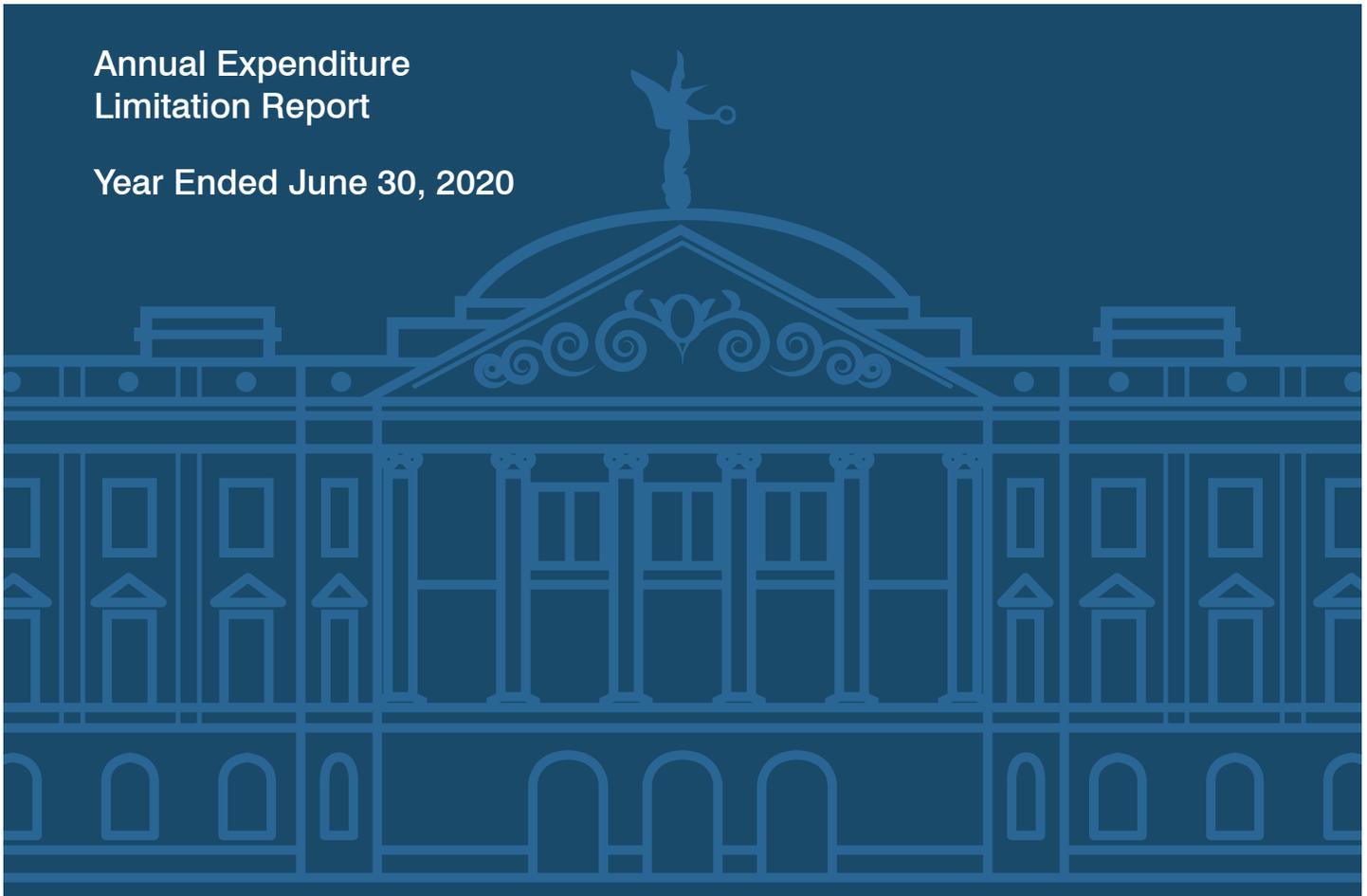


Gila County

Annual Expenditure
Limitation Report

Year Ended June 30, 2020



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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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, 2020, 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

Donna Miller, CPA
Director, Financial Audit Division

November 9, 2021

Gila County
Annual Expenditure Limitation Report—Part I
Year ended June 30, 2020

1. Economic Estimates Commission expenditure limitation	\$44,288,148
2. Amount subject to the expenditure limitation (total amount from Part II, line C)	<u>42,449,879</u>
3. Amount under the expenditure limitation	<u>\$ 1,838,269</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 9, 2021

See accompanying notes to report.

