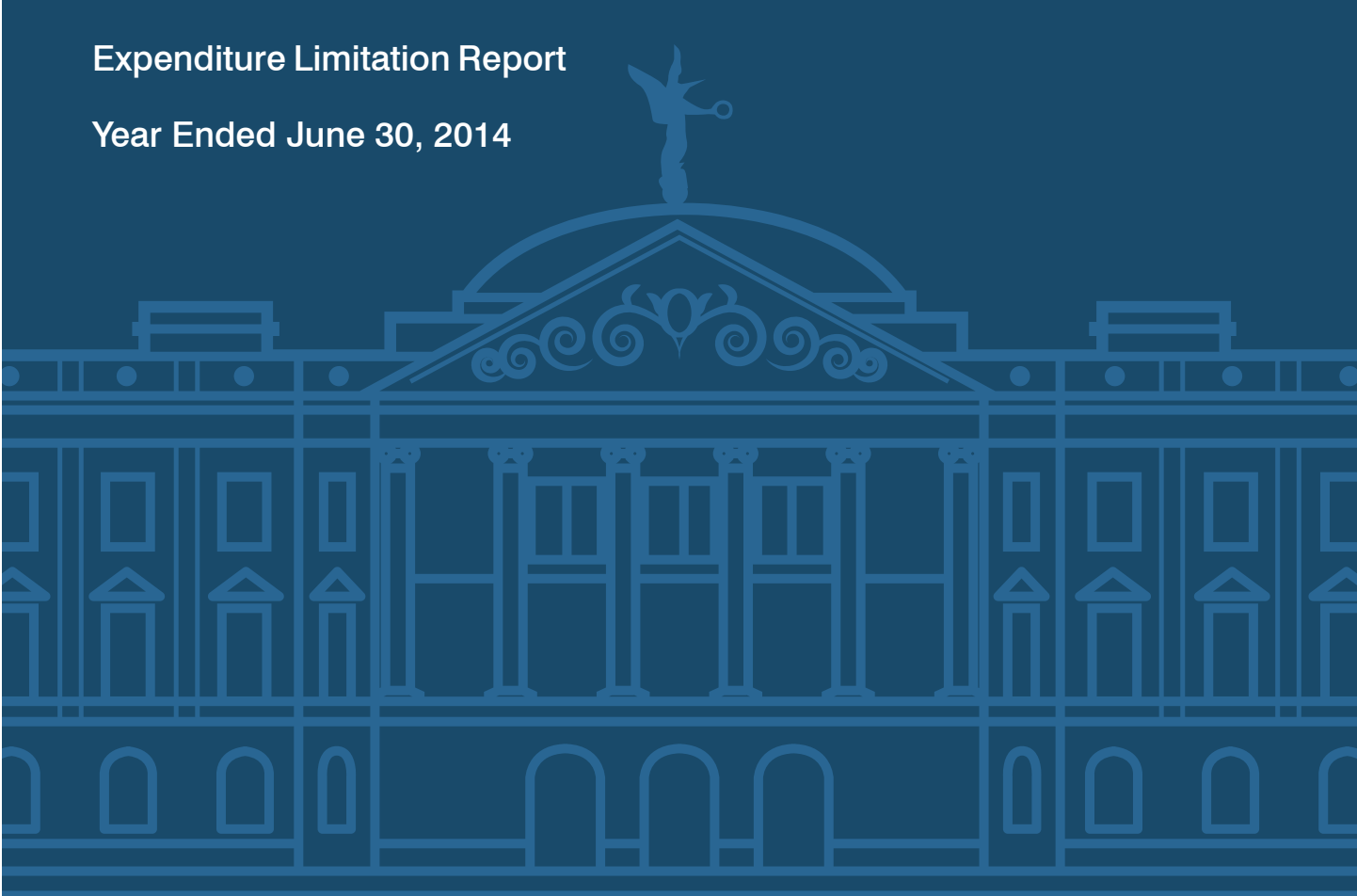


# Gila County

Expenditure Limitation Report

Year Ended June 30, 2014



A Report to the Arizona Legislature





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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**STATE OF ARIZONA**  
OFFICE OF THE  
**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 of Gila County for the year ended June 30, 2014, 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.

