

State of Arizona
House of Representatives
Fifty-fourth Legislature
First Regular Session
2019

CHAPTER 209
HOUSE BILL 2241

AN ACT

AMENDING SECTION 41-1279.07, ARIZONA REVISED STATUTES; RELATING TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 41-1279.07, Arizona Revised Statutes, is amended
3 to read:

4 41-1279.07. Uniform expenditure reporting system; reports by
5 counties, community college districts, cities
6 and towns; certification and attestation;
7 assistance by auditor general; attorney general
8 investigation; violation; classification

9 A. The auditor general shall prescribe a uniform expenditure
10 reporting system for all political subdivisions subject to the
11 constitutional expenditure limitations prescribed by article IX, sections
12 20 and 21, Constitution of Arizona. The system shall include:

13 1. For counties:

14 (a) An annual expenditure limitation report that includes at least
15 the following information:

16 (i) The expenditure limitation established for the reporting fiscal
17 year by the economic estimates commission.

18 (ii) Total expenditures, by fund, for the reporting fiscal year.

19 (iii) Total exclusions from local revenues, as defined by article
20 IX, section 20, Constitution of Arizona, by fund, for the reporting fiscal
21 year.

22 (iv) Total amounts, by fund, of expenditures subject to the
23 expenditure limitation for the reporting fiscal year.

24 (b) Annual financial statements prepared in accordance with
25 generally accepted accounting principles.

26 (c) A reconciliation of the total expenditures reported within the
27 financial statements to the total expenditures stated within the
28 expenditure limitation report.

29 2. For community college districts:

30 (a) An annual budgeted expenditure limitation report that includes
31 at least the following information:

32 (i) The expenditure limitation established for the reporting fiscal
33 year by the economic estimates commission.

34 (ii) Total budgeted expenditures, by fund, for the reporting fiscal
35 year.

36 (iii) Total exclusions from local revenues, as defined by article
37 IX, section 21, Constitution of Arizona, by fund, for the reporting fiscal
38 year.

39 (iv) Total amounts, by fund, of budgeted expenditures subject to
40 the expenditure limitation for the reporting fiscal year.

41 (b) Annual financial statements prepared in accordance with
42 generally accepted accounting principles.

43 (c) A reconciliation of the total expenditures reported within the
44 financial statements to the total expenditures reported within the
45 expenditure limitation report.

1 3. For cities and towns:
2 (a) An annual expenditure limitation report that includes at least
3 the following information:
4 (i) The expenditure limitation established for the reporting fiscal
5 year by the economic estimates commission and, if applicable, the voter
6 approved alternative expenditure limitation.
7 (ii) Total expenditures, by fund, for the reporting fiscal year.
8 (iii) Total exclusions from local revenues, as defined by article
9 IX, section 20, Constitution of Arizona, by fund, for the reporting fiscal
10 year or, if applicable, the total exclusions from the voter approved
11 alternative expenditure limitation.
12 (iv) Total amounts, by fund, of expenditures subject to the
13 expenditure limitation for the reporting fiscal year.
14 (b) Financial statements prepared in accordance with generally
15 accepted accounting principles.
16 (c) A reconciliation of the total expenditures reported within the
17 financial statements to the total expenditures reported within the
18 expenditure limitation report.
19 B. The auditor general shall provide detailed instructions for
20 completion and submission of the reports described in subsection A of this
21 section. The auditor general shall prescribe definitions for terms
22 ~~utilized~~ USED in and the form of the reports described in subsection A of
23 this section. The reports described in subsection A of this section are
24 required of counties and community college districts beginning with fiscal
25 year 1981-1982. The reports described in subsection A of this section are
26 required of cities and towns beginning with the fiscal year the political
27 subdivision is subject to the expenditure limitation. The annual
28 reporting requirements also apply to political subdivisions subject to an
29 alternative expenditure limitation enacted pursuant to article IX, section
30 20, subsection (9), Constitution of Arizona.
31 C. The reports described in subsection A of this section must be
32 filed with the auditor general within nine months after the close of each
33 fiscal year.
34 D. The auditor general or a certified public accountant performing
35 the annual audit required pursuant to sections 41-1279.21 and 9-481 shall
36 attest to the expenditure limitation reports and financial statements for
37 counties, community college districts and cities. The certified public
38 accountant performing the annual or biennial audit required pursuant to
39 section 9-481 shall attest to the expenditure limitation reports and
40 financial statements for towns.
41 E. THE GOVERNING BODY OF each political subdivision shall provide
42 to the auditor general by July 31 each year the name of the chief fiscal
43 officer designated by the governing ~~board~~ BODY of the political
44 subdivision to OFFICIALLY submit the current fiscal year's expenditure
45 limitation report ON BEHALF OF THE GOVERNING BODY. The GOVERNING BODY OF

1 THE political subdivision shall notify the auditor general of any changes
2 of individuals designated to file the required reports. The designated
3 chief fiscal officer shall certify to the accuracy of the annual
4 expenditure limitation report.

