



# GILA COUNTY, ARIZONA

“HEART OF ARIZONA”



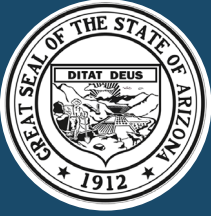
## Annual Financial Report

FISCAL YEAR ENDED 6/30/2025

## Gila County

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**ARIZONA  
AUDITOR  
GENERAL**

Lindsey A. Perry, Auditor General

## **Independent auditors' report**

Members of the Arizona State Legislature

The Board of Supervisors of  
Gila County, Arizona

### **Report on the audit of the financial statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Gila County as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the County as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

#### **Basis for opinions**

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of matter***

As discussed in Note 1 to the financial statements, for the year ended June 30, 2025, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, Compensated Absences. Our opinions are not modified with respect to this matter.

## ***Other matters***

Compliance over the use of Highway User Revenue Fund and other dedicated State transportation revenue monies

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to comply with the authorized transportation purposes, insofar as they relate to accounting matters, for Highway User Revenue Fund monies it received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated State transportation revenues it received. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the authorized transportation purposes referred to above, insofar as they relate to accounting matters.

The communication related to compliance over the use of Highway User Revenue Fund and other dedicated State transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the County's Board of Supervisors and management, and other responsible parties within the County and is not intended to be and should not be used by anyone other than these specified parties.

## ***Management's responsibilities for the financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, we:

- ▶ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ▶ Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required supplementary information***

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5 through 14, budgetary comparison schedules on pages 79 through 83, schedule of the County's proportionate share of the net pension liability—cost-sharing plans on pages 87 through 88, schedule of changes in the County's net pension liability and related ratios—agent plans on pages 89 through 94, and schedule of County pension contributions on pages 95 through 98 be presented to supplement the basic financial statements. Such information is management's responsibility and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other reporting required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

March 31, 2026

**Gila County**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2025**

As management of Gila County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the financial statements.

**Financial Highlights**

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by \$51.5 million (net position). Of this amount, \$51 million is the net investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress); \$47.6 million is restricted for specific purposes (restricted net position); and \$47.1 million is the County's deficit that is primarily a result of recognizing long-term liabilities related to pensions and other postemployment benefits (OPEB).
- Total assets were \$135.3 million, an increase of \$1.4 million or 1.0 percent in comparison with the prior fiscal year's balance of \$133.9 million.
- Total liabilities were \$87.8 million, an increase of \$219,812 or less than one percent in comparison with the prior fiscal year's balance of \$87.6 million.
- The County reported total deferred outflows of resources related to pensions/OPEB of \$7.5 million and deferred inflows of resources related to pensions/OPEB of \$3.5 million.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$37.9 million, a decrease of \$5.1 million in comparison with the prior year's balance of \$43.0 million.
- At the end of the current fiscal year, the general fund had an unrestricted fund balance of \$12.5 million or 20.9 percent of total general fund expenditures. Of this amount, assigned fund balance for construction projects, rainy day and cash flow reserves was \$5.2 million and unassigned was \$7.3 million.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Required supplementary information is included in addition to the basic financial statements.

**Government-wide financial statements.** Government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private sector business.

**Gila County**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2025**

The *statement of net position* presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows (full accrual accounting). Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The statement of activities distinguishes functions of the County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or part of their costs through user fees and charges.

The governmental activities of the County include general government; public safety; highways and streets; health; welfare; sanitation; culture and recreation; and education.

The government-wide financial statements not only include the County itself (known as the primary government), but also the legally separate Gila County Library District and Street Lighting Districts, which function for all practical purposes as departments of the County and therefore have been included as an integral part of the County. The business-type activities account for landfill operations.

The government-wide financial statements can be found on pages 16 through 18 of this report.

**Fund financial statements.** Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds statements focus on near-term inflows and outflows of spendable resources as well as the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financial position.

**Gila County**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2025**

Because the focus of governmental fund statements is narrower than the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances include a reconciliation to facilitate this comparison between governmental funds and governmental activities. The County maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for four funds that are considered to be major funds, General, Opioid Settlement, Public Works, and Emergency Response. Data from the other governmental funds is combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 19 through 25 of this report.

*Proprietary Funds* are maintained in two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for landfill operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for automotive fleet maintenance and operations. Because these services predominantly benefit governmental rather than business-type functions, all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of these services have been included within governmental activities in the government-wide financial statements. The proprietary fund financial statements can be found on pages 26 through 28 of this report.

*Fiduciary Funds* are used to account for resources held by the County for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements can be found on pages 29 and 30 of this report.

*Notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 through 76 of this report.

*Required supplementary information* presents budgetary comparison schedules for the general and major special revenue funds. This section also includes certain information concerning the County's net pension liability and pension contributions. Required supplementary information can be found on pages 79 through 100 of this report.

**Gila County**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2025**

**Government-Wide Financial Analysis**

**Statement of Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the fiscal year, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$51.5 million as presented in the following table.

**Condensed Statement of Net Position**  
**(in thousands)**  
**June 30, 2025 and 2024**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Current and other assets	\$ 60,490	\$ 68,455	\$ 11,320	\$ 10,173	\$ 71,810	\$ 78,628
Capital assets, net	55,819	47,378	7,668	7,913	63,487	55,291
Total assets	<u>116,309</u>	<u>115,833</u>	<u>18,988</u>	<u>18,086</u>	<u>135,297</u>	<u>133,919</u>
Deferred outflows	<u>7,347</u>	<u>6,898</u>	<u>117</u>	<u>95</u>	<u>7,464</u>	<u>6,993</u>
Current and other liabilities	13,122	17,604	86	79	13,208	17,683
Long-term liabilities	<u>68,133</u>	<u>64,187</u>	<u>6,432</u>	<u>5,683</u>	<u>74,565</u>	<u>69,870</u>
Total liabilities	<u>81,255</u>	<u>81,791</u>	<u>6,518</u>	<u>5,762</u>	<u>87,773</u>	<u>87,553</u>
Deferred inflows	<u>3,443</u>	<u>5,086</u>	<u>58</u>	<u>48</u>	<u>3,501</u>	<u>5,134</u>
Net position:						
Net investment in capital assets	43,329	34,158	7,668	7,913	50,997	42,071
Restricted	39,724	39,057	7,879	7,123	47,603	46,180
Unrestricted	<u>(44,095)</u>	<u>(37,361)</u>	<u>(3,018)</u>	<u>(2,665)</u>	<u>(47,113)</u>	<u>(40,026)</u>
Total net position	<u>\$ 38,958</u>	<u>\$ 35,854</u>	<u>\$ 12,529</u>	<u>\$ 12,371</u>	<u>\$ 51,487</u>	<u>\$ 48,225</u>

**Gila County**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2025**

The largest portion of the County's net position is approximately \$51 million, or 99 percent, that reflects its investment in capital assets (e.g., land, buildings, equipment, vehicles, and infrastructure); less accumulated depreciation/amortization and any related debt used to acquire those assets that is still outstanding. The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities. The County's restricted net position of \$47.6 million, or 92.5 percent, is subject to external restrictions on how they may be used. The County's unrestricted deficit of \$47.1 million, or negative 91.5 percent, was an increase of \$7.1 million from the prior year's unrestricted deficit of \$40.0 million.

The following provides an explanation of governmental activities current and other assets, capital assets, and deferred outflows and inflows related to pensions/OPEB that changed significantly over the prior year:

- Current and other assets - the net decrease of \$8.0 million was primarily due to spending the majority of the remaining funds from the American Rescue Plan Act.
- Capital assets, net – the net increase of \$8.4 million was primarily due to the completion of the Tonto Creek Bridge renovation project.
- Deferred outflows and inflows related to pensions and OPEB - the net increase of \$449,342 for the deferred outflows and the net decrease of \$1.6 million for deferred inflows related to pensions and OPEB, were a result of the actuarial valuation performed of the County's participated pension plans as of June 30, 2025, and a measurement date of June 30, 2024.

The following provides an explanation of business-type activities current and other assets, and long-term liabilities that changed significantly over the prior year:

- Current and other assets - the increase of \$1.2 million was primarily due to an increase in charges for services and consistent spending year over year.
- Long-term liabilities – the increase of \$748,524 was primarily due to the increase in the landfill closure and post closure care costs payable.

**Gila County**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2025**

**Statement of activities.** The statement of activities' purpose is to present how the government's net position changed during the current fiscal year. At the end of the current fiscal year, the County's net position increased by \$3.3 million. The following table presents the changes in net position.

**Changes in Net Position**  
**(in thousands)**  
**Years Ended June 30, 2025 and 2024**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,758	\$ 5,288	\$ 3,284	\$ 2,436	\$ 7,042	\$ 7,724
Grants and contributions	26,600	26,240			26,600	26,240
General revenues:						
Property taxes	29,806	28,411			29,806	28,411
County excise tax	7,553	7,358			7,553	7,358
Share of state sales taxes	9,487	10,060			9,487	10,060
Shared revenue, state vehicle license tax	2,521	2,338			2,521	2,338
State appropriations	550	613			550	613
Shared revenue, state liquor license tax	8	14			8	14
Payments in lieu of taxes	4,619	4,728			4,619	4,728
Investment income	1,554	1,502	177	263	1,731	1,765
Miscellaneous	1,516	1,144			1,516	1,144
<b>Total revenues</b>	<u>87,972</u>	<u>87,696</u>	<u>3,461</u>	<u>2,699</u>	<u>91,433</u>	<u>90,395</u>
<b>Expenses:</b>						
General government	33,734	31,365			33,734	31,365
Public safety	21,330	21,232			21,330	21,232
Highways and streets	9,986	7,541			9,986	7,541
Health	5,477	5,595			5,477	5,595
Welfare	8,202	8,586			8,202	8,586
Sanitation	195	217	3,282	3,376	3,477	3,593
Culture and recreation	1,335	1,655			1,335	1,655
Education	1,490	1,396			1,490	1,396
Interest on long-term debt	752	775			752	775
<b>Total expenses</b>	<u>82,501</u>	<u>78,362</u>	<u>3,282</u>	<u>3,376</u>	<u>85,783</u>	<u>81,738</u>
<b>Changes in net position</b>	5,471	9,334	179	(677)	5,650	8,657
<b>Net position, beginning, as restated (Note 10)</b>	33,487	26,519	12,349	13,049	45,836	39,568
<b>Net position, ending</b>	<u>\$ 38,958</u>	<u>\$ 35,853</u>	<u>\$ 12,528</u>	<u>\$ 12,372</u>	<u>\$ 51,486</u>	<u>\$ 48,225</u>

**Gila County**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2025**

Overall, the governmental activities revenues increased by \$275,528, or less than one percent, and program expenses increased by \$4.1 million, or 5.3 percent, in the current fiscal year. The following provides an explanation of governmental activities revenues and expenses that changed significantly compared to the prior year:

Charges for services – The net decrease of \$1.5 million was primarily due to the prior year recognition of new opioid settlements.

