

# Gila County

Annual Expenditure  
Limitation Report

Year Ended June 30, 2022



A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





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# TABLE OF CONTENTS

<b>Independent accountants' report</b>	1
<b>Annual Expenditure Limitation Report—Part I</b>	2
<b>Attachment</b>	3
<b>Annual Expenditure Limitation Report—Part II</b>	7
<b>Annual Expenditure Limitation Report—Reconciliation</b>	8
<b>Notes to Annual Expenditure Limitation Report</b>	9



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, 2022, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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.

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

June 13, 2023

**Gila County**  
**Annual Expenditure Limitation Report—Part I**  
**Year ended June 30, 2022**

1. Economic Estimates Commission expenditure limitation		\$45,897,468
2. Amount subject to the expenditure limitation (total amount from Part II, line C)	46,084,111	
3. Board authorized expenditures necessitated by a disaster the Governor did not declare (See Attachment)	<u>(576,657)</u>	
4. Total adjusted amount subject to the expenditure limitation		<u>45,507,454</u>
5. Amount under the expenditure limitation		<u>\$ 390,014</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: Maryn Blythe Belling.

Name and title: Maryn Blythe Belling, Finance Director

Telephone number: (928) 402-8743 Date: June 13, 2023

ARF- 6834

2. A.

**Emergency Meeting**Meeting Date: 07/30/2021Submitted For: Michael O'DriscollSubmitted By: Marian Sheppard, Clerk of the BoardDepartment: Health & Emergency Management

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InformationRequest/Subject

Adoption of Resolution No. 21-07-04

Background Information

On the evening of Thursday, July 29, 2021, Michael O'Driscoll, Health and Emergency Management Department Director, requested that an Emergency Meeting of the Board of Supervisors be scheduled due to the post-fire flooding that occurred from the Telegraph Fire burn scar in the City of Globe, Town of Miami, and areas within the proximity of the watersheds affected by the burn scar.

Evaluation

The Board members will attend the emergency meeting by phone.

The Board needs to adopt Resolution No. 21-07-04 issuing a Declaration of Emergency to be reimbursed by the state or federal government for expenses related to the flooding.

Conclusion

Per Arizona Revised Statute, a notice and agenda of the Emergency Meeting was published as soon as possible.

Recommendation

N/A

Suggested Motion

Information/Discussion/Action to adopt Resolution No. 21-07-04 issuing a Declaration of Emergency in Gila County due to post-fire flooding from the Telegraph Fire burn scar in the City of Globe, Town of Miami, and areas within the proximity of the watersheds affected by the burn scar; and authorizing the Chairman of the Board of Supervisors to take all further actions as may be necessary or appropriate to implement this Declaration pursuant to Arizona Revised Statute § 26-311.

**(Michael O'Driscoll)**

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Attachments[Resolution No. 21-07-04](#)

post-fire mitigation.

Suggested Motion

Information/Discussion/Action for the Board of Supervisors to ratify its approval for the Board Chairman to sign various emergency contracts (listed and attached to this agenda item) which are related to emergency post-fire mitigation services. **(Mary Springer)**

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Attachments

[June 2021 Contracts](#)

[06222021A DJS](#)

[DJS Rate Sheet](#)

[06222021B 5d Mining](#)

[5D Mining Rate Sheet](#)

[06222021C CMS](#)

[CMS Rate Sheet](#)

[06222021D Dixon Rock](#)

[Dixon Rock Rate Sheet](#)

[06222021E Oddonetto](#)

[Oddonetto Rate Sheet](#)

[06222021F Dalmolin](#)

[Dalmolin Rate Sheet](#)

[06222021G Barcon](#)

[Barcon Rate Sheet](#)

[06222021H JW Fansler](#)

[JW Fansler Rate Sheet](#)

[06222021I Sullivan Paving](#)

[06232021 Cassie Wagonner](#)

[06232021 Cassie Waggoner](#)

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ARF- 6773

Regular Agenda Item 3. C.

**Special BOS Meeting**Meeting Date: 07/13/2021Submitted For: Mary SpringerSubmitted By: Mary Springer, Finance DirectorDepartment: FinanceFiscal Year: FY21-22Budgeted?: YesContract Dates 06-23-2021 - 06-22-2022Grant?: NoBegin & End:Matching NoFund?: NewRequirement?:InformationRequest/Subject

Request to ratify the Board's approval for the various contracts signed by the Board Chairman which are related to post-fire flood mitigation services.

