties with respect to choice of asset managers, investment funds, or investments,"* **(b)** immunities for *"acts and omissions,"* and **(c)** indemnification relating to decisions made to comply with SB 1221**.** States that the statute *"applies to any private equity or venture capital investments entered into or renewed from and after the effective date of this act."* *Laws 2025, Ch. 156*.

SB 1070: tax deed land sales; procedures *(Mesnard)* Statute (§ 42-18303) permits the Board of Supervisors to sell *"real property in the county held by the state by tax deed"* to – and further, to "*accept an offer … to purchase the property"* by - the owner of contiguous residential real property. Statute makes the execution of such a sale contingent on **(a)** the property for sale and the contiguous property having once been under common ownership (or part of a "*common area maintained by a homeowners' association*), and **(b)** the property for sale not later being used for separate purposes (or in conflict with "*recorded common area restrictions*"). SB 1070 expands the ability of property owners to make direct offers to nearby contiguous commercial and industrial properties and adds the requirement that the buyer agree "*to submit a request to the County Assessor to jointly assess the contiguous properties."* The bill also specifies how precedence must be determined in circumstances where two qualified owners of contiguous property submit offers, strips reference to "*common areas"* from the requirements, gives homeowners' associations their own separate authority to buy outlined property, and removes language specifying that statute does not apply "*if there is more than one contiguous parcel … that meets the requirements."* Finally, permits the Board of Supervisors to establish procedures for accepting monetary offers for real property, held by the state by tax deed, over the counter if the property was previously offered for sale at auction and not sold. *Laws 2025, Ch. 15*.

Flexibility Language

The FY 2026 state budget continued the authorizations for limited flexibility language. This omni-flexibility language is limited to $1.25 million for counties with a population under 250,000 persons. It also continues the requirement to report the use of flexibility language to JLBC by October 1, 2025. More information in Flexibility Language section.

To access other county-relevant bill summaries, including county touchpoints in the enacted FY 2026 state budget, please see CSA's 2025 Legislative Session Summary.

BUDGET AND TAXATION

Assessment Roll: By February 10th, the county assessor will send the values required to compute the levy limit to the Property Tax Oversight Commission (PTOC) and the county board of supervisors (BOS). The PTOC must approve any changes to the values after February 10th. The values will include the final equalized valuation of all property, minus any estimated exemptions, that appear on the tax roll for the current tax year. These values will be used for property tax decisions by the board.

The specific requirements for the assessment roll are found in A.R.S. § 42-17052.

Levy Limit: Article 9, Section 19, Arizona Constitution limits counties' ability to increase their primary property tax levy over the preceding fiscal year to not more than 2 percent plus an amount attributable to new construction.

The specific requirements for the levy limit are found in A.R.S. § 42-17051.

Annual Statement on Indebtedness

A.R.S. § 11-663 requires each BOS, prior to their first regular meeting in January, to solicit a statement from the clerk of the board showing the indebtedness of the county, both funded and floating, the amount of each class of indebtedness and their interest rates and the amount of money in the county treasury subject to payment of the indebtedness. The statement must also describe and give a valuation for all the property owned by the county and include the county's tax rate. The statement will be filed with the BOS at the January meeting and forwarded to the state, currently the Arizona Department of Administration (ADOA).

Expenditure Limit Calculation: Article 9, Section 20, Arizona Constitution, establishes the expenditure limitation for counties and cities and towns. The limit prohibits counties from increasing qualified expenditures over their FY 1980 level adjusted for population growth and inflation. The Economic Estimates Commission (EEC) is responsible for calculating the expenditure limit for each jurisdiction on an annual basis. The EEC issues preliminary expenditure limit calculations prior to February 1 (usually in mid-January) of each year and final expenditure limit calculations prior to April 1 (usually in mid-March) of each year.

Expenditure limit calculations can be found by clicking here. You can find additional resources regarding expenditure limits on CSA's website.