General government expenses – The net increase of \$2.4 million was primarily due to salary and benefit increases for the year.

Highways and streets expenses – The net increase of \$2.4 million was primarily due to an increase in repair and maintenance costs related to the County's public works.

Overall, the business-type activities revenues increased by \$762,455, or 28.3 percent, and program expenses decreased by \$94,519 or 2.8 percent, in the current fiscal year. Revenues increased due to significant rate increases for the landfill effective in December 2024.

**Financial Analysis of the Governmental Funds**

The County reported four major funds for this fiscal year: the General Fund, Opioid Settlement Fund, Public Works Fund, and Emergency Response Fund. At the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$37.9 million, which was a decrease of \$5.1 million from the prior year. Of the total, \$6.0 million constitutes unrestricted fund balances.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, fund balance of the general fund was \$12.5 million, a decrease of \$2.7 million, or 18 percent over the prior year's balance of \$15.2 million. The unrestricted fund balance of the general fund was \$12.5 million, which represents 20.9 percent of total general fund expenditures. This ratio indicates a strong fund balance position in comparison to expenditures.

The following provides an explanation of major fund's activities that changed significantly over the prior year:

**General Fund**

Tax revenues increased \$2.0 million due to increase in property tax revenue collections.

Intergovernmental revenues decreased \$4.1 million in part due one-time funding received in the prior year for the Pleasant Valley veterans retreat center.

**Gila County**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2025**

Opioid Settlement Fund

Fines and forfeits decreased \$231,627 based on collections from various settlement agreements. Expenditures of \$496,760 were for opioid abatement.

Public Works Fund

Expenditures increased \$559,783 primarily due to an increase in capital expenditures for various equipment purchases and other renovations.

Emergency Response Fund

Expenditures of \$5.2 million were primarily related to the Campaign Creek project.

**General Fund Budgetary Highlights**

General Fund actual expenditures were \$42,356,957 million less than the adopted budget, and actual revenues were more than estimated revenues by \$339,915. General administration expenditures were \$947,201 less than the adopted budget. The County had budgeted \$500,000 for contingency reserve and \$15,000,000 for taxpayer stabilization and did not incur expenditures that required the utilization of these line items during the current fiscal year. Various County departments had actual expenditures in excess of the budget due to cost of inflation and regional transportation, and unexpected software upgrades.

**Gila County**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2025**

**Capital Assets and Debt Administration**

**Capital assets.** The County's capital assets include land, construction in progress, buildings, machinery and equipment, infrastructure assets (roads, highways, bridges, etc.) and software subscriptions. The County's total capital assets (net of accumulated depreciation/amortization) increased by \$8.2 million or 14.8 percent, during the current fiscal year in comparison with the prior year's balance of \$55.3 million.

The County's investment in capital assets for its governmental activities amounts to \$55.8 million (net of accumulated depreciation/amortization), a net increase of \$8.4 million, or 17.8 percent, from the prior year.

The County's investment in capital assets for its business-type activities amounts to \$7.7 million (net of accumulated depreciation), a net decrease of \$244,922, or 3.1 percent from the prior year.

Major capital asset activity during the fiscal year included:

**Governmental Activities:**

Infrastructure - The net increase of \$8.0 million was primarily due to the completion of the Tonto Creek Bridge project.

**Capital Assets at Year-End**  
**(Net of Accumulated Depreciation/Amortization)**  
**(in thousands)**  
**June 30, 2025 and 2024**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land	\$ 2,402	\$ 2,402	\$ 3,000	\$ 3,000	\$ 5,402	\$ 5,402
Construction in progress	10,799	11,208	61	424	10,860	11,632
Buildings	18,333	17,601	430	3	18,763	17,604
Improvements other than buildings	1,849	1,695	3,366	3,560	5,215	5,255
Machinery and equipment	6,220	6,165	629	733	6,849	6,898
Infrastructure	16,009	8,053	181	192	16,190	8,245
SBITA right-to-use	206	254			206	254
Total capital assets, net	<u>\$ 55,818</u>	<u>\$ 47,378</u>	<u>\$ 7,667</u>	<u>\$ 7,912</u>	<u>\$ 63,485</u>	<u>\$ 55,290</u>

Additional information on the County's capital assets can be found in Note 6 on pages 45 through 46 of this report.

**Gila County**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2025**

**Long-term debt.** The County's total long-term liabilities as of June 30, 2025, amounts to \$74.6 million, a net increase of \$4.7 million during the current fiscal year in comparison with the prior year's balance of \$69.9 million. Of the increase, \$2.5 million is related to the County's implementation of GASB 101 – *Compensated Absences*.

Major long-term debt activity during the fiscal year included:

Governmental Activities:

- Net pension liability - the net increase of \$2.6 million was a result of the actuarial valuation performed of the County's participated pension plans as of June 30, 2025 and a measurement date of June 30, 2024.

Business-Type Activities:

- Landfill closure and postclosure care costs payable – an increase of \$784,827 of landfill closure and postclosure care costs liability calculated by the County's contracted engineering specialist.

State statutes limit the amount of general obligation debt a county may issue to 6 percent of its total assessed valuation. The current debt limitation for the County is \$39,925,878. Since the County has no general obligation debt, this amount equals the debt capacity. Additional information on long-term debt can be found in Note 8 on pages 47 through 51 of this report.

**Economic Factors and Next Year's Budget and Rates**

The unemployment rate for Gila County is 4.6 percent at June 2025 which is slightly higher than the previous year's rate of 4.2 percent. The state unemployment rate was 4.1 percent at June 2025. There is an increase in property assessed valuations with no change in tax rate for fiscal year 2025. These economic factors were considered in preparing the county's budget for fiscal year 2026.

**Requests for Information**

This financial report is designed to provide a greater overview of Gila County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed as follows:

Finance Director  
Gila County  
1400 E. Ash Street  
Globe, Arizona 85501-1483

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**Gila County**  
**Statement of Net Position**  
**June 30, 2025**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 45,461,341	\$ 3,455,608	\$ 48,916,949
Property taxes receivable	695,565		695,565
Accounts receivable	4,770,119	241,716	5,011,835
Interest receivable		16,733	16,733
Internal balances	273,110	(273,110)	
Due from other governments	5,819,760		5,819,760
Inventories	120,275		120,275
<b>Total current assets</b>	<u>57,140,170</u>	<u>3,440,947</u>	<u>60,581,117</u>
Noncurrent assets:			
Restricted cash and investments		7,853,966	7,853,966
Net pension/other postemployment benefits asset	3,350,301	25,580	3,375,881
Capital assets, not being depreciated/amortized	13,201,225	3,060,803	16,262,028
Capital assets, being depreciated/amortized, net	42,617,701	4,606,832	47,224,533
<b>Total noncurrent assets</b>	<u>59,169,227</u>	<u>15,547,181</u>	<u>74,716,408</u>
<b>Total assets</b>	<u>116,309,397</u>	<u>18,988,128</u>	<u>135,297,525</u>
<b>Deferred outflows of resources</b>			
Deferred outflows related to pensions and OPEB	7,346,793	116,822	7,463,615
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	3,126,714	42,228	3,168,942
Accrued payroll and employee benefits	2,265,814	44,013	2,309,827
Due to other governments	15,282		15,282
Deposits held for others	19,333		19,333
Unearned revenue	7,694,693		7,694,693
<b>Total current liabilities</b>	<u>13,121,836</u>	<u>86,241</u>	<u>13,208,077</u>
Noncurrent liabilities:			
Due within one year	6,123,638	49,751	6,173,389
Due in more than one year	62,009,512	6,381,973	68,391,485
<b>Total noncurrent liabilities</b>	<u>68,133,150</u>	<u>6,431,724</u>	<u>74,564,874</u>
<b>Total liabilities</b>	<u>81,254,986</u>	<u>6,517,965</u>	<u>87,772,951</u>
<b>Deferred inflows of resources</b>			
Deferred inflows related to pensions and OPEB	3,442,717	58,247	3,500,964
<b>Net position</b>			
Net investment in capital assets	43,328,990	7,667,635	50,996,625
Restricted for:			
Highways and streets	19,185,715		19,185,715
Health services	5,456,404		5,456,404
Judicial activities	3,892,055		3,892,055
Law enforcement	2,602,159		2,602,159
Education	1,885,412		1,885,412
Sanitation	407,333		407,333
Social services	503,130		503,130
Library	1,757,131		1,757,131
Street lighting improvement	29,903		29,903
Other purposes	654,634		654,634
Net pension/other postemployment benefits	3,350,301	25,580	3,375,881
Landfill closure and postclosure care costs		7,853,966	7,853,966
Unrestricted (deficit)	(44,094,680)	(3,018,443)	(47,113,123)
<b>Total net position</b>	<u>\$ 38,958,487</u>	<u>\$ 12,528,738</u>	<u>\$ 51,487,225</u>

**Gila County**  
**Statement of Activities**  
**For the Year Ended June 30, 2025**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities</b>				
General government	\$ 33,733,840	\$ 2,294,118	\$ 5,209,403	\$
Public safety	21,329,683	482,252	4,932,701	1,771,442
Highways and streets	9,986,069	14,217	26,408	8,269,124
Health	5,476,267	885,872	2,788,019	
Welfare	8,202,483	55,948	2,757,218	
Sanitation	195,245		159,988	
Culture and recreation	1,335,439		72,922	
Education	1,489,793	26,027	613,175	
Interest on long-term debt	752,187			
<b>Total governmental activities</b>	<u>82,501,006</u>	<u>3,758,434</u>	<u>16,559,834</u>	<u>10,040,566</u>
<b>Business-type activities</b>				
Landfill	3,281,903	3,284,031		
<b>Total business-type activities</b>	<u>3,281,903</u>	<u>3,284,031</u>		
<b>Total primary government</b>	<u>85,782,909</u>	<u>7,042,465</u>	<u>16,559,834</u>	<u>10,040,566</u>

