

Gila County

Annual Expenditure Limitation Report

Year Ended June 30, 2024

A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





The Arizona 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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ARIZONA AUDITOR GENERAL

Lindsey A. Perry, 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, 2024, 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

September 9, 2025

Gila County
Annual Expenditure Limitation Report—Part I
Year ended June 30, 2024

1. Economic Estimates Commission expenditure limitation	\$50,068,759
2. Amount subject to the expenditure limitation (total amount from Part II, line C)	<u>50,068,759</u>
3. Amount under the expenditure limitation	<u>\$ 0</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 Belling

Name and title: Maryn Blythe Belling, Finance Director

Telephone number: (928) 402-8743 Date: September 9, 2025

See accompanying notes to report.

Gila County
Annual Expenditure Limitation Report—Part II
Year ended June 30, 2024

Description	Governmental funds	Enterprise funds	Fiduciary funds	Total
A. Amounts reported on the reconciliation, line D	\$ 79,529,491	\$ 3,100,691	\$ 195,518,314	\$ 278,148,496
B. Less exclusions claimed:				
Debt service requirements (Note 2)	2,289,293	58,443		2,347,736
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	957,589			957,589
Trustee or custodian (Note 4)	1,531,003		195,518,314	197,049,317
Grants and aid from the federal government (Note 5)	12,353,760			12,353,760
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	783,516			783,516
Amounts received from the State of Arizona (Note 5)	7,546,497			7,546,497
Amounts accumulated for the purchase for land, buildings, or improvements (Note 6)	948,121			948,121
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	5,036,004			5,036,004
Amounts received for distribution to school districts	<u>1,057,197</u>	<u> </u>	<u> </u>	<u>1,057,197</u>
Total exclusions claimed	<u>32,502,980</u>	<u>58,443</u>	<u>195,518,314</u>	<u>228,079,737</u>
C. Amounts subject to the expenditure limitation	<u>\$ 47,026,511</u>	<u>\$ 3,042,248</u>	<u>\$ -</u>	<u>\$ 50,068,759</u>

See accompanying notes to report.

Gila County
Annual Expenditure Limitation Report—Reconciliation
Year ended June 30, 2024

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	\$ 83,750,520	\$ 3,376,422	\$ 195,518,314	\$ 282,645,256
B. Subtractions:				
Items not requiring use of current financial resources:				
Depreciation and amortization		267,058		267,058
Pension and other postemployment benefits (OPEB) expense (Note 7)		59,367		59,367
Landfill closure and postclosure care costs and pollution remediation (Note 8)		772,227		772,227
Total expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 9)	1,368,725			1,368,725
Long-term care contributions the State Treasurer withheld (Note 10)	2,852,304			2,852,304
Total subtractions	4,221,029	1,098,652		5,319,681
C. Additions:				
Principal payments on long-term debt		58,443		58,443
Capital asset acquisitions		688,864		688,864
Pension and OPEB contributions paid in the current year (Note 7)		75,614		75,614
Total additions		822,921		822,921
D. Amounts reported on Part II, line A	\$ 79,529,491	\$ 3,100,691	\$ 195,518,314	\$ 278,148,496

See accompanying notes to report.

Gila County

Notes to Annual Expenditure Limitation Report

Year ended June 30, 2024

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 \$2,289,293 exclusion claimed for debt service requirements in the governmental funds consists of principal retirement of \$1,426,950 and interest of \$862,343.

Note 3

The \$957,589 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds were expenditures made from interest earnings on investments of \$1,501,608 and interest on delinquent taxes of \$907,379, which was recorded as tax revenue. The remaining unspent excludable revenues of \$1,451,398 have been carried forward to future years. All of the enterprise funds investment earnings totaling \$262,635 has been carried forward to future years.

Note 4

The \$1,531,003 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 \$195,518,314 exclusion consists of deductions of \$982,242 for private purpose trust funds, \$140,509,593 for external investment pool custodial funds, and \$54,026,479 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, 2024

Description	
Grants and aid from the federal government	\$12,353,760
Amounts received from the State of Arizona	7,546,497
Highway user revenues in excess of those received in fiscal year 1979-80	5,036,004
Nonexcludable revenues	<u>17,956,174</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$42,892,435</u>

Note 6

The exclusion claimed for amounts accumulated for the purchase of land, buildings, or improvements of \$948,121 in the governmental funds consists of transfers from other County funds.

Note 7

The \$59,367 subtraction for pension and other post employment benefit (OPEB) expense consists of changes in the net position 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 funds. The \$75,614 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 funds. 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.

	Enterprise funds
Statement of cash flows	
Change in net pension and OPEB asset	\$ 2,116
Change in deferred inflows related to pensions and OPEB	(2,209)
Change in deferred outflows related to pensions and OPEB	29,521
Change in net pension and OPEB liability	<u>(45,675)</u>
Total	<u>\$(16,247)</u>
AELR – Reconciliation	
Pension/OPEB contributions – addition	\$ 75,614
Pension/OPEB expense (income) – subtraction	<u>(59,367)</u>
Total	<u>\$ 16,247</u>

Gila County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2024

Note 8

The \$772,227 subtraction for landfill closure and postclosure care (and pollution remediation) 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. The landfill closure and postclosure care costs are computed by the County's contracted engineering specialist as disclosed in the annual financial statements.

Note 9

The \$1,368,725 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:

Special assessment districts	
Library district	
Library district grants	\$ 47,443
Library assistance	1,261,821
Street Lighting Improvement Districts	
Pine SLID	2,083
Apache Hills SLID	1,640
Upper Glendale SLID	1,563
East Verde Park SLID	4,409
Miami Gardens SLID	3,235
Midland/Central Heights SLID	18,875
Claypool/Lower Miami SLID	<u>27,656</u>
Total	<u>\$1,368,725</u>

Note 10

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.

Gila County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2024

Note 11

Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. The June 30, 2023, beginning carryforward balance for grants and aid from the federal government was eliminated as the \$7,746,470 recorded in the prior year carryforward schedule was not recorded revenues in the financial statements. A summary of the accumulated revenue source and its balance is shown in the table below:

Description	Balance June 30, 2023	Carryforward added	Carryforward used	Balance June 30, 2024
Dividends, interest, and gains on the sale or redemption of investment securities - Governmental funds	\$ 0	\$1,451,398	\$ 0	\$1,451,398
Dividends, interest, and gains on the sale or redemption of investment securities - Enterprise funds	<u>0</u>	<u>262,635</u>	<u>0</u>	<u>262,635</u>
Total carryforward	<u>\$ 0</u>	<u>\$1,714,033</u>	<u>\$ 0</u>	<u>\$1,714,033</u>