Jay Zsorey, CPA  
Director, Financial Audit Division

March 29, 2018



**Gila County**  
**Annual expenditure limitation report—part I**  
**Year ended June 30, 2014**

1. Economic Estimates Commission expenditure limitation	\$40,004,813
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>34,626,809</u>
3. Amount under the expenditure limitation	<u>\$ 5,378,004</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: \_\_\_\_\_

Name and title: W. James Menlove, CPA, County Manager

Telephone number: (928) 402-4257 Date: March 29, 2018

See accompanying notes to report.

**Gila County**  
**Annual expenditure limitation report—part II**  
**Year ended June 30, 2014**

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 57,311,765	\$ 1,362,317	\$ 93,956,267	\$ 152,630,349
B. Less exclusions claimed:				
Debt service requirements (Note 2)	699,691			699,691
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	395,941			395,941
Trustee or custodian (Note 4)	1,413,200		93,956,267	95,369,467
Grants and aid from the federal government (Note 5)	12,353,451			12,353,451
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 11)	146,319			146,319
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 6)	2,517,920			2,517,920
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	2,748,999			2,748,999
Amounts received for distribution to school districts (Notes 5 and 7)	<u>3,771,752</u>	<u>                    </u>	<u>                    </u>	<u>3,771,752</u>
Total exclusions claimed	<u>24,047,273</u>	<u>                    </u>	<u>93,956,267</u>	<u>118,003,540</u>
C. Amounts subject to the expenditure limitation	<u>\$ 33,264,492</u>	<u>\$ 1,362,317</u>	<u>\$ -</u>	<u>\$ 34,626,809</u>

See accompanying notes to report.



**Gila County**  
**Annual expenditure limitation report—reconciliation**  
**Year ended June 30, 2014**

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	\$ 60,816,628	\$ 1,349,350	\$ 93,956,267	\$ 156,122,245
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		148,364		148,364
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 8)	1,378,863			1,378,863
Long-term care contributions withheld by the State Treasurer (Note 9)	<u>2,126,000</u>			<u>2,126,000</u>
Total subtractions	<u>3,504,863</u>	<u>148,364</u>		<u>3,653,227</u>
C. Additions:				
Principal payments on long-term debt		4,170		4,170
Landfill closure and postclosure care costs paid in the current year but reported as expenses in the previous years (Note 10)		<u>157,161</u>		<u>157,161</u>
Total additions		<u>161,331</u>		<u>161,331</u>
D. Amounts reported on Part II, Line A	<u>\$ 57,311,765</u>	<u>\$ 1,362,317</u>	<u>\$ 93,956,267</u>	<u>\$ 152,630,349</u>

See accompanying notes to report.

**Gila County**  
**Notes to annual expenditure limitation report**  
**Year ended June 30, 2014**

**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 claimed for debt service requirements in the governmental funds of \$699,691 consists of principle retirement and interest expenditures of \$390,750 and \$308,941, respectively.

**Note 3**

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$395,941 in the governmental funds includes investment earnings expended of \$281,903 and interest on delinquent taxes expended of \$114,038, 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 \$93,956,267 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:

<b>Description</b>	
Grants and aid from the federal government	\$12,353,451
Highway user revenues in excess of those received in fiscal year 1979-80	2,748,999
Amounts received for distribution to school districts	3,771,752
Other revenues (nonexcludable)	<u>10,218,258</u>
Total intergovernmental revenues as reported in the governmental fund financial statements	<u>\$29,092,460</u>

**Gila County**  
**Notes to annual expenditure limitation report**  
**Year ended June 30, 2014**

**Note 6**

The \$2,517,920 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 county voters and, therefore, is exempted from the expenditure limitation.

**Note 7**

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.

**Note 8**

The subtraction of \$1,378,863 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.

Culture and recreation	\$1,331,962
Highways and streets	<u>46,901</u>
Total	<u>\$1,378,863</u>

**Note 9**

The subtraction of long-term care contributions withheld by the State Treasurer 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.

**Note 10**

The addition of \$157,161 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 \$146,319 in the governmental funds, consists of \$76 and \$146,243 in private donations and contributions in the general fund and other governmental funds, respectively.

