County Budget & Audit Guide

County Supervisors Association | Updated for 2024

County Supervisors ASSOCIATION of arizona

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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 2024 regular session, the changes include:

Type 03 School District Fix

HB 2173: county aid; school districts; revisions *(Pingerelli)* Addresses confusion from 2022 legislation that introduced a new property tax levy for school district funding for type 03 school districts (where there is no designated high school for students residing in those areas). Modifications include capping the tax levy at the applicable qualifying tax rate (QTR) and requiring that the funds levied be transferred to the state along with the tax levied pursuant to 15-992 (B). Requires the BOS to direct the county treasurer to transmit any unexpended and unencumbered funds previously collected to the state treasurer (see sample resolution below). Additionally, the bill repeals conflicting sections of statute and removes references to county aid for equalization. Makes various sections retroactive to June 30, 2023 or December 31, 2023. *Laws 2024, Chapter 134*
***Sample Resolution* to direct county treasurer to comply with provisions in HB 2173.**

HB 2909: Taxation; 2024-2025 *(Livingston)* Outlines procedures for handling unspent funds from the 2023 tax year levy, directing county treasurers to transfer these funds to the state treasurer for the state general fund to aid in school financial assistance. Additionally, in select school districts where a type 03 school district is also a minimum QTR district, directs districts to use last year's new levy to reduce this year's minimum QTR in **ONLY the districts below**. If this year's 03 levy is less than last year's levy then any remaining amount will reduce the minimum QTR levy for this year.

Impacted Counties & School Districts

County	School District
Coconino	Chevelon Butte
Gila	Pine-Strawberry
Mohave	Yucca
Pima	Continental
Pinal	Oracle
Yavapai	Williamson Valley

Laws 2024, Chapter 221 Sec. 7

Retirement

2203: Public retirement plans; liabilities; administration (*Livingston)* With respect to PSPRS and CORP, statute currently states that if a member's employment is terminated by either the member or the employer, the total liability associated with the member's relevant service remains with the employer. HB 2203 states that if a member is reemployed in the same plan with a subsequent employer, "assets equal to the actuarially accrued liability earned with the previous employer through the date of reemployment shall transfer to the subsequent employer and all benefit liabilities for the member are attributed to that employer." Repeals language that prohibited a participant in the PSPRS Deferred Contribution Retirement Plan from taking loans on the assets accumulated in their annuity account. With respect to the "Elected Officials Defined Contribution Retirement System Disability Program," statute currently requires that employers and members transfer their contributions "within ten working days after each payroll date." HB 2203 amends § 38-840.04 statute to reflect that the 10% "per annum" penalty is to be compounded annually – rather than daily – for each day that contributions are late. In statute referencing supplemental defined contribution plans (§ 38-951 through § 38-953"), adds the "Elected Officials' Defined Contribution Retirement System" and the "Public Safety Personnel Defined Contribution Retirement Plan" to the definition of "eligible group" and specifies that a Supplemental Defined Contribution Plan does not replace a Defined Contribution Retirement Plan. *Laws 2024, Ch. 116*

Property Tax

HB 2408: property tax assessment; destroyed property *(Gillette)* Presently, a property owner whose property is destroyed after the County Assessor has closed the rolls may "file a notice of claim pursuant to § 42-16254" to "prorate the valuation of the property from the date of destruction." If the County Assessor finds that the property has been destroyed, they must compute the total tax burden by a) prorating the application of the tax rate to the initial assessed value to "the portion of the year the property was intact," and b) adding that to the product of the tax rate and "the reassessed valuer … for the balance of the year." HB 2408 specifies that the County Assessor may also trigger the post-destruction proration of a property's valuation through issuance of a "notice of proposed correction" and that "the County Assessor may maintain the property classification in place on the date of destruction for a period of five years or until an objectively verifiable change in use occurs, whichever is sooner." Finally, the bill defines "destroyed" and requires the County Assessor to notify the property owner of the post-destruction reassessment. *Laws 2024, Chapter 34*