**General revenues**

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for street lighting districts
- Property taxes, levied for library district
- County excise tax for general purpose
- County excise tax for transportation purpose

Shared revenue - state sales tax

Shared revenue - state vehicle license tax

State appropriations

Shared revenue - state liquor license tax

Payments in lieu of taxes

Investment income

Miscellaneous

**Total general revenues**

**Change in net position**

**Net position, beginning of year, as previously reported**

Aggregate amount of adjustments to and restatements of beginning net position

**Net position, beginning of year, as restated**

**Net position, end of year**

**Net (Expense) Revenue and Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (26,230,319)	\$	\$ (26,230,319)
(14,143,288)		(14,143,288)
(1,676,320)		(1,676,320)
(1,802,376)		(1,802,376)
(5,389,317)		(5,389,317)
(35,257)		(35,257)
(1,262,517)		(1,262,517)
(850,591)		(850,591)
(752,187)		(752,187)
<u>(52,142,172)</u>		<u>(52,142,172)</u>
	2,128	2,128
	<u>2,128</u>	<u>2,128</u>
<u>(52,142,172)</u>	<u>2,128</u>	<u>(52,140,044)</u>
28,141,742		28,141,742
24,558		24,558
1,639,242		1,639,242
5,158,620		5,158,620
2,394,176		2,394,176
9,486,599		9,486,599
2,520,499		2,520,499
550,050		550,050
8,368		8,368
4,619,388		4,619,388
1,554,072	177,131	1,731,203
1,515,857		1,515,857
<u>57,613,171</u>	<u>177,131</u>	<u>57,790,302</u>
5,470,999	179,259	5,650,258
35,853,936	12,370,948	48,224,884
<u>(2,366,448)</u>	<u>(21,469)</u>	<u>(2,387,917)</u>
<u>33,487,488</u>	<u>12,349,479</u>	<u>45,836,967</u>
<u>\$ 38,958,487</u>	<u>\$ 12,528,738</u>	<u>\$ 51,487,225</u>

**Gila County  
Balance Sheet  
Governmental Funds  
June 30, 2025**

	<b>General Fund</b>	<b>Opioid Settlement Fund</b>	<b>Public Works Fund</b>	<b>Emergency Response Fund</b>
<b>Assets</b>				
Cash and investments	\$ 19,166,089	\$ 549,075	\$ 18,009,636	\$ 229,761
Property taxes receivable	653,875			
Accounts receivable	262,264	4,300,398	5,762	
Due from other funds	552,301		11,497	
Due from other governments	2,613,165	99,873	1,108,022	1,103,091
<b>Total assets</b>	<u>\$ 23,247,694</u>	<u>\$ 4,949,346</u>	<u>\$ 19,134,917</u>	<u>\$ 1,332,852</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,071,375	\$ 41,760	\$ 90,328	\$ 1,332,852
Accrued payroll and employee benefits	1,706,515		173,821	
Due to other governments		15,282		
Due to other funds	124,106		148,545	
Deposits held for others	19,333			
Unearned revenue	7,295,671			
<b>Total liabilities</b>	<u>10,217,000</u>	<u>57,042</u>	<u>412,694</u>	<u>1,332,852</u>
<b>Deferred inflows of resources</b>				
Unavailable revenues - property taxes	461,029			
Unavailable revenues - intergovernmental	100,080			1,103,091
Unavailable revenues - settlements		4,300,398		
<b>Total deferred inflows of resources</b>	<u>561,109</u>	<u>4,300,398</u>		<u>1,103,091</u>
<b>Fund balances</b>				
Restricted		591,906	19,185,715	
Assigned	5,149,961			
Unassigned (deficit)	7,319,624		(463,492)	(1,103,091)
<b>Total fund balances</b>	<u>12,469,585</u>	<u>591,906</u>	<u>18,722,223</u>	<u>(1,103,091)</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 23,247,694</u>	<u>\$ 4,949,346</u>	<u>\$ 19,134,917</u>	<u>\$ 1,332,852</u>

<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 7,506,780	\$ 45,461,341
41,690	695,565
193,748	4,762,172
61,881	625,679
890,255	5,814,406
<u>\$ 8,694,354</u>	<u>\$ 57,359,163</u>
\$ 538,127	\$ 3,074,442
311,541	2,191,877
	15,282
6,263	278,914
	19,333
399,022	7,694,693
<u>1,254,953</u>	<u>13,274,541</u>
29,607	490,636
240,124	1,443,295
	4,300,398
<u>269,731</u>	<u>6,234,329</u>
12,026,126	31,803,747
	5,149,961
(4,856,456)	896,585
<u>7,169,670</u>	<u>37,850,293</u>
<u>\$ 8,694,354</u>	<u>\$ 57,359,163</u>

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**Gila County**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Government-Wide Statement of Net Position**  
**June 30, 2025**

**Fund balances - total governmental funds** **\$ 37,850,293**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 55,145,589

Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds. 6,234,329

Net pension and OPEB assets held in trust for future benefits are not available for County operations and, therefore, are not reported in the funds. 3,309,121

Long-term liabilities, such as net pension/OPEB liabilities and pledged revenue obligations payable, are not due and payable in the current period and, therefore, are not reported in the funds. (66,832,853)

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds. 3,809,780

The Internal service fund is used by management to charge the costs of certain activities, including automotive maintenance and operation, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service fund is included in governmental activities in the Statement of Net Position. (557,772)

**Net position of governmental activities** **\$ 38,958,487**

**Gila County**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2025**

	<u>General Fund</u>	<u>Opioid Settlement Fund</u>	<u>Public Works Fund</u>	<u>Emergency Response Fund</u>
<b>Revenues</b>				
Taxes	\$ 33,487,954	\$	\$ 2,394,176	\$
Licenses and permits	805,830		14,217	
Intergovernmental	18,760,916		8,269,124	1,959,728
Charges for services	1,157,164			
Fines and forfeits	540,347	403,361		
Donations and contributions	287,141			
Investment earnings	699,873	21,276	621,536	
Miscellaneous	960,772		159,690	
<b>Total revenues</b>	<u>56,699,997</u>	<u>424,637</u>	<u>11,458,743</u>	<u>1,959,728</u>
<b>Expenditures</b>				
Current:				
General government	29,805,238			
Public safety	18,260,773			5,173,201
Highways and streets	669,791		9,874,690	
Health	2,284,864	496,760		
Welfare	5,379,273			
Sanitation				
Culture and recreation	177,430			
Education	516,222			
Debt service:				
Principal retirement	1,594,820		24,313	
Interest and fiscal charges	836,876		5,566	
<b>Total expenditures</b>	<u>59,525,287</u>	<u>496,760</u>	<u>9,904,569</u>	<u>5,173,201</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,825,290)</u>	<u>(72,123)</u>	<u>1,554,174</u>	<u>(3,213,473)</u>
<b>Other financing sources (uses)</b>				
Transfers in				
Transfers out	(54,792)			
SBITA agreements	129,797			
<b>Total other financing sources (uses)</b>	<u>75,005</u>			
<b>Changes in fund balances</b>	<u>(2,750,285)</u>	<u>(72,123)</u>	<u>1,554,174</u>	<u>(3,213,473)</u>
<b>Fund balances, beginning of year, as previously reported</b>	15,225,197	664,029	17,168,049	
Aggregate amount of adjustments to and restatements of beginning fund balances	(5,327)			2,110,382
<b>Fund balances, beginning of year, as restated</b>	<u>15,219,870</u>	<u>664,029</u>	<u>17,168,049</u>	<u>2,110,382</u>
<b>Fund balances (deficits), end of year</b>	<u>\$ 12,469,585</u>	<u>\$ 591,906</u>	<u>\$ 18,722,223</u>	<u>\$ (1,103,091)</u>

<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,674,968	\$ 37,557,098
	820,047
12,670,215	41,659,983
736,558	1,893,722
68,743	1,012,451
276,162	563,303
211,387	1,554,072
416,558	1,537,020
<u>16,054,591</u>	<u>86,597,696</u>
5,582,892	35,388,130
2,952,436	26,386,410
54,828	10,599,309
2,720,655	5,502,279
2,848,086	8,227,359
147,976	147,976
1,518,789	1,696,219
949,641	1,465,863
	1,619,133
	842,442
<u>16,775,303</u>	<u>91,875,120</u>
<u>(720,712)</u>	<u>(5,277,424)</u>
54,792	54,792
	(54,792)
	129,797
<u>54,792</u>	<u>129,797</u>
<u>(665,920)</u>	<u>(5,147,627)</u>
9,945,972	43,003,247
<u>(2,110,382)</u>	<u>(5,327)</u>
<u>7,835,590</u>	<u>42,997,920</u>
<u>\$ 7,169,670</u>	<u>\$ 37,850,293</u>

**Gila County**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to**  
**the Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2025**

**Changes in fund balances - total governmental funds** **\$ (5,147,627)**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital outlay	11,788,278	
Less current year depreciation/amortization	<u>(3,923,235)</u>	7,865,043

In the Statement of Activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold. (50,585)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the Statement of Activities.

Revenue obligations premium amortized	90,255	
Subscriptions liability incurred	(129,797)	
Pledged revenue obligations principal repaid	1,429,300	
Subscriptions liability repaid	165,520	
Financed purchase contracts principal repaid	<u>24,313</u>	1,579,591

County pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the County's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.

Pension/OPEB contributions	4,344,534	
Pension/OPEB expense	<u>(4,359,015)</u>	(14,481)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when the financial resources are available.

Increase in compensated absences payable		(492,359)
--	--	-----------

Collections of revenues in the governmental funds exceeded revenues reported in the Statement of Activities.

