

GILA COUNTY
REPORT ON AUDIT OF
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2012

**GILA COUNTY
REPORT ON AUDIT OF ANNUAL EXPENDITURE LIMITATION REPORT
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CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

The Auditor General of the State of Arizona

The Board of Supervisors of
Gila County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of the Gila County for the year ended June 30, 2012. This report is the responsibility of Gila County's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Annual Expenditure Limitation Report of Gila County for the year ended June 30, 2012, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management, and others within the County, and for filing with the Auditor General of the State of Arizona, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads 'CliftonLarsonAllen LLP'.

CliftonLarsonAllen LLP

Phoenix, Arizona

May 13, 2013

**GILA COUNTY
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2012**

1. Economic Estimates Commission Expenditure Limitation	\$ 38,369,254
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>35,582,255</u>
3. Amount under the expenditure limitation	<u><u>\$ 2,786,999</u></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 Financial Officer:

Name and Title: Dana P. Hlavac, Interim Director

Telephone Number: (928) 425-3231

Date: May 13, 2013

See accompanying notes to report.

**GILA COUNTY
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2012**

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 58,561,977	\$ 869,715	\$ 139,723,717	\$ 199,155,409
B. Less exclusions claimed:				
Debt service requirements on other long-term obligations (Note 2)	646,192	26,556	-	672,748
Trustee or custodian (Note 3)	1,557,843	-	139,723,717	141,281,560
Grants and aid from the federal government (Note 4)	12,375,417	-	-	12,375,417
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)	340,775	-	-	340,775
Amounts received from the State of Arizona (Note 4)	3,148,602	-	-	3,148,602
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)	2,718,150	-	-	2,718,150
Contracts with other political subdivisions (Note 4)	736,679	-	-	736,679
Amounts received for distribution to school districts (Notes 4 and 6)	2,299,223	-	-	2,299,223
Total exclusions claimed	<u>23,822,881</u>	<u>26,556</u>	<u>139,723,717</u>	<u>163,573,154</u>
C. Amounts subject to the expenditure limitation	<u>\$ 34,739,096</u>	<u>\$ 843,159</u>	<u>\$ -</u>	<u>\$ 35,582,255</u>

See accompanying notes to report.

**GILA COUNTY
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2012**

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	\$ 61,982,849	\$ 975,635	\$ 139,723,717	\$ 202,682,201
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation	-	191,378	-	191,378
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 7)	1,260,673	-	-	1,260,673
Long-term care contributions withheld by the State Treasurer (Note 8)	2,069,685	-	-	2,069,685
Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	90,514	-	-	90,514
Total subtractions	<u>3,420,872</u>	<u>191,378</u>	<u>-</u>	<u>3,612,250</u>
C. Additions:				
Principal payments on long-term debt	-	24,945	-	24,945
Landfill closure and postclosure care costs paid in the current year, but reported as expenses in previous years	-	60,513	-	60,513
Total additions	<u>-</u>	<u>85,458</u>	<u>-</u>	<u>85,458</u>
D. Amounts reported on Part II, Line A	<u>\$ 58,561,977</u>	<u>\$ 869,715</u>	<u>\$ 139,723,717</u>	<u>\$ 199,155,409</u>

See accompanying notes to report.

GILA COUNTY
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07, which 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 requirements, 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 Assets for the Proprietary Funds; Statement of Cash Flows for the Proprietary Funds; and the Statement of Changes in Fiduciary Net Assets for the Fiduciary Funds.

NOTE 2 DEBT SERVICE REQUIREMENTS ON OTHER LONG-TERM OBLIGATIONS

The exclusion claimed for debt service requirements on other long-term obligations in the Governmental and Enterprise Funds consists of principal retirement and interest expense of \$324,764 and \$321,428, respectively in the Governmental Funds and \$24,945 and \$1,611 in the Enterprise Funds, respectively.

NOTE 3 TRUSTEE OR CUSTODIAN

The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,557,843 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, administrative costs and uncompensated care; and in the Fiduciary Funds, the exclusion consists of \$139,723,717 in distributions to investment pool participants.

**GILA COUNTY
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2012**

NOTE 4 FEDERAL GRANTS AND AID, AMOUNTS RECEIVED FROM THE STATE, HIGHWAY USER REVENUES, CONTRACTS WITH OTHER POLITICAL SUBDIVISIONS, AND AMOUNTS RECEIVED FOR DISTRIBUTION TO SCHOOL DISTRICTS

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the state of Arizona, highway user revenues, contracts with other political subdivisions, and amounts received for distribution to school districts in the Governmental Funds.

Grants and Aid From the Federal Government	\$ 12,375,417
Amounts Received From the State of Arizona	3,148,602
Highway User Revenues	2,718,150
1979-80 Highway User Revenues (Nonexcludable)	529,540
Contracts with Other Political Subdivisions	736,679
Amounts Received for Distribution to School Districts	2,299,223
Other Revenues (Nonexcludable)	7,429,643
Total Intergovernmental Revenues as Reported in the Governmental Fund Financial Statements	\$ 29,237,254

NOTE 5 GRANTS, AID, CONTRIBUTIONS, OR GIFTS FROM PRIVATE AGENCY, ORGANIZATION, OR INDIVIDUAL

The exclusion claimed for grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes include donations and contributions reported in the Governmental Fund financial statements.

NOTE 6 AMOUNTS RECEIVED FOR DISTRIBUTION TO SCHOOL DISTRICTS

The 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.

**GILA COUNTY
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2012**

NOTE 7 EXPENDITURES FOR SEPARATE LEGAL ENTITIES

The subtraction of \$1,260,673 in the Governmental Funds 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.

	Highways and Streets	Culture and Recreation	Total
Special Assessment Districts			
Street Lighting District	\$ 45,941	\$ -	\$ 45,941
Library District	-	1,214,732	1,214,732
	\$ 45,941	\$ 1,214,732	\$ 1,260,673

NOTE 8 LONG-TERM CARE CONTRIBUTIONS WITHHELD BY STATE TREASURER

The subtraction for long-term care contributions withheld by the State Treasurer consists of transaction privilege taxes withheld by the State Treasurer to meet the County’s share of long-term care costs that was reported as revenue and an offsetting welfare expenditure in the County’s Governmental Funds. Consequently, the expenditure has been subtracted on the reconciliation.