



## CURRENT STATUS

Though many titles, traditionally the Department head responsible for the Finance Department is designated the CFO for purposes of the Annual Expenditure Limitation Report (“AELR”).

## COUNCIL ACTION BY RESOLUTION

Resolution number 2021-14 (CFO for the AELR) will be ready for Council’s consideration on June 10, 2021 with other annual “budget-related” resolutions.

## MANDATED PROCESS (2<sup>ND</sup> YEAR)

- ▶ The Auditor General’s office provides a resolution template for all municipalities to designate a CFO to officially submit the AELR on the Town’s behalf.
- ▶ This resolution template is an annual requirement and is incorporated with other annual resolutions with the Town’s budget process.
- ▶ This resolution is to accompany the notification form uploaded to the State Auditor General’s Office
- ▶ The CFO designation must be received by the Auditor General’s office by July 31<sup>st</sup>
- ▶ The Town must provide an updated form to the Auditor General if a new CFO is appointed midyear
- ▶ ARS 41-1279.07(H) states that a CFO who refuses to file the required audit reports by March 31<sup>st</sup> or who intentionally files erroneous reports is guilty of a class 1 misdemeanor

## Important Acronyms:

- ▶ CFO = Chief Fiscal Officer; and
- ▶ AELR = Annual Expenditure Limitation Report

## AUDITOR GENERAL WEBSITE LINKS

Links to the Auditor General’s website are below:

- <https://www.azauditor.gov/reports-publications/cities-and-towns/faqs/filing-requirements>
- <https://www.azauditor.gov/reports-publications/cities-and-towns/faqs/expenditure-limitations>

## RESOLUTION 2021-14

### RESOLUTION NUMBER 2021-14

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF PARADISE VALLEY, ARIZONA DESIGNATING THE CHIEF FISCAL OFFICER AS THE TOWN'S FILING AGENT FOR OFFICIALLY SUBMITTING THE FISCAL YEAR 2021/22 EXPENDITURE LIMITATION REPORT TO THE ARIZONA AUDITOR GENERAL**

WHEREAS, A.R.S. §41-1279.07(E) requires each county, city, town, and community college district to annually provide to the Auditor General by July 31 the name of the Chief Fiscal Officer the governing body designated to officially submit the current year's annual expenditure limitation report (AELR) on the governing body's behalf; and

WHEREAS, the Town's Administrative Code 3-3-1-E (Treasurer) designates the Town's Chief Financial Officer (CFO) to file the annual expenditure limitation report, and the Mayor and Council desires to designate the current CFO Douglas W. Allen as the Town's Chief Fiscal Officer; and

WHEREAS, Entities must submit an updated form and documentation for any changes in the individuals designated to file the AELR.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Paradise Valley, Arizona, as follows:

## RESOLUTION 2021-14

**Section 1.** The recitals above are hereby incorporated as if fully set forth herein.

**Section 2.** Douglas W. Allen is hereby designated as the Town of Paradise Valley's Chief Fiscal Officer for purposes of submitting the fiscal year 2021/22 AELR to the Arizona Auditor General's Office on the governing body's behalf.

PASSED, ADOPTED AND APPROVED by the Town Council of the Town of Paradise Valley this 10<sup>th</sup> day of June 2021.

\_\_\_\_\_  
Jerry Bien-Willner, Mayor

ATTEST:

\_\_\_\_\_  
Duncan Miller, Town Clerk

APPROVED AS TO FORM

\_\_\_\_\_  
Andrew J. McGuire, Town Attorney

## FAQ: FILING REQUIREMENTS

### Filing requirements

[azauditor.gov/reports-publications/cities-and-towns/faqs/filing-requirements](http://azauditor.gov/reports-publications/cities-and-towns/faqs/filing-requirements)

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#### 1. What reports must a city or town send to the Auditor General's Office related to expenditure limitations?

A.R.S. §41-1279.07(C) requires cities and towns to submit an annual expenditure limitation report (AELR), an accountants' report on the AELR, and audited financial statements to us. Auditors' reports on internal controls and compliance for federal programs (single audit reports) are **not** required to be submitted. See audit requirements FAQ #1 for information on when biennial audits are allowed and budgeting. FAQ #3 for information on when a city or town should submit certain budget information to us.

A city or town should email all required reports to [asd@azauditor.gov](mailto:asd@azauditor.gov). The independent auditors' report and part I of the AELR must be signed or include a digital e-signature.

#### 2. Who is responsible for submitting the AELR?

A.R.S. §41-1279.07(E) requires a city's or town's governing body (city or town council) to designate a chief fiscal officer (CFO) to officially submit the AELR on the governing body's behalf.

#### 3. How should a governing body document and report the chief fiscal officer (CFO) designation to the Auditor General's Office?

We have developed a template Resolution that the city or town council must use to document the CFO designation. The council may not delegate the responsibility of designating the CFO. Cities and towns must attach the signed Resolution to our electronic CFO designation form for submittal.