Property taxes	(198,760)	
Miscellaneous	<u>(21,163)</u>	(219,923)

Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Intergovernmental	1,338,650	
Settlements	32,214	
EORP subsidy	<u>223,368</u>	1,594,232

The Internal Service Fund is used by management to charge the cost of certain activities, including automotive maintenance and operation, to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities in the Statement of Activities. 357,108

**Changes in net position of governmental activities** **\$ 5,470,999**

**Gila County  
Statement of Net Position  
Proprietary Funds  
June 30, 2025**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service</b>
	<b>Landfill</b>	<b>Fund</b>
<b>Assets</b>		
Current assets:		
Cash and investments	\$ 3,455,608	\$
Accounts receivable	241,716	7,947
Interest receivable	16,733	
Due from other governments		5,354
Due from other funds		478,022
Inventory		120,275
Total current assets	3,714,057	611,598
Noncurrent assets:		
Restricted cash and investments	7,853,966	
Net other postemployment benefits asset	25,580	41,180
Capital assets not being depreciated	3,060,803	
Capital assets, net accumulated depreciation	4,606,832	673,337
Total noncurrent assets	15,547,181	714,517
<b>Total assets</b>	\$ 19,261,238	\$ 1,326,115
<b>Deferred outflows of resources</b>		
Deferred outflows related to pensions and OPEB	116,822	188,068
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	42,228	52,272
Accrued payroll and employee benefits	44,013	73,937
Compensated absences	49,751	136,607
Due to other funds	273,110	551,677
Total current liabilities	409,102	814,493
Noncurrent liabilities:		
Landfill closure and postclosure care costs payable	5,674,188	
Compensated absences	11,282	42,426
Net pension liability	696,503	1,121,264
Total noncurrent liabilities	6,381,973	1,163,690
<b>Total liabilities</b>	6,791,075	1,978,183
<b>Deferred inflows of resources</b>		
Deferred inflows related to pensions and OPEB	58,247	93,772
<b>Net position</b>		
Net investment in capital assets	7,667,635	673,337
Restricted for:		
Net pension/other postemployment benefits	25,580	41,180
Landfill closure and postclosure care costs	7,853,966	
Unrestricted (deficit)	(3,018,443)	(1,272,289)
<b>Total net position</b>	\$ 12,528,738	\$ (557,772)

**Gila County**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2025**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service</b>
	<b>Landfill</b>	<b>Fund</b>
<b>Operating revenues</b>		
Charges for services	\$ 3,283,950	\$ 4,137,821
Other	81	147,064
<b>Total operating revenues</b>	<b>3,284,031</b>	<b>4,284,885</b>
<b>Operating expenses</b>		
Personal services	852,330	1,657,282
Professional services	285,232	12,818
Supplies	177,248	968,816
Utilities	16,452	42,031
Repairs and maintenance	760,567	1,793,823
Landfill closure and postclosure care costs	784,827	
Depreciation	310,094	129,733
Other	95,153	61,290
<b>Total operating expenses</b>	<b>3,281,903</b>	<b>4,665,793</b>
<b>Operating income (loss)</b>	<b>2,128</b>	<b>(380,908)</b>
<b>Nonoperating revenues</b>		
Investment income	177,131	
<b>Total nonoperating revenue</b>	<b>177,131</b>	
<b>Income (loss) before contributions</b>	<b>179,259</b>	<b>(380,908)</b>
<b>Capital contributions</b>		<b>738,016</b>
<b>Increase in net position</b>	<b>179,259</b>	<b>357,108</b>
<b>Net position, beginning of year, as previously reported</b>	<b>12,370,948</b>	
Aggregate amount of adjustments to and restatements of beginning net position	(21,469)	(914,880)
<b>Net position, beginning of year, as restated</b>	<b>12,349,479</b>	<b>(914,880)</b>
<b>Total net position, end of year</b>	<b>\$ 12,528,738</b>	<b>\$ (557,772)</b>

**Gila County**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2025**

	<b>Business-type Activities: Enterprise Fund Landfill</b>	<b>Governmental Activities: Internal Service Fund</b>
Cash flows from operating activities		
Receipts from customers	\$ 3,179,401	\$ 4,279,479
Payments to suppliers and providers of goods and services	(1,174,427)	(2,485,325)
Payments for employee wages and benefits	(915,600)	(1,438,947)
Net cash provided by operating activities	1,089,374	355,207
Cash flows from capital and related financing activities		
Purchases of capital assets	(65,172)	(18,151)
Net cash used for capital and related financing activities	(65,172)	(18,151)
Cash flows from investing activities		
Investment earnings	166,314	
Net cash provided by investing activities	166,314	
Net increase in cash and cash equivalents	1,190,516	337,056
Cash and cash equivalents, beginning of year	10,119,058	
Adjustments to balances		(337,056)
Cash and cash equivalents, end of year	\$ 11,309,574	\$
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 2,128	\$ (380,908)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	310,094	129,733
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Due from other funds		(135,976)
Accounts receivable	(104,630)	(52)
Due from other governments		(5,354)
Net other postemployment benefits asset	(668)	(11,215)
Deferred outflows of resources related to pensions and OPEB	(21,708)	(70,405)
Net pension liability	(69,054)	200,454
Deferred inflows of resources related to pensions and OPEB	10,589	36,451
Accounts payable	963	(21,111)
Inventory		2,765
Accrued payroll and employee benefits	6,289	20,624
Due to other funds	159,262	547,775
Compensated absences payable	11,282	42,426
Landfill closure and postclosure care costs payable	784,827	
Net cash provided by operating activities	\$ 1,089,374	\$ 355,207
<b>Noncash Investing, Capital and Noncapital Financing Activities:</b>		
Contributed capital		738,016

**Gila County**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2025**

	<b>Custodial Funds</b>		
	<b>Private-Purpose</b>	<b>External</b>	
	<b>Trust Funds</b>	<b>Investment Pool</b>	<b>Other</b>
<b>Assets</b>			
Cash and investments	\$ 452,587	\$ 81,703,463	\$ 1,406,369
Taxes receivable for other governments			806,736
Interest and dividends receivable		421,210	4,251
Total assets	452,587	82,124,673	2,217,356
<b>Net position</b>			
Restricted for:			
Pool participants		82,124,673	
Individuals, organizations, and other governments	452,587		2,217,356
Total net position	\$ 452,587	\$ 82,124,673	\$ 2,217,356

**Gila County**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2025**

	Custodial Funds		
	Private-Purpose	External	
	Trust Funds	Investment Pool	Other
<b>Additions</b>			
Contributions from pool participants	\$	\$ 139,422,153	\$
Property tax collections for other governments			51,532,726
Fines and fees collected for other governments			1,506,371
Collections for individuals			1,558,809
Net investment earnings:			
Investment earnings	445	2,369,238	3,309
Investment costs		486,594	3,825
Net investment earnings	445	2,855,832	7,134
Inmate collections			480,192
Other	1,323,996		
<b>Total additions</b>	1,324,441	142,277,985	55,085,232
<b>Deductions</b>			
Distributions to pool participants		141,752,897	
Property tax distributions to other governments			52,400,148
Fines and fees distributions to other governments			1,398,652
Distributions to individuals			1,837,845
Payments to inmates			586,915
Other	1,062,213		
Total deductions	1,062,213	141,752,897	56,223,560
<b>Change in net position</b>	262,228	525,088	(1,138,328)
<b>Net position, beginning of year</b>	190,359	81,599,585	3,355,684
<b>Net position, end of year</b>	\$ 452,587	\$ 82,124,673	\$ 2,217,356

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 – Summary of Significant Accounting Policies**

Gila County’s accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

For the year ended June 30, 2025, the County implemented the provisions of GASB Statement No. 101 – *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The County’s financial statements and related disclosures have been revised to reflect the implementation of this new standard. See Note 10. Also, during fiscal year 2025, the County implemented GASB Statement No. 102 – *Certain Risk Disclosures*. This Statement requires governments to disclose information about certain types of risks related to their financial statements, including risks associated with concentrations, constraints, and exposures. The County reviewed its operations and determined the implementation of GASB 102 did not have an impact on its financial statements and did not require additional disclosures.

**A. Reporting Entity**

The County is a general purpose local government that is governed by a separately elected board of three county supervisors. The accompanying financial statements present the activities of the County (the primary government) and its component units.

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County’s operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. The County has no discretely presented component units. Each blended component unit discussed below has a June 30 year-end.

The following table describes the County’s component units:

<b>Component unit</b>	<b>Description; criteria for inclusion</b>	<b>Reporting method</b>	<b>For separate financial statements</b>
Gila County Library District	A tax-levying district that provides and maintains library services for the County’s residents; the County’s Board of Supervisors serves as the board of directors, and county management has operational responsibility for the component unit.	Blended	Not available
Gila County Street Lighting Districts	A tax-levying district that operates and maintains street lighting in areas outside local city jurisdictions; the County’s Board of Supervisors serves as the board of directors, and county management has operational responsibility for the component unit.	Blended	Not available

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 – Summary of Significant Accounting Policies**

**B. Basis of Presentation**

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the County as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

**Government-wide statements** – Provide information about the primary government (the County) and its component units. The statements include a statement of net position and a statement of activities. These statements report the overall government's financial activities, except for fiduciary activities. They also distinguish between the County's governmental and business-type activities. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses to programs or functions. Program revenues include:

- charges to customers or applicants for goods, services, or privileges provided;
- operating grants and contributions; and
- capital grants and contributions.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the County levies or imposes, are reported as general revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

**Fund financial statements** – Provide information about the County's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 – Summary of Significant Accounting Policies**

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges, in which each party receives and gives up essentially equal values, are operating revenues. Other revenues, such as grants and contributions, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation/amortization on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

The County reports the following major governmental funds:

The *General fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Opioid settlement fund* accounts for monies received from the One Arizona Distribution of Opioid Settlement Funds Agreement. The monies will be used to address the effects of the opioid epidemic in the County.

The *Public works fund* accounts for road construction and maintenance of major and nonmajor regional roads. It is funded by a half-cent county sales tax, impact fees, highway user revenues and vehicle license taxes.

The *Emergency response fund* accounts for monies received and spent primarily related to emergency response projects.

The County reports the following major enterprise fund:

The *Landfill fund* accounts for the sanitation fee revenues and expenses related to the operation of the County's Buckhead Mesa and Russell Gulch landfills.

The County also reports the following fund types:

The internal service funds account for automotive maintenance and operation provided to the County's departments or to other governments on a cost-reimbursement basis.

The fiduciary funds consist of private-purpose trust funds, which account for assets the County's Public Fiduciary holds in trust for the benefit of various parties; and custodial funds, which account for other fiduciary activities, including the pooled assets the County Treasurer holds and invests on behalf of other governmental entities that are not held in trust and the County Treasurer's receipt and distribution of taxes for other governmental entities.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 – Summary of Significant Accounting Policies**

**C. Basis of Accounting**

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. The County applies grant resources to such programs before using general revenues.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The County's major revenue sources that are susceptible to accrual are property taxes, intergovernmental, charges for services, and investment earnings. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, and landfill closure and post closure care costs, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

**D. Cash and Investments**

For the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, and only those highly liquid investments with a maturity of 3 months or less when purchased.

