

# Gila County

Annual Expenditure  
Limitation Report

Year Ended June 30, 2019



A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





The Arizona 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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## Audit Staff

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**LINDSEY A. PERRY**  
AUDITOR GENERAL

**ARIZONA**  
**AUDITOR GENERAL**

**MELANIE M. CHESNEY**  
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 (report) of Gila County for the year ended June 30, 2019, 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

March 31, 2021

**Gila County**  
**Annual Expenditure Limitation Report—Part I**  
**Year ended June 30, 2019**

1. Economic Estimates Commission expenditure limitation	\$43,253,688
2. Amount subject to the expenditure limitation (total amount from Part II, line C)	<u>42,985,684</u>
3. Amount under the expenditure limitation	<u>\$ 268,004</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: (Signature removed for website presentation.)

Name and title: Mary J. Springer, Finance Director

Telephone number: (928) 402-8516 Date: March 31, 2021

See accompanying notes to report.

**Gila County**  
**Annual Expenditure Limitation Report—Part II**  
**Year ended June 30, 2019**

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 60,850,970	\$ 1,692,529	\$ 104,883,741	\$ 167,427,240
B. Less exclusions claimed:				
Debt service requirements (Note 2)	834,038			834,038
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	1,204,076			1,204,076
Trustee or custodian (Note 4)	1,413,200		104,883,741	106,296,941
Grants and aid from the federal government (Note 5)	9,812,086			9,812,086
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	266,694			266,694
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	430,434			430,434
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	3,812,107			3,812,107
Amounts received for distribution to school districts (Note 5)	<u>1,785,180</u>			<u>1,785,180</u>
Total exclusions claimed	<u>19,557,815</u>		<u>104,883,741</u>	<u>124,441,556</u>
C. Amounts subject to the expenditure limitation	<u>\$ 41,293,155</u>	<u>\$ 1,692,529</u>	<u>\$ -</u>	<u>\$ 42,985,684</u>

See accompanying notes to report.

**Gila County**  
**Annual Expenditure Limitation Report—Reconciliation**  
**Year ended June 30, 2019**

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	\$ 64,578,507	\$ 1,053,456	\$ 104,883,741	\$ 170,515,704
B. Subtractions:				
Items not requiring use of current financial resources:				
Depreciation		84,940		84,940
Pension and other postemployment benefits (OPEB) expense (Note 6)		(5,812)		(5,812)
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 8)	1,488,541			1,488,541
Long-term care contributions the State Treasurer withheld (Note 9)	<u>2,238,996</u>			<u>2,238,996</u>
Total subtractions	<u>3,727,537</u>	<u>78,467</u>		<u>3,806,004</u>
C. Additions:				
Capital asset acquisitions		445,448		445,448
Amounts paid in the current year but reported as expenses in previous years:				
Landfill closure and post closure care costs and pollution remediation (see Note 7)		222,911		222,911
Pension and OPEB contributions paid in the current year (Note 6)		<u>49,842</u>		<u>49,842</u>
Total additions		<u>718,201</u>		<u>718,201</u>
D. Amounts reported on Part II, line A	<u>\$ 60,850,970</u>	<u>\$ 1,692,529</u>	<u>\$ 104,883,741</u>	<u>\$ 167,427,240</u>

See accompanying notes to report.

**Gila County**  
**Notes to Annual Expenditure Limitation Report**  
**Year ended June 30, 2019**

**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 §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 \$834,038 exclusion claimed for debt service requirements in the governmental funds consists of principal retirement expenditures of \$574,493 and interest expenditures of \$259,545 in the general fund.

**Note 3**

The \$1,204,076 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds includes investment earnings expended of \$894,952 and interest on delinquent taxes expended of \$309,124, which was recorded as tax revenue.

**Note 4**

The \$1,413,200 exclusion claimed for trustee or custodian in the governmental funds consists of 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 \$104,883,741 in distributions to investment pool participants.

**Note 5**

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

<b>Description</b>	
Grants and aid from the federal government	\$ 9,812,086
Highway user revenues in excess of those received in fiscal year 1979-80	3,812,107
Amounts received for distribution to school districts	1,785,180
Other revenues (nonexcludable)	<u>12,423,708</u>
Total intergovernmental revenues as reported in the governmental fund financial statements	<u>\$27,833,081</u>

**Gila County**  
**Notes to Annual Expenditure Limitation Report**  
**Year ended June 30, 2019**

**Note 6**

The negative \$5,812 subtraction for pension and other post employment benefit (OPEB) expense consists of changes in the Net OPEB asset, changes in the net pension and OPEB liabilities, changes in deferred outflows related to pensions and OPEB, and changes in deferred inflows related to pensions and OPEB, recognized in the current year in the enterprise fund. The \$49,842 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the enterprise fund.

**Note 7**

The \$222,911 addition for landfill closure and postclosure care and pollution remediation costs reflect amounts reported as expenses in previous years in the enterprise funds due to a downward change in estimate of landfill post-closure care costs arising from a recalculated expected capacity of the landfill.

**Note 8**

The \$1,488,541 subtraction for separate legal entities established under Arizona Revised Statutes 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:

<b>Special assessment districts</b>	
Culture and recreation	\$1,436,009
Highways and streets	<u>52,532</u>
Total	<u>\$1,488,541</u>

**Note 9**

The \$2,238,996 subtraction for long-term care contributions the State Treasurer withheld consists of transaction privilege taxes the State Treasurer withheld to meet the County's share of long-term care costs that was reported as a revenue and an offsetting expenditure in the County's governmental funds. Consequently, this expenditure has been subtracted on the reconciliation.