Tentative Budget: By the third Monday in July of each year, the board of supervisors must prepare a statement of the county's financial affairs for the preceding fiscal year (estimates of actuals may be used to account for the final months of the fiscal year) and an estimate of amounts required to meet the county's financial needs for the current fiscal year. This estimate, known as the operating budget, and a summary schedule of estimated expenditures and revenues will be entered in the governing body's minutes. These publications must be posted at the county administrative offices and county website no later than seven business days after the estimates are initially presented to the governing body. The estimates and a public hearing notice, along with information about where copies of the estimates can be found, must be published once a week for at least two consecutive weeks after the estimates are tentatively adopted in the official newspaper of the county, if there is one, and, if not, in a general circulation newspaper.

The specific requirements for the tentative budget can be found in A.R.S. § 42-17101.

County budget forms (used for both tentative and final budgets) can be found by clicking here.

Proposed Business Taxes or Fees Notifications

A.R.S. § 11-251.13 states a county BOS cannot levy or increase taxes or fees on a business unless they provide written notice of new or increased taxes on the homepage of the county's website at least sixty days before the date the proposed new tax or fee is approved or disapproved by the board. The board must demonstrate that the taxes or fees are imposed pursuant to statute. The notification requirements do not apply to fees adopted pursuant to section 11-1102 or taxes adopted pursuant to section 42-17107 or 48-254.

Final Budget: the final budget must be adopted after the public budget hearing outlined in A.R.S. § 42-17104 and prior to the adoption of tax levies. The county board of supervisors will determine and adopt estimates of proposed expenditures. The adopted estimates constitute the budget of the county for the current fiscal year. The total amounts that are to be spent in the budget must not exceed the total amounts of expenditures described in the tentative budget. A complete copy of the adopted budget must be posted on the county website no later than seven business days after final adoption and retained on the website for sixty months.

The specific requirements for the final budget can be found in A.R.S. § 42-17105.

Tax Rates: Using the values provided by the Assessor and the Department for Revenue (DOR), the BOS will set primary and secondary property tax rates. All tax rates are imputed as a rate per $100 of Net Assessed Value (NAV) and rounded to the fourth decimal place. The tax rates, when applied to a jurisdiction's NAV, will produce the entire amount intended to be raised by direct property taxation for that year. Within three days after a county determines its final levies, the county treasurer will notify PTOC of the amount of primary property taxes levied. Any amount of property tax levied by a county in support of an accommodation school will be considered to be part of the county's primary levy.

The BOS is required to include the adopted property tax rates, levies, and valuations for all taxing jurisdictions in a standard worksheet developed by DOR seven days after the adoption of those rates. The BOS is also required to post the worksheet prominently on the county's official website. A.R.S. § 42-17155.

The specific requirements for tax rates can be found in A.R.S. § 42-17151.

TRUTH IN TAXATION

TNT Posting Requirements Checklist - §42-17107 & §48-254

The following provides a checklist of the posting requirements for county and countywide special district levies subject to TNT notice statutes. Items highlighted in gray were added by Laws 2021, Ch. 98.

- ☐ Publish TNT notice that meets the following requirements:
  - ☐ 1/4 page in size, surrounded by black border at least 1/8th inch in width
  - ☐ In the form prescribed by §42-17107 (A)(1)(d) or §48-254(A)(1)(d), examples below
  - ☐ **Included in Tentative/Proposed Budget** (§42-17103; §48-252)
  - ☐ **Included in Final Adopted Budget** (§42-17105; §48-252)
  - ☐ Twice in a newspaper in general circulation
    - First notice: 14-20 days before hearing
    - Second notice: 7-10 days before hearing
    - In location other than classified or legal advertising section of newspaper
- ☐ **Issue press release AND post it on county website** containing the following:
  - ☐ TNT notice
  - ☐ Name of the newspaper in which TNT notice was published
  - ☐ Dates TNT notice was published

