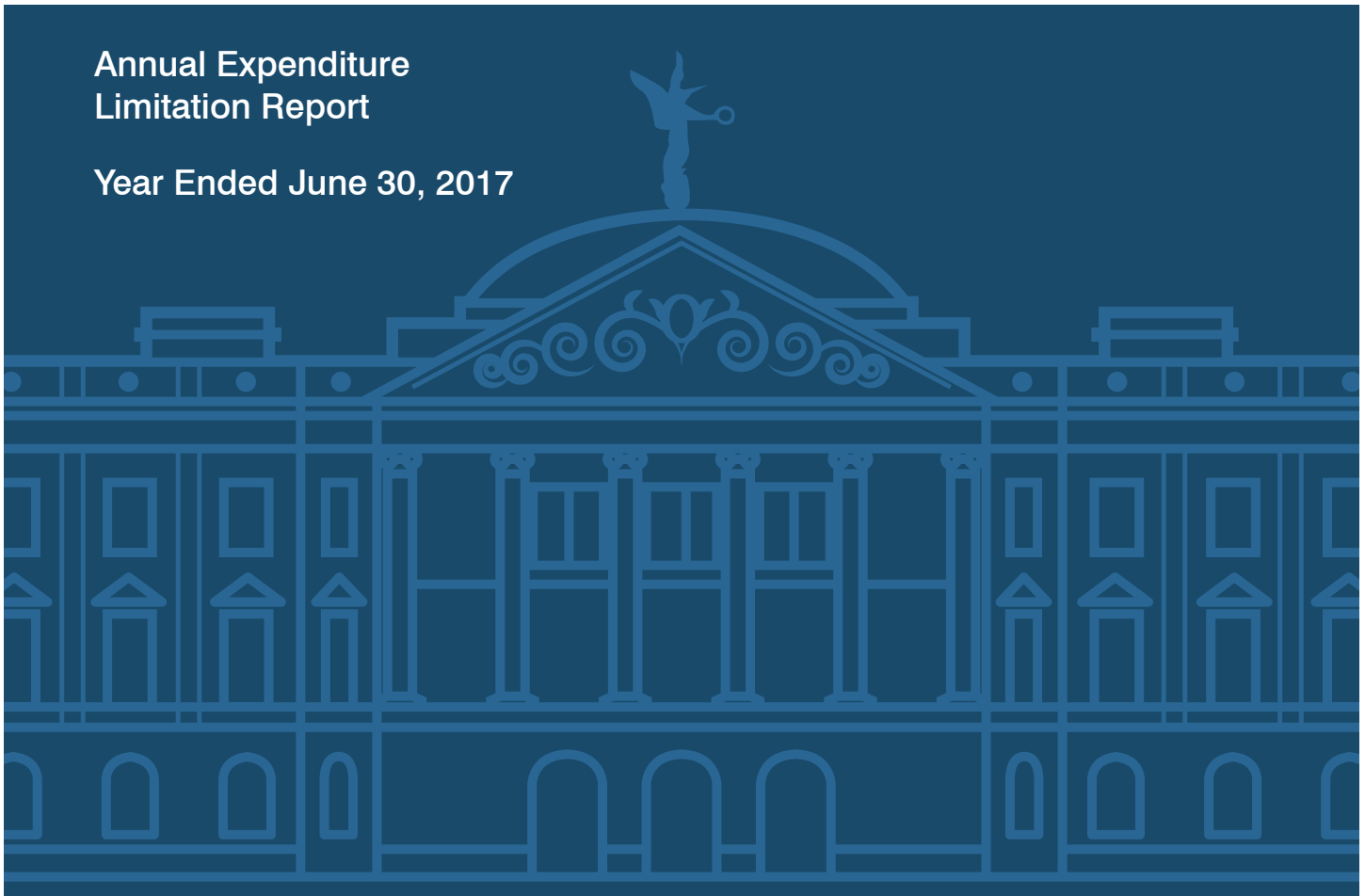


# Gila County

Annual Expenditure  
Limitation Report

Year Ended June 30, 2017



A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





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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## Audit Staff

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# TABLE OF CONTENTS

<b>Independent accountants' report</b>	1
<b>Annual Expenditure Limitation Report—Part I</b>	3
<b>Annual Expenditure Limitation Report—Part II</b>	4
<b>Annual Expenditure Limitation Report—Reconciliation</b>	5
<b>Notes to Annual Expenditure Limitation Report</b>	6





**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

**ARIZONA AUDITOR GENERAL**  
**LINDSEY A. PERRY**

**JOSEPH D. MOORE**  
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, 2017, 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

October 31, 2019



**Gila County**  
**Annual Expenditure Limitation Report—Part I**  
**Year ended June 30, 2017**

1. Economic Estimates Commission expenditure limitation	\$41,535,973
2. Amount subject to the expenditure limitation (total amount from Part II, line C)	<u>38,579,747</u>
3. Amount under the expenditure limitation	<u>\$ 2,956,226</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: October 31, 2019

See accompanying notes to report.