All investments are stated at fair value.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 – Summary of Significant Accounting Policies**

**E. Inventories**

Inventories in the government-wide and proprietary funds' financial statements are recorded as assets when purchased and expensed when consumed. These inventories are stated at cost using the first-in, first-out method.

**F. Property Tax Calendar**

The County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

**G. Capital Assets**

Capital assets are reported at actual cost (or estimated historical cost if historical records are not available). Donated assets are reported at acquisition value.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation/amortization methods, and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land	\$10,000	N/A	N/A
Buildings	10,000	Straight-line	25-40 years
Improvements other than buildings	10,000	Straight-line	15 years
Machinery and equipment	5,000	Straight-line	3-15 years
Infrastructure	10,000	Straight-line	35 years
Intangibles:			
Right-to-use subscription assets	75,000	Straight-line	Varies
Right-to-use lease assets	75,000	Straight-line	Varies

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 – Summary of Significant Accounting Policies**

Intangible right-to-use lease assets are amortized over the shorter of the lease term of the useful life of the underlying asset, unless the lease contains a purchase option that the County is reasonably certain of being exercised—then the lease asset is amortized over the useful life of the underlying asset.

Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

**H. Postemployment Benefits**

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**I. Fund Balance Classifications**

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors approved, which is the highest level of decision-making authority within the County. Only the Board can remove or change the constraints placed on committed fund balances.

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Supervisors has authorized the County's manager to assign resources for a specific purpose.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 – Summary of Significant Accounting Policies**

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the County's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, it is the County's policy to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

**J. Investment Earnings**

Investment earnings are composed of interest, dividends, and net changes in the fair value of applicable investments.

**K. Compensated Absences**

Compensated absences payable consists of vacation leave, compensatory time and a calculated amount of sick leave employees earned based on services already rendered. In estimating compensated absences, the County applies a first-in, first-out flow assumption for leave usage.

Employees may accumulate up to 240 hours of vacation depending on years of service, but any vacation hours in excess of the maximum amount that are unused at fiscal year-end are forfeited. Upon termination of employment, all unused and unforfeited vacation benefits are paid to employees. Compensatory time is applicable to non-exempt employees in participating departments who elect to accrue compensatory time in lieu of receiving payment for overtime hours worked. Employees may accumulate up to 160 hours for public safety workers and 80 hours for all other employees. Upon termination of employment, all unused and unforfeited compensatory time are paid to employees. Accordingly, vacation leave and compensatory time are accrued as a liability in the government-wide and proprietary fund financial statements. A liability is reported in the governmental funds' financial statements only if they have matured; for example, as a result of employee resignations and retirements by fiscal year-end.

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. While this sick leave is not paid out at termination, the County evaluates historical usage patterns and accrues the portion of sick leave that is attributable to services already rendered and is more likely than not to be used. The estimate of the sick usage is accrued as a liability in the government-wide and proprietary funds' financial statements.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 – Summary of Significant Accounting Policies**

**L. Leases and Subscription-based Information Technology Arrangements**

**Leases**

As lessee, the County recognizes lease liabilities with an initial, individual value of \$75,000 or more for land, buildings, and equipment. The County uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The County's estimated incremental borrowing rate is based on the historical prime rate per JP Morgan Chase.

As lessor, the County recognizes lease receivables with an initial, individual value of \$75,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the County charges the lessee) and the implicit rate cannot be determined, the County uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The County's estimated incremental borrowing rate is calculated as described above.

**Subscription-based Information Technology Arrangements**

The County recognizes subscription liabilities with an initial, individual value of \$75,000 or more. The County uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The County's estimated incremental borrowing rate is calculated as described above.

**M. Settlements**

The County is a party to opioid settlement agreements facilitated by the State of Arizona Attorney General against the pharmaceutical distributors who manufactured and marketed opioids. As settlements are finalized, the County records a receivable, net of uncollectible, for amounts anticipated to be received. The County is expected to receive revenue over the next 17 years. During the fiscal year ended June 30, 2025, the County recorded revenue related to the opioid settlements in the fund statements of \$403,361. At June 30, 2025, the County has total deferred inflows of \$4,300,398 related to the settlements receivable in the fund statements.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 2 – Stewardship, Compliance and Accountability**

The following nonmajor funds had fund deficits in excess of \$1,000 as of June 30, 2025:

	<b>Deficit</b>
<b>Non-Major Governmental Funds:</b>	
Superior & JP Crts Security	\$ 1,020,727
Housing	1,015,866
Diversion Program CA	565,760
Drug Prosecution Grant 16.738	290,359
Attorney's Justice Enhancement	284,844
Conciliation Court Fund	189,887
Aid to Indigent Defense	177,339
A G Victim Rights	151,332
Field Trainer	148,725
GCSO - Body Worn Cameras-16.835	129,315
WeatherizationAsst 81.042/93.568	118,327
DES Community Action Program	115,881
Gila Proud - Community Clean Up	67,909
Sheriff Special Projects	67,456
Assessor Surcharge	54,731
Teen Pregnancy Prevention Svcs	54,246
Local Probate Assessment Fee	53,488
Crime Victim Assistance Prog	46,858
E-Rate	44,913
State Homeland Security Grant	38,989
Drug Gang Violent Crime 16.738	36,087
Health Equity IMM	32,260
HIV Consortium 93.917	27,047
Claypool/Lower Miami SLID	22,821
Drug Gang ViolentCrime Probation	17,551
Public Hlth Accreditation 93.991	13,958
Gila County Sheriff K9	11,461
@Narcotics Task Force	8,903
HTF LCEH Capacity Build 14.275	7,096
Population Health Initiative	6,277
GOHS - DUI ENFORCEMENT EQUIPMENT	6,220
Housing Rehabilitation	5,840
Expedited Child Support/Visit	5,718
AMERICORPS - Probation	4,659
CASA - Globe	4,434
Arizona Lengthy Trial Fund	3,388
Court Improvement Project	2,015
IV D Incentive/SSRE 93.563	1,561
CJEF Substance Abuse	1,154
<b>Proprietary Funds:</b>	
Internal service funds	557,772

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 2 – Stewardship, Compliance and Accountability**

These fund deficits resulted either from operations or a carryover deficit from prior years but are expected to be corrected through normal operations or through General fund transfers in future years. The Internal Service Fund deficit arose from liabilities related to pension benefits and compensated absences and high operating costs. County management will evaluate the sufficiency of user charges and areas to improve operating efficiencies in future years.

**Note 3 – Deposits and Investments**

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

***Credit Risk***

Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top 2 ratings by a nationally recognized rating agency.
2. Specified bonds, debentures, notes and other evidences of indebtedness that are denominated in United States dollars must be rated "A" or better at the time of purchase by at least 2 nationally recognized rating agencies.
3. Fixed income securities must carry 1 of the 2 highest ratings by Moody's investors service and Standard and Poor's rating service. If only 1 of these services rates the security, it must carry the highest rating of that service.

*Custodial credit risk.* Statutes require collateral for deposits at 102 percent of all deposits federal depository insurance does not cover.

*Concentration of credit risk.* Statutes do not include any requirements for concentration of credit risk.

*Interest rate risk.* Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. The maximum maturity for investments in repurchase agreements is 180 days.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 3 – Deposits and Investments**

*Foreign currency risk.* Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

**Deposits** - At June 30, 2025, the carrying amount of the County's deposits was \$30,856,424 and the bank balance was \$33,429,924 of which \$202,587 is uninsured and uncollateralized. The County does not have a formal policy related to custodial credit risk for deposits.

**Investments** - The County had total investments of \$109,470,910 at June 30, 2025. The County categorizes certain investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles, as follows:

<u>Investments by Fair Value Level Type</u>	<u>Amount</u>	<u>Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
U.S. Treasury securities	\$ 98,515,900	\$ 98,515,900
U.S. agency securities	7,988,183	7,988,183
Corporate bonds	2,966,827	2,966,827
Total investments categorized by fair value level	<u>\$ 109,470,910</u>	<u>\$ 109,470,910</u>

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments.

**Credit Risk** - Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County does not have a formal investment policy with respect to credit risk.

At June 30, 2025, credit risk for the County's investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
U.S. agency securities	Aa1	Moody's	\$ 7,988,183
Corporate bonds	Aa3	Moody's	997,657
Corporate bonds	A2	Moody's	1,969,170
			<u>\$ 10,955,010</u>

**Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in the outside party's possession. The County does not have a formal investment policy with respect to custodial credit risk. At June 30, 2025, the County did not have investments exposed to custodial credit risk.

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss associated with the significance of investments in a single issuer. The County does not have a formal investment policy with respect to concentration of credit risk.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 3 – Deposits and Investments**

**Interest Rate Risk** - The County does not have a formal investment policy with respect to interest rate risk. At June 30, 2025, the County had the following investments in debt securities:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
U.S. agency securities	\$ 7,988,183	1.77
U.S. Treasury securities	98,515,900	0.63
Corporate bonds	2,966,827	0.71
	<u>\$ 109,470,910</u>	

A reconciliation of cash, deposits, and investments to amounts shown on the statements of net position follows:

Cash, deposits, and investments:	
Cash on hand	\$ 6,000
Amount of deposits	30,856,424
Amount of investments	109,470,910
Total	<u>\$ 140,333,334</u>

Statement of net position

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Private-purpose Trust Funds</u>	<u>Custodial Funds</u>		<u>Total</u>
				<u>External Investment Pools</u>	<u>Other</u>	
Cash, cash equivalents, and investments	\$ 45,461,341	\$ 3,455,608	\$ 452,587	\$ 81,703,463	\$ 1,406,369	\$132,479,368
Cash and investments held by trustee - restricted		7,853,966				7,853,966
Total	<u>\$ 45,461,341</u>	<u>\$ 11,309,574</u>	<u>\$ 452,587</u>	<u>\$ 81,703,463</u>	<u>\$ 1,406,369</u>	<u>\$140,333,334</u>

**Note 4 – County Treasurer’s Investment Pool**

Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The Treasurer has a fiduciary responsibility to administer those and the County’s monies under her stewardship. The Treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the Treasurer determines the fair value of those pooled investments annually at June 30.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 4 – County Treasurer’s Investment Pool**

The County Treasurer’s investment pool is not registered with the Securities and Exchange Commission as an investment company, and there is no regulatory oversight of its operations. The pool’s structure does not provide for shares, and the County has not provided or obtained any legally binding guarantees to support the value of the participants’ investments.

