

Gila County

Expenditure Limitation Report

Year Ended June 30, 2015



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





The Arizona Office of the Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, state agencies, and the programs they administer.

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DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

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DEPUTY AUDITOR GENERAL

Independent accountants' report

Members of the Arizona State Legislature

The Board of Supervisors of
Gila County, Arizona

We have examined the accompanying annual expenditure limitation report of Gila County for the year ended June 30, 2015, and the related notes to the report. The County's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the uniform expenditure reporting system in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the annual expenditure limitation report referred to above is presented in accordance with the uniform expenditure reporting system as described in note 1 in all material respects.

Donna Miller, CPA
Director, Financial Audit Division

November 6, 2018



Gila County
Annual expenditure limitation report—part I
Year ended June 30, 2015

1. Economic Estimates Commission expenditure limitation	\$39,659,274
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>35,396,346</u>
3. Amount under the expenditure limitation	<u>\$ 4,262,928</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of chief fiscal officer: _____

Name and title: Mary J. Springer, Finance Director

Telephone number: (928) 402-8516 Date: November 6, 2018

See accompanying notes to report.

Gila County
Annual expenditure limitation report—part II
Year ended June 30, 2015

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 58,818,611	\$ 1,381,581	\$ 96,420,603	\$ 156,620,795
B. Less exclusions claimed:				
Debt service requirements (Note 2)	659,098			659,098
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	829,866			829,866
Trustee or custodian (Note 4)	1,413,200		96,420,603	97,833,803
Grants and aid from the federal government (Note 5)	12,825,091			12,825,091
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 11)	186,676			186,676
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 6)	2,540,880			2,540,880
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	2,999,716			2,999,716
Amounts received for distribution to school districts (Notes 5 and 7)	<u>3,349,319</u>			<u>3,349,319</u>
Total exclusions claimed	<u>24,803,846</u>		<u>96,420,603</u>	<u>121,224,449</u>
C. Amounts subject to the expenditure limitation	<u>\$ 34,014,765</u>	<u>\$ 1,381,581</u>	<u>\$ -</u>	<u>\$ 35,396,346</u>

See accompanying notes to report.

Gila County
Annual expenditure limitation report—reconciliation
Year ended June 30, 2015

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 61,461,324	\$ 1,340,110	\$ 96,420,603	\$ 159,222,037
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		142,640		142,640
Pension expense (Note 12)		26,667		26,667
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 8)	1,347,276			1,347,276
Long-term care contributions withheld by the State Treasurer (Note 9)	1,295,437			1,295,437
Total subtractions	<u>2,642,713</u>	<u>169,307</u>		<u>2,812,020</u>
C. Additions:				
Acquisition of capital assets		13,891		13,891
Pension contributions paid in the current year (Note 12)		43,240		43,240
Landfill closure and postclosure care costs paid in the current year but reported as expenses in the previous years (Note 10)		153,647		153,647
Total additions		<u>210,778</u>		<u>210,778</u>
D. Amounts reported on part II, line A	<u>\$ 58,818,611</u>	<u>\$ 1,381,581</u>	<u>\$ 96,420,603</u>	<u>\$ 156,620,795</u>

See accompanying notes to report.

Gila County
Notes to annual expenditure limitation report
Year ended June 30, 2015

Note 1 - Summary of significant accounting policies

The annual expenditure limitation report (AELR) is presented as prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes (A.R.S.) §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; statement of cash flows for the proprietary funds; and the statement of changes in fiduciary net position for the fiduciary funds.

Note 2

The exclusion claimed for debt service requirements in the governmental funds of \$659,098 consists of debt service expenditures for principal and interest of \$325,000, other charges of \$291,098, and bond issuance costs of \$43,000.

Note 3

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$829,866 in the governmental funds includes investment earnings expended of \$141,278 and interest on delinquent taxes expended of \$688,588, which was recorded as tax revenue.

Note 4

The exclusion claimed for trustee or custodian in the governmental funds consists of \$1,413,200 in county contributions to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs; and in the fiduciary funds, the exclusion consists of \$96,420,603 in distributions to investment pool participants.

Note 5

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, highway user revenues, and amounts received for distribution to school districts in the governmental funds:

Description	
Grants and aid from the federal government	\$12,825,091
Highway user revenues in excess of those received in fiscal year 1979-80	2,999,716
Amounts received for distribution to school districts	3,349,319
Other revenues (nonexcludable)	<u>10,303,261</u>
Total intergovernmental revenues as reported in the governmental fund financial statements	<u>\$29,477,387</u>

Gila County
Notes to annual expenditure limitation report
Year ended June 30, 2015

Note 6

The \$2,540,880 exclusion claimed in the governmental funds for amounts accumulated for the purchase of land and the purchase or construction of buildings or improvements consists of highways and streets expenditures for new road construction and major road reconstruction projects made from the accumulation of sales tax revenues approved by the county voters and, therefore, is exempted from the expenditure limitation.

Note 7

The exclusion claimed for amounts received for distribution to school districts of \$3,349,319 consists of federal, state, and county revenues recorded as education expenditures for operating an accommodation school.

Note 8

The subtraction of \$1,347,276 for separate legal entities established under A.R.S. consists of expenditures of special assessment districts included within the County's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the governmental funds category in the fund financial statements.

Culture and recreation	\$1,292,785
Highways and streets	<u>54,491</u>
Total	<u>\$1,347,276</u>

Note 9

The subtraction of long-term care contributions withheld by the State Treasurer of \$1,295,437 consists of transaction privilege taxes withheld by the State Treasurer to meet the County's share of long-term care costs that were reported as a revenue and an offsetting expenditure in the County's governmental funds. Consequently, this expenditure has been subtracted on the reconciliation.

Note 10

The addition of \$153,647 for landfill closure and postclosure care costs paid in the current year, but reported as expenses in previous years, consists of cash payments in the current year for those costs reported as expenses in previous years in the enterprise funds.

Note 11

The exclusion claimed for grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes of \$186,676 in the governmental funds, consists of \$129 and \$186,547 in private donations and contributions in the general fund and community services fund, respectively.

Gila County
Notes to annual expenditure limitation report
Year ended June 30, 2015

Note 12

The subtraction of \$26,667 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Fund. The addition of \$43,240 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the Enterprise Fund.