General Fund: By February 10 of each year, the county assessor will transmit and certify to PTOC and to the BOS the total net assessed values that are required to compute the levy limit. If the proposed primary property tax levy, excluding amounts that are attributable to new construction, is greater than the amount levied by the county in the preceding tax year, the county governing body will publish a public notice. The public notice must be published twice in a newspaper of general circulation in the county. The first publication must be at least fourteen but not more than twenty days before the date of the public hearing. The second publication must be between seven and ten days before the date of the hearing. The notice cannot be published in the classified or legal advertising section of the newspaper in which it is published, and it must be at least one-fourth page in size and surrounded by a solid black border at least one-

Truth in Taxation Hearing
Notice of Tax Increase

In compliance with section 42-17107, Arizona Revised Statutes, ___________ (name of county) is notifying its property taxpayers of ___________ (name of county)'s intention to raise its primary property taxes over last year's level. ___________ (name of county) is proposing an increase in primary property taxes of $___________ or _____%.

For example, the proposed tax increase will cause ___________ (name of county)'s primary property taxes on a $100,000 home to be $___________ (total proposed taxes including the tax increase). Without the proposed tax increase, the total taxes that would be owed on a $100,000 home would have been $___________.

This proposed increase is exclusive of increased primary property taxes received from new construction. The increase is also exclusive of any changes that may occur from property tax levies for voter approved bonded indebtedness or budget and tax overrides.

All interested citizens are invited to attend the public hearing on the tax increase that is scheduled to be held ___________ (date and time) at ___________ (location).

Figure 1: Truth in Taxation Notice

eighth inch in width. The "truth in taxation hearing notice of tax increase" headline must be in at least eighteen-point font. (Figure 1 shows an example)

Instead of publishing the TNT notice, the BOS may mail the notice to all registered voters in the county at least ten but not more than twenty days before the date of the hearing. In addition to publishing or mailing the TNT notice, the BOS must issue a press release containing the notice. The press release must be posted on the county's website and include the name of the newspaper of general circulation in which the TNT notice will be published and the dates on which the TNT notice will be published. Additionally, any necessary Truth in Taxation (TNT) notice must also be included in the county's proposed and final adopted budget.

The BOS is required to consider a motion to levy the increased property taxes by roll call vote and must also hold the TNT hearing on or before the adoption of the county budget. A motion to levy increased property taxes is required and must be approved by a unanimous roll call vote of the district board "if the proposed levy, exclusive of increased property taxes received from new construction, constitutes an increase over the preceding tax year's levy by fifteen percent or more." Within three days after the hearing, the BOS will mail a copy of the notice, a statement of its publication or mailing and the result of the BOS's vote to PTOC. If the BOS fails to comply with the TNT requirements, the BOS cannot fix, levy or assess an amount of primary property taxes that exceeds the preceding year's amount, except for amounts attributable to new construction.

The specific requirements of the General Fund TNT notice can be found in A.R.S. § 42-17107.

Truth in Taxation for Countywide Secondary Districts: By February 10 of the tax year, the county assessor will transmit the total net assessed values needed to compute levies to the governing body of each county **flood control** district, county free **library** district, county **jail** district and **public health** services district. If the proposed secondary property tax levy of the special taxing district, minus amounts attributable to new construction, is greater than the amount levied by the special taxing district in the preceding tax year the governing body must publish a public notice. The public notice must be published twice in a newspaper of general circulation in the county and the first publication must be at least fourteen but not more than twenty days before the date of the public hearing. The second publication must be at least seven but not more than ten days before the date of the hearing. The notice cannot be published in the classified or legal advertising section of the newspaper in which it is published and it must be at least one-fourth page in size and surrounded by a solid black border at least one-eighth inch in width. The "truth in taxation hearing notice of tax increase" headline must be in at least eighteen-point font. (Figure 2 shows an example)

Instead of publishing the TNT notice, the governing body can mail the notice to all registered voters in the special taxing district at least ten but not more than twenty days before the date of the hearing on the tax estimates. The governing body is also required to issue a press release containing the truth in taxation notice. The press release must be posted on the district's website and include the name of the newspaper of general circulation in which the TNT notice will be published and the dates on which the TNT notice will be published. Additionally, any necessary Truth in Taxation (TNT) notice must also be included in the district's proposed and final adopted budget.