The Treasurer allocates interest earnings to each of the pool’s participants.

The County’s deposits and investments are included in the County Treasurer’s investment pool, except for \$1,841,003 in deposits and \$7,853,966 of cash and investments held by trustee. Therefore, the deposit and investment risks of the Treasurer’s investment pool are substantially the same as the County’s deposit and investment risks. See Note 3 for disclosure of the County’s deposit and investment risks.

Details of each major investment classification follow:

<u>Investment Type</u>	<u>Principal</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Amount</u>
U.S. agency securities	\$ 8,000,000	4.375-4.500%	08/25-04/28	\$ 7,988,183
U.S. Treasury securities	99,060,000	0-4.625%	07/25-12/26	98,515,900
Corporate bonds	2,967,000	4.576%	08/25-05/27	2,966,827
Total	<u>\$ 110,027,000</u>			<u>\$ 109,470,910</u>

A condensed statement of the investment pool’s net position and changes in net position follows:

**Statement of Fiduciary Net Position**

Assets	\$ 130,638,367
Net position	<u>130,638,367</u>
Net position held for:	
Internal participants	48,100,303
External participants	<u>82,538,064</u>
Total net position	<u>\$ 130,638,367</u>

**Statement of Changes in Fiduciary Net Position**

Total additions	\$ 236,036,474
Total deductions	<u>245,223,997</u>
Net decrease	<u>(9,187,523)</u>
Net position:	
July 1, 2024	<u>139,825,890</u>
June 30, 2025	<u>\$ 130,638,367</u>

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 5 – Due From Other Governments**

Amounts due from other governments at June 30, 2025, are shown as follows:

	General Fund	Opioid Fund	Public Works Fund	Emergency Response Fund	Other Governmental Funds	Internal Service Fund	Total
State-shared sales tax	\$ 1,420,722	\$	\$	\$	\$	\$	\$ 1,420,722
County excise tax	891,521		414,003				1,305,524
State-shared vehicle license tax	100,271		58,179				158,450
Highway user revenue			549,128				549,128
Grants and contributions from local, state, and federal governments	132,108	99,873	86,712	1,103,091	853,604		2,275,388
Reimbursements for goods or services provided for governmental units	68,543				36,651	5,354	110,548
<b>Total</b>	<u>\$ 2,613,165</u>	<u>\$ 99,873</u>	<u>\$ 1,108,022</u>	<u>\$ 1,103,091</u>	<u>\$ 890,255</u>	<u>\$ 5,354</u>	<u>\$ 5,819,760</u>

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 6 – Capital Assets**

Capital asset activity for the year ended June 30, 2025, was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated/amortized:				
Land	\$ 2,402,385	\$	\$	\$ 2,402,385
Construction in progress	<u>11,208,096</u>	<u>9,116,675</u>	<u>9,525,931</u>	<u>10,798,840</u>
Total capital assets, not being depreciated/ amortized	<u>13,610,481</u>	<u>9,116,675</u>	<u>9,525,931</u>	<u>13,201,225</u>
Capital assets, being depreciated/amortized:				
Buildings	36,870,532	1,894,611		38,765,143
Improvements other than buildings	2,704,023	287,186		2,991,209
Machinery and equipment	34,702,952	1,798,061	32,334	36,468,679
Infrastructure	23,558,254	8,844,046		32,402,300
Intangibles:				
Right-to-use subscription assets	<u>411,185</u>	<u>129,797</u>	<u>222,640</u>	<u>318,342</u>
Total capital assets being depreciated/ amortized	<u>98,246,946</u>	<u>12,953,701</u>	<u>254,974</u>	<u>110,945,673</u>
Less accumulated depreciation/amortization for:				
Buildings	19,269,998	1,162,445		20,432,443
Improvements other than buildings	1,008,797	133,213		1,142,010
Machinery and equipment	28,538,699	1,742,142	32,334	30,248,507
Infrastructure	15,505,113	887,964		16,393,077
Intangibles:				
Right-to-use subscription assets	<u>156,786</u>	<u>127,204</u>	<u>172,055</u>	<u>111,935</u>
Total accumulated depreciation/amortization	<u>64,479,393</u>	<u>4,052,968</u>	<u>204,389</u>	<u>68,327,972</u>
Total capital assets, being depreciated/ amortized, net	<u>33,767,553</u>	<u>8,900,733</u>	<u>50,585</u>	<u>42,617,701</u>
Governmental activities capital assets, net	<u>\$ 47,378,034</u>	<u>\$ 18,017,408</u>	<u>\$ 9,576,516</u>	<u>\$ 55,818,926</u>

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 6 – Capital Assets**

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 3,000,000	\$	\$	\$ 3,000,000
Construction in progress	424,214	65,172	428,583	60,803
Total capital assets, not being depreciated	<u>3,424,214</u>	<u>65,172</u>	<u>428,583</u>	<u>3,060,803</u>
Capital assets, being depreciated:				
Buildings	5,172	428,583		433,755
Improvements other than buildings	3,871,397			3,871,397
Machinery and equipment	4,012,351			4,012,351
Infrastructure	383,209			383,209
Total capital assets being depreciated	<u>8,272,129</u>	<u>428,583</u>		<u>8,700,712</u>
Less accumulated depreciation for:				
Buildings	2,456	1,263		3,719
Improvements other than buildings	311,506	193,863		505,369
Machinery and equipment	3,278,884	104,274		3,383,158
Infrastructure	190,940	10,694		201,634
Total accumulated depreciation	<u>3,783,786</u>	<u>310,094</u>		<u>4,093,880</u>
Total capital assets, being depreciated, net	<u>4,488,343</u>	<u>118,489</u>		<u>4,606,832</u>
Business-type activities capital assets, net	<u>\$ 7,912,557</u>	<u>\$ 183,661</u>	<u>\$ 428,583</u>	<u>\$ 7,667,635</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental activities:	
General government	\$ 1,402,828
Public safety	599,372
Highways and streets	1,798,910
Health	151,346
Welfare	30,672
Sanitation	8,158
Culture and recreation	58,306
Education	3,376
Total governmental activities depreciation/amortization expense	<u>\$ 4,052,968</u>
Business-type activities:	
Sanitation	<u>\$ 310,094</u>

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 7 – Construction and Other Commitments**

Governmental activities - The County had major contractual commitments related to various capital projects at June 30, 2025, for the Payson superior court renovation and the improvements to other bridges and roads. At June 30, 2025, the County had spent \$10,798,840 on these projects and had remaining contractual commitments with contractors of \$10.7 million. These projects are being financed by transportation excise tax, General Fund and state and federal grants.

Business-type activities - The County had major contractual commitments related to various capital projects at June 30, 2025, for the Buckhead landfill expansion. At June 30, 2025, the County had spent \$60,803 on these projects and had remaining contractual commitments with contractors of \$5.0 million. These projects are being financed by charges for services.

**Note 8 – Long-term Liabilities**

The following schedule details the County’s long-term liability and obligation activity for the year ended June 30, 2025:

	<b>Beginning Balance, as restated</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
Pledged revenue obligations payable	\$ 25,884,300	\$	\$ 1,429,300	\$ 24,455,000	\$ 1,460,000
Revenue obligations premium payable	1,353,815		90,255	1,263,560	
Financed purchases	110,215		24,313	85,902	85,902
Subscriptions liability	151,197	129,797	165,520	115,474	72,281
Net pension and other postemployment benefits liability	34,621,452	2,624,688		37,246,140	
Compensated absences payable*	<u>4,432,289</u>	<u>534,785</u>		<u>4,967,074</u>	<u>4,505,455</u>
Total governmental activities long-term liabilities	<u>\$ 66,553,268</u>	<u>\$ 3,289,270</u>	<u>\$ 1,709,388</u>	<u>\$ 68,133,150</u>	<u>\$ 6,123,638</u>
<b>Business-type Activities</b>					
Net pension and other postemployment benefits liability	\$ 765,557	\$	\$ 69,054	\$ 696,503	\$
Compensated absences payable*	49,751	11,282		61,033	49,751
Landfill closure and postclosure care costs payable	<u>4,889,361</u>	<u>784,827</u>		<u>5,674,188</u>	
Total business-type activities long-term liabilities	<u>\$ 5,704,669</u>	<u>\$ 796,109</u>	<u>\$ 69,054</u>	<u>\$ 6,431,724</u>	<u>\$ 49,751</u>

\*The compensated absences payable additions amount is presented as a net amount. Additionally, the beginning balances were restated due to the implementation of GASB Statement 101. See Note 10 for more information.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 8 – Long-term Liabilities**

**Series 2020 pledged revenue obligations** – In November 2020, the County issued Series 2020 pledged revenue obligations with interest rates between 0.505 percent and 3.222 percent to fund the unfunded portion of the County’s PSPRS and CORP pension obligations. The obligations are generally noncallable, with interest payable semiannually.

A summary of the pension obligation funding by plan:

PSPRS Sheriff	\$ 12,965,640
CORP Detention	2,562,340
CORP Dispatcher	955,704

**Series 2019 pledged revenue and pledged revenue refunding obligations** – In October 2019, the County issued Series 2019 pledged revenue and pledged refunding obligations with interest rates between 2.000 percent and 5.000 percent to finance various capital projects and advance-refund the Series 2009 pledged revenue and pledged revenue refunding obligations outstanding balance of \$4,815,000. Capital projects include building a new animal care and control facility and a multipurpose building; purchasing a building to house the Probation Department and teen center; remodeling the Sheriff’s Office, administration offices, and Health Department; and improving the Jail building. The obligations are callable on July 1, 2029, with interest payable semiannually.

The following pledged revenue and pledged revenue refunding obligations were outstanding at June 30, 2025:

<b>Description</b>	<b>Original Amount Issued</b>	<b>Interest Rates</b>	<b>Maturities</b>	<b>Outstanding June 30, 2025</b>
Gila County Pledged Revenue and Pledged Revenue Refunding Obligations, Series 2019	\$ 13,220,000	2.25-5.00%	2026-2039	\$ 11,025,000
Gila County Pledged Revenue Obligations, Series 2020	16,855,000	1.612-3.222%	2026-2039	<u>13,430,000</u>
Total				<u><u>\$ 24,455,000</u></u>

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 8 – Long-term Liabilities**

The following schedule details debt service requirements to maturity for the County's pledged revenue and pledged revenue refunding obligations payable at June 30, 2025:

Year ending June 30	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2026	\$ 1,460,000	\$ 803,334
2027	1,500,000	765,471
2028	1,535,000	724,615
2029	1,585,000	673,185
2030	1,645,000	618,778
2031-35	9,000,000	2,299,204
2036-39	7,730,000	678,769
Total	\$ 24,455,000	\$ 6,563,356

The County has pledged a portion of its excise taxes, state sales tax revenues, vehicle license tax revenues, and payment in lieu of taxes (PILT) revenues toward the payment of debt related to revenue obligations outstanding at June 30, 2025. At June 30, 2025, future pledged revenues through final maturity at July 1, 2039, totaled \$31,018,356 consisting of \$24,455,000 for principal and \$6,563,356 for interest. Future principal and interest payments are expected to require less than 13% of pledged revenues. In the current year, total principal and interest paid, and total pledged resources were \$2,263,376 and \$16,850,958, respectively.

