

Gila County, Arizona
Report on Audit of Annual
Expenditure Limitation Report
Year Ended June 30, 2003

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Annual Expenditure Limitation Report – Part I	2
Annual Expenditure Limitation Report – Part II	3
Annual Expenditure Limitation Report – Reconciliation	4
Notes to Annual Expenditure Limitation Report	5-6



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 Gila County for the year ended June 30, 2003. This report is the responsibility of the County's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 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 U.S. generally accepted accounting principles.

In our opinion, the Annual Expenditure Limitation Report of Gila County for the year ended June 30, 2003, 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 and the Board of Supervisors, 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. However, this report is a matter of public record and its distribution is not limited.

Phoenix, Arizona
August 25, 2005

Gila County
Annual Expenditure Limitation Report - Part I
Year ended June 30, 2003

1. Economic Estimates Commission expenditure limitation	\$ 31,080,188
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>28,576,048</u>
3. Amount under the expenditure limitation	<u><u>\$ 2,504,140</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 Fiscal Officer: _____

Name and Title: Richard C. Gaona, Director of Finance

Telephone Number: (928) 402-8743

Date: 2/15/06

See accompanying notes to report.

Gila County
Annual Expenditure Limitation Report - Part II
Year ended June 30, 2003

Description	Governmental Funds	Fiduciary Funds	Total
A. Amounts reported on the reconciliation, Line C.	\$ 45,536,144	\$ 89,780,623	\$ 135,316,767
B. Less exclusions claimed:			
1. Debt service requirements on other long-term obligations (Note 2)	1,422,417	-	1,422,417
2. Dividends, interest and gains on the sale or redemption of investment securities (Note 3)	707,009	-	707,009
3. Trustee or custodian (Note 4)	1,413,151	89,780,623	91,193,774
4. Grants and aid from the federal government (Note 5)	7,077,864	-	7,077,864
5. Amount received from the state (Note 5)	3,666,222	-	3,666,222
6. Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	<u>2,673,433</u>	<u>-</u>	<u>2,673,433</u>
Total exclusions claimed	<u>16,960,096</u>	<u>89,780,623</u>	<u>106,740,719</u>
C. Amounts subject to the expenditure limitation.	<u>\$ 28,576,048</u>	<u>\$ -</u>	<u>\$ 28,576,048</u>

See accompanying notes to report.

Gila County
Annual Expenditure Limitation Report - Reconciliation
Year ended June 30, 2003

Description	Governmental Funds	Fiduciary Funds	Total
A. Total expenditures or deductions and applicable other financing uses reported within the fund financial statements	\$ 49,502,155	\$ 89,780,623	\$ 139,282,778
B. Subtractions:			
1. Community college reimbursement payments pursuant to A.R.S. §15-1469.01 (Note 6)	915,539	-	915,539
2. Long-term care contributions withheld by the State Treasurer (Note 6)	<u>3,050,472</u>	<u>-</u>	<u>3,050,472</u>
Total subtractions	<u>3,966,011</u>	<u>-</u>	<u>3,966,011</u>
C. Amounts reported on Part II, Line A	<u>\$ 45,536,144</u>	<u>\$ 89,780,623</u>	<u>\$ 135,316,767</u>

See accompanying notes to report.

Gila County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2003

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 annual 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 and the Statement of Fiduciary Net Assets for the Fiduciary Funds.

Note 2

The exclusion claimed for debt service requirements on other long-term obligations consists of principal and interest expense of the Governmental Funds.

Note 3

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$707,009 in the Governmental Funds includes interest on investments expended of \$443,969 and interest on delinquent taxes expended of \$263,040, which was recorded as tax revenue.

Note 4

The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,413,151 in contributions by the County to the Arizona Health Care Cost Containment System for acute care reported as health, welfare and sanitation expenditures and in the Fiduciary Funds, the exclusion consists of \$89,780,623 in distributions to participants.

Gila County
Notes to Annual Expenditure Limitation Report - Continued
Year ended June 30, 2003

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	Governmental Funds
Grants and aid from the federal government	\$ 7,077,864
Amounts received from the State of Arizona	3,666,222
Highway user revenues in excess of those received in fiscal year 1979-80	2,673,433
Other revenues (nonexcludable)	1,828,864
Total intergovernmental revenues as reported in the fund financial statements	\$ 15,246,383

Note 6

The tuition reimbursement payments to other community colleges of \$915,539 and the County's share of long-term health care costs of \$3,050,472 were withheld from the County's share of the transaction privilege taxes by the State Treasurer and reported in the statements as education and health, welfare and sanitation expenditures, respectively.