If the governing body fails to comply with the above requirements they cannot fix, levy or assess an amount of secondary property taxes that exceeds the preceding year's amount, except for amounts attributable to new construction.

The specific requirements for the secondary district TNT can be found in A.R.S. § 48-254.

Truth in Taxation Hearing
Notice of Tax Increase

In compliance with section 48-254, Arizona Revised Statutes, ___________ (name of special taxing district) is notifying its property taxpayers of ___________ (name of special taxing district)'s intention to raise its secondary property taxes over last year's level. ___________ (name of special taxing district) is proposing an increase in secondary property taxes of $___________ or _____%.

For example, the proposed tax increase will cause ___________ (name of special taxing district)'s secondary property taxes on a $100,000 home to be $___________ (total proposed taxes including the tax increase). Without the proposed tax increase, the total taxes that would be owed on a $100,000 home would have been $___________.

This proposed increase is exclusive of increased secondary property taxes received from new construction. The increase is also exclusive of any changes that may occur from property tax levies for voter-approved bonded indebtedness.

All interested citizens are invited to attend the public hearing on the tax increase that is scheduled to be held ___________ (date and time) at ___________ (location).

Figure 2: Truth in Taxation Notice

Truth in Taxation Calculation

$$\boldsymbol{TNT\ Rate} = \frac{\boldsymbol{Previous\ Year\ Levy}}{(\boldsymbol{Current\ Year\ NAV - New\ Construction})}$$

Example:
Previous year Tax Rate: $1.0000 per $100NAV
Previous year NAV: $100,000,000
Previous year levy (Lpy): $1,000,000
Current year NAV (NAVcy): $110,000,000
New Construction (NC): $5,000,000
Current Year NAV subject to taxation in the previous year: $105,000,000

$$\boldsymbol{TNT\ Rate} = \frac{\boldsymbol{L_{py}}}{(\boldsymbol{NAV_{cy} - NC})} = \frac{\boldsymbol{\$1,000,000}}{\boldsymbol{\$110,000,000 - \$5,000,000}}$$

$$\boldsymbol{TNT\ Rate} = \boldsymbol{\$0.9524\ per\ \$100\ NAV}$$

THE AUDIT PROCESS

On July 1, each county will begin the audit process for the prior fiscal year. The audit, which counties must file with the Auditor General, is due within 9 months of the end of the fiscal year (March 31). The related financial statements must be posted in a prominent location on the county's official website within seven business days after filing them with the Auditor General. These statements must be retained and accessible on the county's website for at least 60 months.

If a county's audit is not submitted by March 31, the county must post a notice of pending financial statement filing, as provided by the Auditor General, on its website until the audit is posted. Additionally, if a county's audit is not completed and filed on or before the adoption of the county's final budget for the subsequent fiscal year, the budget must include the notice of pending financial statement filing. The Auditor General form for the notice of pending financial statement filing can be found here.

A copy of the notice must also be sent to the Auditor General, the Speaker of the House of Representatives, and the President of the Senate.

The BOS is also required to hold a hearing in which the auditor presents their findings within 90 days after the completion of a financial audit.

Special Taxing District Report

A.R.S. § 11-251.07 requires each BOS to compile a report, by October 1 of each year, of all the special taxing districts existing under Title 48 in that county, with the exception of those existing under Title 48, chapter 4 and chapter 6, articles 1 and 2. For each special taxing district the report will include the date of formation, total assessed valuation of the district, the district's tax rate and a number of other pieces of information. If a special taxing district's boundary has changed during the preceding year the county must submit a current map of the district's boundaries and a boundary change impact statement if required.

The specific requirements of the audit and posting requirements can be found in A.R.S § 11-661 and A.R.S. § 41-1279.07.

ANNUAL EXPENDITURE LIMIT REPORT (AELR)

By July 31 of each year, each county must provide the Auditor General with the name of the chief financial officer responsible for submitting the AELR. The AELR must be filed with the Auditor General within 9 months of the end of the fiscal year (March 31).