**Financed purchases** – The County has acquired machinery and equipment under contract agreements at a total purchase price of \$245,214. The following schedule details debt service requirements to maturity for the County's financed purchases at June 30, 2025:

Year ending June 30:	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2026	\$ 85,902	\$ 4,338
Total	\$ 85,902	\$ 4,338

**Subscription-based information technology arrangements (SBITAs)** – The County has obtained right to use software under the provisions of various subscription-based information technology arrangements for a geographic system and a permit management system.

The total amount of subscription assets and the related accumulated amortization are as follows:

Total intangible right-to-use subscription assets	\$ 318,342
Less: accumulated amortization	(111,935)
Carrying value	\$ 206,407

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 8 – Long-term Liabilities**

The following schedule details minimum subscription payments to maturity for the County’s subscriptions liability at June 30, 2025:

Year ending June 30:	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2026	\$ 72,281	\$ 8,797
2027	43,193	3,185
Total	\$ 115,474	\$ 11,982

**Landfill closure and postclosure care costs** – State and federal laws and regulations require the County to place a final cover on its six landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will not be paid until near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs in each operating period. These costs will be paid from the landfill enterprise fund.

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The \$5,674,188 reported as landfill closure and postclosure care liability at June 30, 2025, represents the cumulative amount reported to date based on the approximate use of 84 percent of the estimated capacity of the Buckhead Mesa Landfill and 54 percent of the Russell Gulch Landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$2,166,776 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2025.

The County has closed four of its landfills as of June 30, 1996. The County has planned expansions of the remaining landfills to extend their useful lives. The actual costs may also be higher due to inflation, changes in technology, or changes in regulations.

According to state and federal laws and regulations, the County must comply with the local government financial test requirements that assure the County can meet the costs of landfill closure, postclosure, and corrective action when needed. In order to comply with the local government financial test requirements, the County established a restricted bank account with a cash balance that will cover the estimated landfill closure and postclosure care costs when Russell Gulch and Buckhead Mesa landfills are expected to close. The current balance is reported in the business-type activities statement of net position and the proprietary fund statement of net position as restricted cash. Although the restricted bank account is not one of the allowable mechanisms listed in 40 CFR§258.74, the Arizona Department of Environmental Quality (ADEQ) approved the calendar year 2024 financial assurance demonstration for the Russell Gulch and Buckhead Mesa landfills and required the County to submit future financial assurance in compliance with 40 CFR§258.74.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 8 – Long-term Liabilities**

Special use permit—The Buckhead Mesa Landfill was issued a special use permit from the United States Department of Agriculture (USDA) Forest Service for the purpose of using and maintaining a sanitary landfill, which expired on December 31, 2019 and had annual fees of \$18,998. Gila County applied for a new special use permit with the USDA in September 2019 in accordance with agency regulation and is awaiting determination of its acceptance. During this time the Administrative Procedure Act (APA) at 5 U.S.C. § 558(c) provides that when the holder of a license for an ongoing activity has submitted a timely application for a new license in accordance with agency regulations, the license does not expire until the application has been accepted or denied. The USDA Forest Service consented to the continuation of use under the expired authorization which is analogous to a “Tenancy at Will”.

**Note 9 – Fund Balance Classifications of the Governmental Funds**

The fund balance classifications of the governmental funds as of June 30, 2025, were as follows:

	General Fund	Opioid Settlement Fund	Public Works Fund	Emergency Response Fund	Other Governmental Funds	Total
Fund Balances:						
Restricted for:						
Highways and streets	\$	\$	\$19,185,715	\$	\$	\$ 19,185,715
Health services		591,906			323,976	915,882
Judicial activities					3,892,055	3,892,055
Law enforcement					2,602,159	2,602,159
Education					1,885,412	1,885,412
Sanitation					407,333	407,333
Social services					503,130	503,130
Library					1,730,871	1,730,871
Street lighting improvement					26,556	26,556
Capital projects					535,507	535,507
Other purposes					119,127	119,127
Total restricted		<u>591,906</u>	<u>19,185,715</u>		<u>12,026,126</u>	<u>31,803,747</u>
Assigned to:						
Contingency reserve	<u>5,149,961</u>					<u>5,149,961</u>
Total assigned	<u>5,149,961</u>					<u>5,149,961</u>
Unassigned (deficit)	<u>7,319,624</u>		<u>(463,492)</u>	<u>(1,103,091)</u>	<u>(4,856,456)</u>	<u>896,585</u>
Total fund balances	<u>\$ 12,469,585</u>	<u>\$ 591,906</u>	<u>\$18,722,223</u>	<u>\$ (1,103,091)</u>	<u>\$ 7,169,670</u>	<u>\$ 37,850,293</u>

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 10 – Accounting Changes**

**Change in Accounting Principle – Compensated Absences** – As described in Note 1, the County implemented the provisions of GASB Statement No. 101, which resulted in adjustments to and restatements of beginning net position and fund balances as presented in the table below.

**Change within the Financial Reporting Entity** – The Emergency Response Fund was not previously reported as a major governmental fund as it did not meet the criteria to be reported as a major fund. However, current year activity and/or balances for the Emergency Response Fund does meet the criteria to be reported as a major fund. The American Rescue Plan Act Fund was previously reported as a major governmental fund and no longer meets the major fund criteria. Additionally, activity related to facilities maintenance was previously reported with the General Fund and to better account for the full cost of such activities, the County changed presentation to report these activities as an internal service fund. The result of the restatement was a decrease to the General Fund of \$5,327, while the restatement in the Internal Service Fund was a decrease of \$841,714 due to activity recorded under the accrual basis of accounting.

During fiscal year 2025, accounting changes and management decisions resulted in adjustments to and restatements of beginning net position and/or fund balance, as follows:

	<b>Net Position/ Fund Balance June 30, 2024, as Previously Reported</b>	<b>Change Within the Financial Reporting Entity</b>	<b>Change in Accounting Principle – Compensated Absences</b>	<b>Net Position/ Fund Balance July 1, 2024, as Restated</b>
<b>Government-Wide</b>				
Governmental activities	\$ 35,853,936	\$	\$ (2,366,448)	\$ 33,487,488
Business-type activities	12,370,948		(21,469)	12,349,479
Total primary government	<u>\$ 48,224,884</u>	<u>\$</u>	<u>\$ (2,387,917)</u>	<u>\$ 45,836,967</u>
<b>Governmental Funds</b>				
Major Funds:				
General Fund	\$ 15,225,197	\$ (5,327)	\$	\$ 15,219,870
Opioid Settlement Fund	664,029			664,029
Public Works Fund	17,168,049			17,168,049
Emergency Response Fund		2,110,382		2,110,382
Non-Major Governmental Funds	9,945,972	(2,110,382)		7,835,590
Total Governmental Funds	<u>\$ 43,003,247</u>	<u>\$ (5,327)</u>	<u>\$</u>	<u>\$ 42,997,920</u>
<b>Proprietary Funds</b>				
Major Enterprise Funds:				
Landfill Fund	\$ 12,370,948	\$	\$ (21,469)	\$ 12,349,479
Internal Service Fund		(841,714)	(73,166)	(914,880)
Total Proprietary Funds	<u>\$ 12,370,948</u>	<u>\$ (841,714)</u>	<u>\$ (94,635)</u>	<u>\$ 11,434,599</u>

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 11 – Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the County joined and is covered by 3 public entity risk pools: the Arizona Counties Property and Casualty Pool, the Arizona Counties Workers' Compensation Pool, and the Arizona Local Government Employee Benefit Trust.

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 13 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; cyber security; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium based on its exposure in relation to the exposure of the other participants, and a deductible of \$25,000 per occurrence for property claims and \$50,000 per occurrence for liability claims. The County is also responsible for any payments in excess of the maximum coverage of \$300 million per occurrence for property claims and \$15 million per occurrence for liability claims. However, lower limits apply to certain categories of losses. A county must participate in the pool at least 3 years after becoming a member; however, it may withdraw after the initial 3-year period.

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 13 member counties. The pool provides member counties with workers' compensation coverage, as law requires, and risk management services. The County is responsible for paying a premium based on an experience-rating formula that allocates pool expenditures and liabilities among the members.

The Arizona Local Government Employee Benefit Trust is a public entity risk pool currently composed of 9 member entities. The pool provides member entities with health, prescription, dental, vision, life, short- term disability, and accidental death benefits for the counties' employees and their dependents. The County is responsible for paying a premium based on enrolled employees and their dependents (and requires its employees to contribute a portion of that premium).

The Arizona Counties Property and Casualty Pool, the Arizona Counties Workers' Compensation Pool, and the Arizona Local Government Employee Benefit Trust receive independent audits annually and an audit by the Arizona Department of Insurance every 5 years. All pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation. If a pool were to become insolvent, the County would be assessed an additional contribution.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

The County contributes to the pension plans which are component units of the State of Arizona. The County also contributes to various other postemployment benefits (OPEB) plans. At June 30, 2025, the County reported the following aggregate amounts related to pension and OPEB for all plans to which it contributes:

<u>Statement of Net position and Statement of Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net pension and OPEB assets	\$ 3,350,301	\$ 25,580	\$ 3,375,881
Net pension and OPEB liabilities	37,246,140	696,503	37,942,643
Deferred outflows of resources related to pensions and OPEB	7,346,793	116,822	7,463,615
Deferred inflows of resources related to pensions and OPEB	3,442,717	58,247	3,500,964
Pension and OPEB expense (income)	4,636,279	(5,071)	4,631,208

The County’s accrued payroll and employee benefits includes \$215,985 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2025. Also, the County reported \$4,344,534 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

The pension plans are described below and the OPEB plans are not further disclosed because of their relative insignificance to the County’s financial statements.