HCR 2023: property tax; refund; nuisance enforcement *(Toma)* ***Pending voter approval in the 2024 general election***, permits a property tax-paying resident of a city, town, or county to apply for a refund of property tax paid in an amount "equal to documented expenses incurred by the property owner" that were necessary to mitigate a variety of acts – including illegal camping, obstructing public thoroughfares, loitering, panhandling, public urination or defecation, and more – that the locality maintains through "adopting and following a policy, pattern, or practice of declining to enforce existing laws, ordinances, or other legislation." Notes that city residents may only apply for a refund of the city's property tax. Additionally, permits this same opportunity for expenses necessary to address a locality's "maintenance" of a public nuisance. The refund amount is equal to the documented expenses incurred, paid in the manner prescribed by § 42-1118, and cannot exceed the property owner's primary property tax amount paid to the affected local government in the prior tax year. The property owner may apply for additional refunds in subsequent tax years if the nuisance persists. The local government must respond to refund applications within 30 days, or the refund is deemed accepted. The state treasurer will withhold funds from the local government's state TPT distribution to reimburse the refunds issued. Self-repeals after 2035. *House Concurrent Resolution 2023*

HB 2909: Taxation; 2024-2025 *(Livingston)* Maricopa County-only issue related to the **Qasimyar Class Action Lawsuit**, allows taxing entities that would have a 4% or higher increase in their tax rates from 2023 to issue tax anticipation notes maturing by July 31 of the fourth fiscal year after issuance. They can also request state loan commissioners to issue bonds to redeem or refund these notes. School districts affected by the judgment must estimate state aid adjustments and report them by August 1, 2024. The maximum cash deficit levy for fiscal year 2024-2025 will be the tax judgment amount minus the estimated state aid adjustment. Affected districts may issue tax anticipation notes or request state bonds if their 2024 property tax rate is estimated to be four percent or more than the 2023 rate. County treasurers must include a statement in tax bills for affected districts indicating a rate increase to cover litigation costs. School districts can use ending cash balances from June 30, 2023, to pay property tax refunds for fiscal year 2024-2025. Self-repeals after 2030 *Laws 2024, Chapter 221. Sec. 8,9*

Miscellaneous

HB 2382: TPT; sourcing; validation (*Carter)* Requires, by January 1, 2026, the Arizona Department of Revenue (ADOR) to establish a certification process for third-party providers (providers) who offer sourcing services to taxpayers for transactions involving tangible personal property. Directs the Director of ADOR (Director) to supervise third-party providers, establish minimum standards for certification, and post a list of certified third-party service providers on ADOR's website. The Director may investigate and audit providers. Finally, the bill deems a provider liable for an incorrect tax payment if an error in sourcing the transaction is to blame for failure to pay the correct amount of tax. Laws 2024, Chapter 142

HB 2318: state match fund; rural transportation (*Dunn)* Amends statute relating to the State Match Advantage for Rural Transportation (SMART) fund. Permits usage of the fund to reimburse monies used to match a federal grant, as well as to fund "design and other engineering services expenditures that meet federal standards for projects eligible for a federal grant." Requires applicants awarded funding for design and engineering services to a) apply for a federal grant, and b) repay the Department with monies obtained via a federal grant. Requires funds allocated to localities to be used for projects located in those localities. Expands eligibility for fund monies from "a political subdivision of this state" to "an entity that is eligible to receive a federal grant." Permits the Department to require additional documentation for the purposes of determining whether an applicant is eligible for a federal grant or whether the entity has the necessary financial and technical capacity. Permits the Department to assess whether applicant projects comply with federal statutes and establish factors for which it will give an applicant preference. Permits the Department to use up to 5%, rather than 1%, of the prior year's fund monies for administration. Prescribes the annual reallocation of unawarded monies across all existing subaccounts. Permits the recission of monies for projects that have received multiple awards and permits the State Board of Transportation to close applications for any category. *Laws 2024, Chapter 120*

SB 1059: judgements; interest rates (*Mesnard*) Presently, statute holds that interest on "any judgment other than a judgment on medical debt" is the lesser of "10% per year" or "a rate per year that is equal to one percent plus the prime rate as published by the Board of Governors of the Federal Reserve." Additionally, statute specifies that the "prime rate" is the rate in effect on "the date that the judgment is entered." SB 1059 specifies that "a change in the rate … takes effect on the first business day following publication by the Federal Reserve." *Laws 2024, Chapter 3*

Flexibility Language

The FY 2025 state budget signed by the governor on June 18, 2024 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, 2024. More information in Flexibility Language section.

To access other county-relevant bill summaries, including county touchpoints in the enacted FY 2025 state budget, please see CSA's 2024 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

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

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 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 18, 2024, 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 2025. Counties are required to report whether the county used the flexibility language to the Joint Legislative Budget Committee (JLBC) by October 1, 2024, with the specific amount and revenue source.

HB 2907 local government; 2024-2025 Sec. 1

> *A. Notwithstanding any other law, for fiscal year 2024-2025, 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, 2024, 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 2024-2025.*

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 2024-2025 budget 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 post 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