Gila County
Annual Expenditure Limitation Report—Part II
Year ended June 30, 2020

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 61,618,049	\$ 1,663,166	\$ 107,898,516	\$ 171,179,731
B. Less exclusions claimed:				
Debt service requirements (Note 2)	1,556,707			1,556,707
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	1,200,315			1,200,315
Trustee or custodian (Note 4)	1,295,433		107,898,516	109,193,949
Grants and aid from the federal government (Note 5)	10,704,079			10,704,079
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	448,348			448,348
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	120,307			120,307
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	3,895,121			3,895,121
Amounts received for distribution to school districts (Note 5)	<u>1,611,026</u>			<u>1,611,026</u>
Total exclusions claimed	<u>20,831,336</u>		<u>107,898,516</u>	<u>128,729,852</u>
C. Amounts subject to the expenditure limitation	<u>\$ 40,786,713</u>	<u>\$ 1,663,166</u>	<u>\$ -</u>	<u>\$ 42,449,879</u>

See accompanying notes to report.

Gila County
Annual Expenditure Limitation Report—Reconciliation
Year ended June 30, 2020

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	\$ 65,403,399	\$ 1,821,581	\$ 107,898,516	\$ 175,123,496
B. Subtractions:				
Items not requiring use of current financial resources:				
Depreciation		108,145		108,145
Pension and other postemployment benefits (OPEB) expense (Note 6)		72,728		72,728
Landfill closure and postclosure care costs and pollution remediation (Note 7)		172,890		172,890
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 8)	1,367,146			1,367,146
Long-term care contributions the State Treasurer withheld (Note 9)	<u>2,418,204</u>			<u>2,418,204</u>
Total subtractions	<u>3,785,350</u>	<u>353,763</u>		<u>4,139,113</u>
C. Additions:				
Principal payments on long-term debt		90,345		90,345
Capital asset acquisitions		44,218		44,218
Pension and OPEB contributions paid in the current year (Note 6)		<u>60,785</u>		<u>60,785</u>
Total additions		<u>195,348</u>		<u>195,348</u>
D. Amounts reported on Part II, line A	<u>\$ 61,618,049</u>	<u>\$ 1,663,166</u>	<u>\$ 107,898,516</u>	<u>\$ 171,179,731</u>

See accompanying notes to report.

Gila County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2020

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 exclusion of \$1,566,707 claimed for debt service requirements consists of principal retirement expenditures of \$677,274 and interest expenditures of \$713,548 in the General Fund, and bond premium amortization of \$175,885.

Note 3

The \$1,200,315 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds includes investment earnings expended of \$855,171 and interest on delinquent taxes expended of \$345,144 which was recorded as tax revenue.

Note 4

The \$1,295,433 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 \$107,898,516 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, and highway user revenues in the governmental funds:

Description	
Grants and aid from the federal government	\$10,704,079
Amounts received for distribution to school districts	1,611,026
Highway user revenues in excess of those received in fiscal year 1979-80	3,895,121
Other revenues (nonexcludable)	<u>14,364,715</u>
Total intergovernmental revenues as reported in the governmental fund financial statements	<u>\$30,574,941</u>

Gila County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2020

Note 6

The \$72,728 subtraction for pension and other post employment benefit (OPEB) expense consists of 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 funds. The \$60,785 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 funds.

	Enterprise funds
Statement of cash flows	
Change in deferred inflows related to pensions and OPEB	\$ 8,409
Change in deferred outflows related to pensions and OBEP	(46,616)
Change in net pension and OPEB liability	<u>50,150</u>
Total	<u>\$ 11,943</u>
 AELR – Reconciliation	
Pension/OPEB contributions – addition	60,785
Pension/OPEB expense(income) – subtraction	<u>72,728</u>
Total	<u>\$11,943</u>

The subtraction for pension expense consists of nonemployer contributions to the Elected Officials Retirement Plan (EORP) or Public Safety Personnel Retirement System (PSPRS) 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 7

The \$172,890 subtraction for landfill closure and postclosure care (and pollution remediation) costs consists of the portion of the total estimated liability reported as expenses in the current year but not yet paid in the enterprise funds.

Note 8

The \$1,367,146 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:

Special assessment districts	
General government	
Library	\$1,316,286
Street lighting improvement district	<u>50,860</u>
Total	<u>\$1,367,146</u>

Gila County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2020

Note 9

The \$2,418,204 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.