The specific requirements of the AELR can be found in A.R.S. § 41-1279.07.

To access the OAG forms and instructions for the AELR, please click here.

For the CFO Designation Form, please click here.

PSPRS PENSION FUNDING POLICY

Employers are required to annually adopt a pension funding policy for the system with PSPRS employees hired on or before July 1, 2017 (Tiers I & II). Stipulates that the policy includes funding objectives that address:

- Maintaining the stability of employer contributions
- How and when the plan will be fully funded

- Define the target funded ratio and a timeline to reach that target

Additionally, the policy must be posted on the county's website and employers must also transmit the pension funding policy to the PSPRS Board of Trustees. A.R.S. § 38-863.01.

For a sample pension funding policy, please click here.

PSPRS ACTUARIAL MODELER

PSPRS now provides an actuarial modeling tool to allow employers with PSPRS plans to estimate impacts of changes to actuarial assumptions, additional deposits and variable investment returns on employer contribution requirements, and funding status. To access the most recent version of the PSPRS Actuarial Modeler, please e-mail vanessaf@countysupervisors.org .

BONDING – CONTINUING DISCLOSURE

The Securities and Exhange Commission (SEC) requires underwriters and local governments issuing bonds to enter into a Continuing Disclosure Agreement (CDA). The CDA requires the local government to submit certain financial information to the Municipal Securities Rulemaking Board (MSRB) on an annual basis. This information is made available to the public through the MSRB's Electronic Municipal Market Access (EMMA®) platform.

To ensure timely compliance with SEC requirments, please reference your CDA and consult with your issuer about the specific disclosures and timelines for various submittals required.

For more information about CDAs, please click here.

For more information about EMMA, please click here.

COUNTY FLEXIBILITY LANGUAGE

In addition to statutory provisions, the State Budget signed by the Governor on June 27, 2025, included allowances for county financial flexibility. Please see below for a breakdown of the flexibility language contained in various parts of the state budget and statute.

Comprehensive Flexibility Language

As session law, allows counties with fewer than 250,000 persons (Apache, Cochise, Coconino, Gila, Graham, Greenlee, La Paz, Mohave, Navajo, Santa Cruz, Yavapai, and Yuma) to use up to $1.25 million from any source of county revenue, including countywide special districts controlled by the board of supervisors, to meet a county fiscal obligation for FY 2026. Counties are required to report whether the county used the flexibility language to the Joint Legislative Budget Committee (JLBC) by October 1, 2025, with the specific amount and revenue source.

Laws 2025, Ch. 243

A. Notwithstanding any other law, for fiscal year 2025-2026, a county with a population of less than two hundred fifty thousand persons according to the 2020 United States decennial census may meet any county fiscal obligation from any source of county revenue designated by the county, including monies of any countywide special taxing jurisdiction of which the board of supervisors serves as the board of directors. Under the authority provided in this subsection, a county may not use more than $1,250,000 for purposes other than the purposes of the revenue source.

B. On or before October 1, 2025, each county with a population of less than two hundred fifty thousand persons according to the 2020 United States decennial census shall report to the director of the joint legislative budget committee whether the county used a revenue source for purposes other than the purposes of the revenue source to meet a county fiscal obligation pursuant to subsection A of this section and, if so, the specific source and amount of revenues that the county intends to use in fiscal year 2025-2026.

Statutory Flexibility Language for State Cost Shifts

Restoration to Competency (RTC) Payments: A.R.S. § 13-4512 includes “flexibility language,” allowing counties to use any source of county revenue to pay for 100 percent of the costs associated with competency restoration treatment at the Arizona State Hospital. Session law excludes these payments from the county expenditure limitations.