Background Information

The Telegraph, Mescal, and Backbone wildfires have caused extremely dangerous conditions that pose serious threats of post-fire flooding. Time was of the essence to get contracts in place to start clean-up efforts of drainage channels and washes to help prevent catastrophic flooding from monsoonal rains. Additionally, a contract was executed to gather an inventory of damaged and destroyed ranching infrastructure to assist the ranchers in determining replacement costs.

Gila County Procurement Policy BOS-FIN-113, Section 8D - *Emergency Procurements* outlines the process that may be taken during times of emergencies regarding the procurement of materials or services. The Procurement Officer may make or authorize others to make emergency procurements of materials, services, or construction items when there exists a threat to public health, welfare, property, or safety or if a situation exists which makes compliance contrary to the public interest; provided that such emergency procurements shall be made with such competition as is practicable under the circumstances. An emergency procurement shall be limited to those materials, services, or construction necessary to satisfy the emergency need. A written determination of the basis for the emergency and for the selection of the particular contractor shall be included in the contract file.

Evaluation

In order to have resources available, it was necessary to enter into not to exceed on-call service agreements with local contractors for post-fire flood mitigation clean-up targeting specific areas where there could be catastrophic flooding. Also engaging a contractor to work with ranchers reviewing and cataloging damaged and destroyed infrastructure is critical to detailing the costs associated with the wildfire.

Conclusion

Due to the impending monsoons, it was imperative that emergency contracts were executed timely to engage local contractors on the debris clean-up.

Recommendation

Staff recommends that the Board of Supervisors ratify its approval for the Chairman's signature on the contracts that are listed and attached to this agenda item for emergency

ARF- 6724

2. A.

**Emergency Meeting**Meeting Date: 06/07/2021Submitted For: Michael O'DriscollSubmitted By: Marian Sheppard, Clerk of the BoardDepartment: Health & Emergency Management

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InformationRequest/Subject

Adoption of Resolution No. 21-06-01 issuing a Declaration of Emergency due to the Telegraph Fire and the Mescal Fire.

Background Information

The Telegraph Fire started on Friday, June 4, 2021, in the Tonto National Forest southeast of Superior, Pinal County, and has traveled into Gila County and now impacts the Town of Miami and City of Globe; and the Mescal Fire started on Tuesday, June 1, 2021, in the Mescal wilderness southeast of Globe, Gila County, and now is impacting the homes near Dripping Springs, El Capitan, and San Carlos.

Evaluation

It is essential to the well-being of Gila County residents after disasters to expedite recovery and mitigate hazardous conditions threatening public safety, loss of property, and damage to County infrastructure. Preparation of a pre-event recovery plan can assist Gila County to organize recovery in advance of a declared disaster and to mitigate hazardous conditions before and after such a disaster. Such is the situation with regard to the Telegraph and Mescal Fires.

Resolution No. 21-06-01 is necessary to utilize internal and external resources to prepare for issues that may affect County residents and allow for financial reimbursement once we have exceeded our threshold.

Conclusion

Resolution No. 21-06-01 will prepare Gila County for recovery efforts from the above-mentioned fires and provide the legal avenue to request additional resources if needed.

Recommendation

It is the recommendation of the Health and Emergency Management Department Director that the Board of Supervisors adopt Resolution No. 21-06-01.

Suggested Motion

Information/Discussion/Action to adopt Resolution No. 21-06-01 issuing a Declaration of Emergency in Gila County due to the Telegraph Fire that began on Friday, June 4, 2021, and the Mescal Fire that began on June 1, 2021; and authorize the Chairman of the Board of Supervisors to take all further actions as may be necessary or appropriate to implement this declaration pursuant to Arizona Revised Statute § 26-311. **(Michael O'Driscoll)**

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Attachments[Resolution No. 21-06-01](#)

**Gila County**  
**Annual Expenditure Limitation Report—Part II**  
**Year ended June 30, 2022**

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 80,526,572	\$ 2,139,764	\$ 139,807,473	\$ 222,473,809
B. Less exclusions claimed:				
Debt service requirements (Note 2)	2,145,155			2,145,155
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	573,018			573,018
Trustee or custodian (Note 4)	1,514,742		139,807,473	141,322,215
Grants and aid from the federal government (Note 5)	13,229,439			13,229,439
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	326,736			326,736
Amounts received from the State of Arizona (Note 5)	11,228,555			11,228,555
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	4,634,610			4,634,610
Contracts with other political subdivisions (Note 6)	1,120,013			1,120,013
Amounts received for distribution to school districts (Note 7)	<u>1,809,957</u>			<u>1,809,957</u>
Total exclusions claimed	<u>36,582,225</u>		<u>139,807,473</u>	<u>176,389,698</u>
C. Amounts subject to the expenditure limitation	<u>\$ 43,944,347</u>	<u>\$ 2,139,764</u>	<u>\$ -</u>	<u>\$ 46,084,111</u>

See accompanying notes to report.