5 F. The auditor general shall prescribe forms for the uniform
6 reporting system and may provide assistance to individuals, certified
7 public accountants or public accountants responsible for attesting to the
8 expenditure limitation reports and financial statements.

9 G. EACH POLITICAL SUBDIVISION, SUBJECT TO THE EXPENDITURE
10 LIMITATIONS PRESCRIBED BY ARTICLE IX, SECTIONS 20 AND 21, CONSTITUTION OF
11 ARIZONA, SHALL COMPLY WITH THE UNIFORM EXPENDITURE REPORTING SYSTEM,
12 INSTRUCTIONS AND FORMS PRESCRIBED BY THE AUDITOR GENERAL. THE AUDITOR
13 GENERAL MAY NOTIFY THE COMMITTEE AND THE ATTORNEY GENERAL IF ANY POLITICAL
14 SUBDIVISION DOES NOT COMPLY WITH THE UNIFORM EXPENDITURE REPORTING SYSTEM,
15 INSTRUCTIONS OR FORMS PRESCRIBED BY THE AUDITOR GENERAL. THE ATTORNEY
16 GENERAL MAY FILE A PETITION FOR SPECIAL ACTION IN ANY COURT OF COMPETENT
17 JURISDICTION TO COMPEL ANY POLITICAL SUBDIVISION TO COMPLY WITH THIS
18 SECTION. THE ATTORNEY GENERAL MAY APPLY FOR INJUNCTIVE RELIEF IN ANY
19 COURT OF COMPETENT JURISDICTION TO ENJOIN ANY POLITICAL SUBDIVISION FROM
20 VIOLATING THIS SECTION. INJUNCTIVE AND SPECIAL ACTION PROCEEDINGS ARE IN
21 ADDITION TO ALL OTHER PENALTIES AND OTHER REMEDIES PRESCRIBED BY LAW.

22 ~~F.~~ H. A chief fiscal officer, designated pursuant to subsection E
23 of this section, who subsequent to July 1, 1983 refuses to file the
24 reports required by this section within the prescribed time periods or who
25 intentionally files erroneous reports is guilty of a class 1 misdemeanor.
26 A city or town exceeding the expenditure limitation prescribed or
27 authorized pursuant to article IX, section 20, Constitution of Arizona,
28 for any fiscal year, without authorization pursuant to such section, shall
29 have the amount specified in subsection ~~H.~~ I of this section of its
30 allocations of the state income tax, distributed pursuant to section
31 43-206, withheld and redistributed to other cities and towns in the same
32 manner as determined pursuant to that section, except that the population
33 of the city or town exceeding the expenditure limitation shall not be
34 included in the computation, and the city or town exceeding the
35 expenditure limitation shall not be entitled to share in the
36 redistribution. A community college district exceeding the expenditure
37 limitation prescribed pursuant to article IX, section 21, Constitution of
38 Arizona, for any fiscal year, without authorization pursuant to such
39 section or section 15-1471, shall have the amount specified in subsection
40 ~~H.~~ I of this section of its allocations of state aid, distributed pursuant
41 to section 15-1466, withheld.

42 ~~H.~~ I. The auditor general shall hold a hearing to determine if any
43 political subdivision has exceeded the expenditure limitations prescribed
44 pursuant to article IX, sections 20 and 21, Constitution of Arizona. If a
45 county has exceeded the expenditure limitations prescribed pursuant to

1 article IX, section 20, Constitution of Arizona, without authorization
2 pursuant to that section, the auditor general shall notify the board of
3 supervisors of the county to reduce the allowable levy of primary property
4 taxes of the county pursuant to section 42-17051, subsection C. If any
5 political subdivision other than a county has exceeded the expenditure
6 limitations prescribed pursuant to article IX, sections 20 and 21,
7 Constitution of Arizona, without authorization, the auditor general shall
8 notify the state treasurer to withhold a portion of the political
9 subdivision's allocations of the revenues described in subsection ~~G~~ H of
10 this section for the fiscal year subsequent to the auditor general's
11 hearing as follows:

12 1. If the excess expenditures are less than five percent of the
13 limitation, an amount equal to the excess expenditures.

14 2. If the excess expenditures are equal to or greater than five
15 percent but less than ten percent of the limitation, or are less than five
16 percent of the limitation but it is at least the second consecutive
17 instance of excess expenditures, an amount equal to triple the excess
18 expenditures.

19 3. If the excess expenditures are equal to or greater than ten
20 percent of the limitation, an amount equal to five times the excess
21 expenditures or one-third of the allocation of the revenues described in
22 subsection ~~G~~ H of this section, whichever is less.

23 ~~I~~ J. A county, city or town is not deemed to have exceeded the
24 expenditure limitation if the county, city or town makes expenditures for
25 capital improvements from utility revenues pursuant to title 9, chapter 5,
26 article 3 or from excise taxes levied by the county, city or town for a
27 specific purpose and the county, city or town repays the expenditure from
28 the proceeds of bonds or other lawful long-term obligations before the
29 hearing required by subsection ~~H~~ I of this section.

APPROVED BY THE GOVERNOR MAY 13, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 13, 2019.