A.R.S. § 13-4512

> *K. Notwithstanding any other law, a county may meet any statutory funding requirements of this section from any source of county revenue designated by the county, including funds of any countywide special taxing district of which the board of supervisors serves as the board of directors.*

Arizona Department of Juvenile Corrections (ADJC) Cost Shift: The FY 2025-2026 budget **repeals, beginning in FY 2028-29**, the local cost sharing fee to fund the Department of Juvenile Corrections. Currently, statute authorizes ADJC to assess a “committed youth confinement cost sharing fee” to each county with over three million persons (Maricopa County). A.R.S. § 41-2832 allows counties to use any source of county revenue to pay the fee and excludes county contributions from the expenditure limit.

A.R.S. § 41-2832

> *C. County contributions made pursuant to this section are excluded from the county expenditure limitations.*
>
> *D. Notwithstanding any other law, a county may meet the cost sharing requirements of this section from any source of county revenue designated by the county, including monies of any countywide special taxing jurisdiction in which the board of supervisors serves as the board of directors.*

BUDGET TIMELINE

	Deadline	Notification Requirements	Posting Requirements	A.R.S. Reference
Preliminary Expenditure Limit	February 1	EEC will notify counties of their preliminary expenditure limit for the upcoming fiscal year.	None.	41-563
Assessment Roll	February 10	County Assessor must send copies to the BOS and PTOC.	None.	42-17052
Final Expenditure Limit	April 1	EEC will notify counties of their final expenditure limit for the upcoming fiscal year.	None.	41-563
Tentative Budget	3rd Monday in July	The tentative budget together with a notice of a budget hearing must be published in a newspaper once a week for at least two consecutive weeks after the tentative budget is adopted.	Hard copy must be available at county libraries and admin offices. A copy must be posted on the county website 7 days after adoption and retained for at least 60 months.	42-17101
Truth-in-Taxation Hearing	On or before the Final Budget – may be held in conjunction with the budget hearing	Notice must be published twice in a newspaper with the first publication between 14 and 20 days before the hearing and the second notice between seven and 10 days before the hearing. The county must also issue a press release with the TNT notice (see above for requirements), press release must be posted on county website.		42-17107
Budget Hearing	On or before the 14th day prior to levying taxes	See above.	None.	42-17104
Final Budget	Prior to setting the levy	See above.	A copy must be post on the county website no later than 7 days after adoption and retained on the website for at least 60 months.	42-17105
Property Tax Rates Adopted	3rd Monday in August	Within three days after adoption, the chief county fiscal officer must notify PTOC of the amount of primary property tax levied.	Within 7 days of adoption.	42-17151 & 42-17155

AUDIT TIMELINE

	Deadline	Notification Requirements	Posting Requirements	A.R.S. Reference
Audit Process Begins	Spring	None.	None.	41-1279.21
CFO Designation	July 31	Counties must provide the Auditor General by July 31 of each year the name of the chief fiscal officer designated to submit the ELR.	None.	41-1279.07
Fuel and Gas Tax Reporting	December 31	Counties must publish an annual financial report for the prior fiscal year containing budget and actual expenditures of funds received from motor vehicle fuel and use fuel taxes. – While the language does not specifically require that counties post this report online, CSA encourages counties to do so.		28-6533
Audit and ELR Due Date	March 31	Audit and ELR must be submitted to the Auditor General by March 31 of each year.	The audit must be posted in a prominent location on the county website within 7 days of submittal and must remain there for 60 months.	41-1279.07 & 11-661
Notice of Pending Financial Statement Filing	Anytime a county does not submit their audit information by March 31	A copy of the Notice of Pending Financial Statement Filling must be sent to the Auditor General, the Speaker of the House, and the President of the Senate.	A county must post the Notice of Pending Financial Statement Filing on their website in place of the audit until the audit is complete.	11-661
Notice of Pending Financial Statement Filing – Budget	Adoption of subsequent year budget	See above.	If a county has not submitted their audit to the Auditor General by the time they adopt their final budget, the county must include a copy of the Notice of Pending Financial Statement Filing with their budget.	11-661
Public Hearing	Within 90 days of completing an audit pursuant to A.R.S. § 11-661	Auditor is required to present the audit results and findings to the BOS.	Must be done in a regular meeting without the use of a consent agenda.	11-661