**Gila County**  
**Annual Expenditure Limitation Report—Reconciliation**  
**Year ended June 30, 2022**

Description	Governmental funds	Enterprise funds	Fiduciary funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 84,111,311	\$ 1,965,801	\$ 139,807,473	\$ 225,884,585
B. Subtractions:				
Items not requiring use of current financial resources:				
Depreciation		106,388		106,388
Pension and other postemployment benefits (OPEB) expense (Note 8)		99,186		99,186
Landfill closure and postclosure care costs (Note 9)		272,819		272,819
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 10)	1,257,639			1,257,639
Long-term care contributions the State Treasurer withheld (Note 11)	2,327,100			2,327,100
Total subtractions	<u>3,584,739</u>	<u>478,393</u>		<u>4,063,132</u>
C. Additions:				
Principal payments on long-term debt		82,225		82,225
Capital asset acquisitions		505,551		505,551
Pension and OPEB contributions paid in the current year (Note 8)		64,580		64,580
Total additions		<u>652,356</u>		<u>652,356</u>
D. Amounts reported on Part II, line A	<u>\$ 80,526,572</u>	<u>\$ 2,139,764</u>	<u>\$ 139,807,473</u>	<u>\$ 222,473,809</u>

See accompanying notes to report.

# **Gila County**

## **Notes to Annual Expenditure Limitation Report**

### **Year ended June 30, 2022**

#### **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 \$2,145,155 exclusion claimed for debt service requirements consists of principal retirement of \$1,240,331, and interest of \$904,824, in the governmental funds.

#### **Note 3**

The \$573,018 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds consists of interest on investments expended of \$251,385 and interest on delinquent taxes expended of \$321,633, which was recorded as tax revenue.

#### **Note 4**

The \$1,514,742 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 \$139,807,473 exclusion consists of \$1,102,743 for private purpose trust funds, \$130,553,213 for external investment pool custodial funds, and \$8,151,517 for other custodial funds.

#### **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:

**Gila County**  
**Notes to Annual Expenditure Limitation Report**  
**Year ended June 30, 2022**

<b>Description</b>	
Grants and aid from the federal government	\$13,229,439
Amounts received from the State of Arizona	11,228,555
Highway user revenues in excess of those received in fiscal year 1979-80	4,634,610
Other revenues (nonexcludable)	<u>13,641,574</u>
Total intergovernmental revenues as reported in the governmental fund financial statements	<u>\$42,734,178</u>

**Note 6**

The \$1,120,013 exclusion claimed for contracts with other political subdivisions is for miscellaneous revenues expended.

**Note 7**

The \$1,809,957 exclusion claimed for amounts received for distribution to school districts consists of federal, State, and county revenues recorded as education expenditures for operating an accommodation school.

**Note 8**

The \$99,186 subtraction for pension and other post employment benefit (OPEB) expense consists of changes in the net pension and OPEB assets and liabilities and changes in deferred inflows and outflows related to pensions and OPEB recognized in the current year in the enterprise fund. The \$64,580 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. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

	<b>Enterprise funds</b>
<b>Statement of cash flows</b>	
Change in net pension and OPEB asset	\$ (17,930)
Change in deferred inflows related to pensions and OPEB	200,839
Change in deferred outflows related to pensions and OPEB	886
Change in net pension and OPEB liability	<u>(218,401)</u>
Total	<u>\$ (34,606)</u>
<b>AELR – Reconciliation</b>	
Pension/OPEB expense (income) – subtraction	99,186
Pension/OPEB contributions – addition	<u>64,580</u>
Total	<u>\$ (34,606)</u>

**Gila County**  
**Notes to Annual Expenditure Limitation Report**  
**Year ended June 30, 2022**

**Note 9**

The \$272,819 subtraction for landfill closure and postclosure care costs consists of the portion of the total estimated liability/liabilities reported as expenses in the current year but not yet paid in the enterprise funds.

**Note 10**

The \$1,257,639 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 that are reported in the governmental funds:

<b>Special assessment districts</b>	
Library district	
Library district grants	\$ 125,289
Library assistance	1,079,639
Street Lighting Improvement Districts	
Pine SLID	1,800
Apache Hills SLID	3,138
Upper Glendale SLID	1,326
East Verde Park SLID	4,113
Miami Gardens SLID	2,978
Midland/Central Heights SLID	16,031
Claypool/Lower Miami SLID	<u>23,325</u>
Total	<u>\$1,257,639</u>

**Note 11**

The 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.