**Gila County**  
**Annual Expenditure Limitation Report—Part II**  
**Year ended June 30, 2017**

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, line D	\$ 54,270,769	\$ 985,872	\$ 99,980,815	\$ 155,237,456
B. Less exclusions claimed:				
Debt service requirements (Note 2)	844,006			844,006
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	405,958			405,958
Trustee or custodian (Note 4)	1,413,200		99,980,815	101,394,015
Grants and aid from the federal government (Note 5)	7,546,149			7,546,149
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	197,267			197,267
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 7)	1,427,728			1,427,728
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	3,818,992			3,818,992
Amounts received for distribution to school districts (Notes 5 and 8)	<u>1,023,594</u>			<u>1,023,594</u>
Total exclusions claimed	<u>16,676,894</u>		<u>99,980,815</u>	<u>116,657,709</u>
C. Amounts subject to the expenditure limitation	<u>\$ 37,593,875</u>	<u>\$ 985,872</u>	<u>\$ -</u>	<u>\$ 38,579,747</u>

See accompanying notes to report.



**Gila County**  
**Annual Expenditure Limitation Report—Reconciliation**  
**Year ended June 30, 2017**

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	\$ 57,893,222	\$ 1,245,924	\$ 99,980,815	\$ 159,119,961
B. Subtractions:				
Items not requiring use of current financial resources:				
Depreciation		94,081		94,081
Landfill closure and postclosure care costs (Note 9)		242,381		242,381
Pension expense (Note 10)		(6,467)		(6,467)
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 11)	1,509,853			1,509,853
Long-term care contributions withheld by the State Treasurer (Note 12)	<u>2,112,600</u>			<u>2,112,600</u>
Total subtractions	<u>3,622,453</u>	<u>329,995</u>		<u>3,952,448</u>
C. Additions:				
Capital asset acquisitions		27,334		27,334
Pension contributions paid in the current year (Note 10)		42,609		42,609
Total additions		<u>69,943</u>		<u>69,943</u>
D. Amounts reported on Part II, line A	<u>\$ 54,270,769</u>	<u>\$ 985,872</u>	<u>\$ 99,980,815</u>	<u>\$ 155,237,456</u>

See accompanying notes to report.

**Gila County**  
**Notes to Annual Expenditure Limitation Report**  
**Year ended June 30, 2017**

**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 consists of principal retirement and interest expenditures in the governmental funds.

**Note 3**

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$405,958 in the governmental funds includes investment earnings expensed of \$90,008 and interest on delinquent taxes expensed of \$315,950, 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 \$99,980,815 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	\$7,546,149
Highway user revenues in excess of those received in fiscal year 1979-80	3,818,992
Amounts received for distribution to school districts	1,023,594
Other revenues (nonexcludable)	<u>12,636,739</u>
Total intergovernmental revenues as reported in the governmental fund financial statements	<u>\$25,025,474</u>

# Gila County

## Notes to Annual Expenditure Limitation Report

### Year ended June 30, 2017

#### Note 6

The exclusion claimed for grants, aid, contributions, or gifts from a private agency, organization or individual, except amounts received in lieu of taxes of \$197,267 in the governmental funds, consists of \$159 and \$197,108 in private donations and contributions in the general fund and community services fund, respectively.

#### Note 7

The \$1,427,728 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 the County voters and, therefore, is exempted from the expenditure limitation.

#### Note 8

The exclusion claimed for amounts received for distribution to school districts of \$1,023,594 consists of federal, state, and county revenues recorded as education expenditures for operating an accommodation school.

#### Note 9

The subtraction of \$242,381 for landfill closure and postclosure care costs consists of that portion of the total estimated liability reported as expenses in the current year but not yet paid in the enterprise funds.

#### Note 10

The subtraction of (\$6,467) for pension expense consists of changes in the net pension liability, changes in deferred outflows related to pensions, and changes in deferred inflows related to pensions, recognized in the current year in the enterprise fund. The addition of \$42,609 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the enterprise fund.

#### Note 11

The subtraction of \$1,509,853 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	\$1,458,678
Highways and streets	<u>51,175</u>
Total	<u>\$1,509,853</u>

**Gila County**  
**Notes to Annual Expenditure Limitation Report**  
**Year ended June 30, 2017**

**Note 12**

The subtraction of 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 were reported as a revenue and an offsetting expenditure in the County's governmental funds. Consequently, this expenditure has been subtracted on the reconciliation.