[Click here to access the electronic CFO designation form and template Resolution.](#)

#### 4. When are CFO designation forms and reports due?

A.R.S. §41-1279.07(E) requires cities and towns to provide the Auditor General the name of the CFO designated to officially submit the current year's AELR by July 31 annually. The current year is the fiscal year the entity is operating in on July 31. Cities and towns must submit an updated form and documentation if a new CFO is appointed midyear.

AELRs and audited financial statements are due 9 months after fiscal year-end (March 31) per A.R.S. §41-1279.07(C). A.R.S. §11-661 requires cities and towns to post their audited financial statements on their official websites within 7 days of filing with the Auditor

## FAQ: FILING REQUIREMENTS

General's Office. The financial statements must be accessible on the website for at least 60 months.

Example of CFO and Report Due Dates:

Reporting year	CFO Designation due date	AELR and Financial Statements due date
FY 2020	July 31, 2019	March 31, 2021
FY 2021	July 31, 2020	March 31, 2022

#### 5. What if the reports are not filed by the deadline?

A.R.S. §9-481 requires a city or town that has not completed and filed the financial statements required pursuant to A.R.S. §41-1279.07 with the Auditor General by March 31 to post a Notice of Pending Financial Statement Filing Form on its website until the reports are complete. Further, if the reports are not completed and filed before the city or town adopts its budget in the subsequent fiscal year, the city or town must include the late report form in the published budget. Any city or town that is required to complete the late reports form must also send a copy of the form to the Auditor General, House Speaker, and Senate President.

A.R.S. §41-1279.07(H) states that a chief fiscal officer who refuses to file the required reports with the Auditor General within the prescribed time period or who intentionally files erroneous reports is guilty of a class 1 misdemeanor. An erroneous report is one that contains a material misstatement.

## FAQ: EXPENDITURE LIMITATIONS

### Expenditure limitations

[azauditor.gov/reports-publications/counties/faqs/expenditure-limitations](http://azauditor.gov/reports-publications/counties/faqs/expenditure-limitations)

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#### 1. What is the origin and purpose of expenditure limitation reports?

On June 3, 1980, Arizona voters approved Arizona Constitution, Article IX, §20, prescribing an expenditure limitation for each county. The expenditure limitation's purpose is to control expenditures of local revenues and limit future increases in spending to adjustments for inflation and population growth. Counties were subject to the expenditure limitation effective in the fiscal year following the first regularly scheduled governing board member election after July 1, 1980.

Arizona Revised Statutes (A.R.S.) §41-1279.07 requires the Auditor General to prescribe a uniform expenditure reporting system (UERS) for all political subdivisions subject to the constitutional expenditure limitations Arizona Constitution, Article IX, §20, prescribed. As that statute required, our Office developed the UERS forms to provide detailed instructions for completing and submitting expenditure limitation reports.

#### 2. How is the expenditure limitation determined for a county?

The Constitution required the Economic Estimates Commission (Commission) to establish for each county a base limit from actual expenditures of local revenues of fiscal year 1980. Each year, the Commission calculates the constitutional expenditure limitation for all counties by adjusting their base limits for any voter-approved permanent base adjustments, changes in population, and inflation since the base year.

#### 3. Where can a county obtain its constitutional expenditure limitation?

Counties can obtain constitutional expenditure limitations from the Arizona Department of Revenue's Economic Estimates Commission web page. The Commission should notify counties of their actual expenditure limitations by April 1 for the following fiscal year.

#### 4. Are all expenditures subject to the limitation?

No. The expenditure limitation applies only to expenditures of local revenues as defined by Arizona Constitution, Article IX, §20(3)(d). Generally, local revenues include all monies received by or for the account of the county; however, the Constitution excludes some monies such as grants and aid from the federal government and certain revenues received from the State from the local revenues definition. For a detailed explanation of expenditures not

## FAQ: EXPENDITURE LIMITATIONS

subject to the limitation, see the instructions for UERS forms—part II. In addition, see the exclusions (part II) FAQs for further discussion of expenditures subject to the limitation.

#### 5. What is the penalty for exceeding the expenditure limitation?

In accordance with A.R.S. §41-1279.07(H), a county that exceeds its expenditure limitation without authorization must reduce its maximum allowable primary property tax levy by the excess expenditures amount. Before a county reduces its maximum allowable primary property tax levy, the Auditor General must hold a hearing to determine if the county has exceeded the expenditure limitation without authorization. To ensure due process, county representatives are invited to attend and participate in this hearing. The allowable levy calculation for the fiscal year after the fiscal year of reduction, and future years, should be calculated without regard to the reduction.

#### 6. Are there any provisions that allow a county to authorize expenditures in excess of its constitutional expenditure limitation?

Arizona Constitution, Article IX, §20, includes provisions that allow counties to authorize expenditures in excess of their expenditure limitations for expenditures a natural or manmade disaster directly necessitates. The board of supervisors and possibly voters must approve the excess expenditures. See the instructions for UERS form—part I for detailed information on these constitutional provisions.

The Constitution also provides counties two voter-approved options to alter their expenditure limitation. These options include exceeding the expenditure limit for 1 year (one-time override) and permanently adjusting the base limit used to calculate the expenditure limitation (permanent base adjustment). See the voter-approved expenditure limitations FAQs for detailed information on these provisions.