**A. Arizona State Retirement System**

**Plan description.** County employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 2. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at [www.azasrs.gov](http://www.azasrs.gov).

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

**Benefits Provided.** The ASRS provides retirement and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

<b>ASRS</b>	<b>Retirement</b>	
	<b>Initial membership date:</b>	
	<b>Before July 1, 2011</b>	<b>On or After July 1, 2011</b>
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%
	*With actuarially reduced benefits	

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member’s death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member’s account balance that includes the member’s contributions and employer’s contributions, plus interest earned.

**Contributions.** In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, statute required active ASRS members to contribute at the actuarially determined rate of 12.12 percent for retirement of the members’ annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 12.05 percent for retirement of the active members’ annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 10.14 percent for retirement of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the ASRS would typically fill. The County’s contributions to the pension plan for the year ended June 30, 2025, were \$2,908,681.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

During fiscal year 2025, the County paid for ASRS pension contributions as follows: 68 percent from the General Fund, 11 percent from the Public Works Fund, 18 percent from other governmental funds, and 3 percent from the Landfill Fund.

**Pension liability.** At June 30, 2025, the County reported a net pension liability of \$26,378,480 for its proportionate share of the ASRS’ net pension liability. The net asset and net liabilities were measured as of June 30, 2024. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2023, to the measurement date of June 30, 2024.

The County’s proportion of the net liability was based on the County’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2024. The County’s proportion measured as of June 30, 2024, was 0.164850 percent, which was a decrease of 0.000440 from its proportion measured as of June 30, 2023.

**Pension expense and deferred outflows/inflows of resources.** For the year ended June 30, 2025 the County recognized pension expense for ASRS of \$2,041,133. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Pension</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,472,422	\$
Net difference between projected and actual earnings on pension investments		1,684,555
Changes in proportion and differences between contributions and proportionate share of contributions	26,691	165,507
Contributions subsequent to the measurement date	2,908,681	
Total	\$ 4,407,794	\$ 1,850,062

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

The \$2,908,681 reported as deferred outflows of resources related to ASRS pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2026	\$ (882,110)
2027	1,266,712
2028	(426,416)
2029	(309,135)

**Actuarial Assumptions.** The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2023
Actuarial roll forward date	June 30, 2024
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Inflation	2.3%
Projected salary increases	2.9-8.4%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Geometric Real Rate of Return</u>
Public equity	44%	4.48%
Credit	23%	4.40%
Real estate	17%	6.05%
Private equity	10%	6.11%
Interest rate sensitive	6%	(0.45)%
Total	<u>100%</u>	

**Discount rate.** At June 30, 2024, the discount rate used to measure the ASRS total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County’s proportionate share of the ASRS net pension (asset)/ liability to changes in the discount rate.** The following table presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rate	<b>6.0%</b>	<b>7.0%</b>	<b>8.0%</b>
Net (asset)/ liability	\$ 40,390,850	\$ 26,378,480	\$ 14,700,396

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

**B. Public Safety Personnel Retirement System and Corrections Officer Retirement Plan**

**Plan descriptions.** County sheriff employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans. A 9-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plan, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plan (PSPRS Tier 3 Risk Pool) which is not further disclosed because of its relative insignificance to the County's financial statements.

County detention officers, County dispatchers, and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP) or the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The CORP administers an agent multiple-employer defined benefit pension plan for county detention officers and dispatchers (agent plans), which were closed to new members as of July 1, 2018, and a cost-sharing multiple-employer defined benefit pension plan for AOC officers (cost-sharing plan). Employees who were CORP members before July 1, 2018, participate in CORP, and AOC probation and surveillance officers who became members on or after July 1, 2018, participate in CORP or PSPDCRP. Detention officers, County dispatchers, and juvenile detention officers who became members on or after July 1, 2018, participate in PSPDCRP. The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPRS and CORP plans. The report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

**Benefits provided.** The PSPRS and CORP provide retirement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

<b>PSPRS</b>	<b>Initial membership date:</b>	
	<b>Before January 1, 2012</b>	<b>On or after January 1, 2012 and before July 1, 2017</b>
<b>Retirement and disability</b>		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
<b>Benefit percent</b>		
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
<b>Survivor benefit</b>		
Retired members	80% to 100% of retired member's pension benefit	
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

<b>CORP</b>	<b>Initial membership date:</b>		
	<b>Before January 1, 2012</b>	<b>On or after January 1, 2012 and before July 1, 2018</b>	<b>AOC probation and surveillance officers: On or after July 1, 2018</b>
<b>Retirement and disability</b>			
Years of service and age required to receive benefit	Sum of years and age equals 80 25 years, any age (dispatchers) 20 years, any age (all others) 10 years, age 62	25 years, age 52.5 10 years, age 62	10 years, age 52.5* 10 or more years, age 55
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years	
<b>Benefit percent</b>			
Normal retirement	2.0% to 2.5% per year of credited service, not to exceed 80%	2.5% per year of credited service, not to exceed 80%	1.25% to 2.25% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service	
Total and permanent disability retirement	50% or normal retirement if more than 25 years of credited service		
Ordinary disability retirement	2.5% per year of credited service		
<b>Survivor benefit</b>			
Retired members	80% of retired member's pension benefit		
Active members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.		

\*With actuarially reduced benefits.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

**Employees covered by benefit terms.** At June 30, 2025, the following employees were covered by the agent pension plans' benefit terms:

	<u>PSPRS Sheriff</u>	<u>CORP Detention</u>	<u>CORP Dispatchers</u>
Inactive employees or beneficiaries currently receiving benefits	33	19	4
Inactive employees entitled to but not yet receiving benefits	10	35	5
Active employees	<u>19</u>	<u>18</u>	<u>1</u>
Total	<u><u>62</u></u>	<u><u>72</u></u>	<u><u>10</u></u>

**Contributions.** State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with State statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2025, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>Active member - pension</u>	<u>County - pension</u>
PSPRS Sheriff	7.65%	9.22%
CORP Detention	7.65	3.81
CORP Dispatchers	7.65	0.00
CORP AOC	8.41	39.15

In addition, statute required the County to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the PSPRS or CORP would typically fill and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the County's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

	<u>Pension</u>
PSPRS Sheriff	8.00%
CORP Detention	6.00
CORP Dispatchers	6.00
CORP AOC	36.72

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

The County’s contributions to the pension plans for the year ended June 30, 2025, were:

<b>PSPRS Sheriff</b>	<b>CORP Detention</b>	<b>CORP Dispatchers</b>	<b>CORP AOC</b>
\$ 303,767	\$ 69,233	\$ 4,686	\$ 504,505

During fiscal year 2025, the County paid for PSPRS and CORP pension contributions as follows: 75 percent from the General Fund and 25 percent from other governmental funds.

**Pension (asset)/liability.** At June 30, 2025, the County reported the following net pension (assets)/liabilities:

	<b>Net Pension (Asset)/ Liability</b>
PSPRS Sheriff	\$ (770,789)
CORP Detention	(40,493)
CORP Dispatchers	(251,232)
CORP AOC (County's proportionate share)	3,570,809

The net assets and net liabilities were measured as of June 30, 2024, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

**Pension actuarial assumptions.** The significant actuarial assumptions used to measure the total pension (asset)/liability are as follows:

PSPRS and CORP—pension	
Actuarial valuation date	June 30, 2024
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.0-6.25%
Price inflation	2.5%
Cost-of-living adjustment	1.85%
Mortality rates	PubS-2010 tables

Actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.2 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**PSPRS and CORP**

<u>Asset class</u>	<u>Target Allocation</u>	<u>Long-term Expected Geometric Real Rate of Return</u>
U.S. public equity	24%	3.62%
International public equity	16%	4.47%
Global private equity	27%	7.05%
Core bonds	6%	2.44%
Private credit	20%	6.24%
Diversifying strategies	5%	3.15%
Cash – Mellon	2%	0.89%
Total	<u>100%</u>	

**Pension discount rate.** At June 30, 2025, the discount rate used to measure the PSPRS and CORP total pension (asset)/liabilities was 7.2 percent. The projection of cash flows used to determine the PSPRS and CORP discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

**Changes in the Net Pension (Asset)/Liability**

<b>PSPRS Sheriff</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension (Asset) Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balances at June 30, 2024	\$ 24,340,243	\$ 24,708,501	\$ (368,258)
Changes for the year:			
Service cost	265,459		265,459
Interest on the total pension liability	1,722,667		1,722,667
Differences between expected and actual experience in the measurement of the pension liability	348,080		348,080
Contributions – employer		170,438	(170,438)
Contributions – employee		119,670	(119,670)
Net investment income		2,465,518	(2,465,518)
Benefit payments, including refunds of employee contributions	(1,359,547)	(1,359,547)	
Administrative expense		(16,889)	16,889
Net changes	976,659	1,379,190	(402,531)
Balances at June 30, 2025	<u>\$ 25,316,902</u>	<u>\$ 26,087,691</u>	<u>\$ (770,789)</u>

<b>CORP Detention</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension (Asset) Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balances at June 30, 2024	\$ 9,298,597	\$ 9,504,564	\$ (205,967)
Changes for the year:			
Service cost	137,748		137,748
Interest on the total pension liability	664,445		664,445
Differences between expected and actual experience in the measurement of the pension liability	502,295		502,295
Contributions – employer		84,765	(84,765)
Contributions – employee		108,076	(108,076)
Net investment income		963,097	(963,097)
Benefit payments, including refunds of employee contributions	(415,877)	(415,877)	
Administrative expense		(16,924)	16,924
Net changes	888,611	723,137	165,474
Balances at June 30, 2025	<u>\$ 10,187,208</u>	<u>\$ 10,227,701</u>	<u>\$ (40,493)</u>

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

<b>CORP Dispatchers</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension (Asset) Liability (a) - (b)</b>
Balances at June 30, 2024	<u>\$ 2,155,117</u>	<u>\$ 2,370,646</u>	<u>\$ (215,529)</u>
Changes for the year:			
Service cost	6,779		6,779
Interest on the total pension liability	150,936		150,936
Differences between expected and actual experience in the measurement of the pension liability	51,808		51,808
Contributions – employer		4,631	(4,631)
Contributions – employee		5,905	(5,905)
Net investment income		236,837	(236,837)
Benefit payments, including refunds of employee contributions	(131,119)	(131,119)	
Administrative expense		(2,147)	2,147
Net changes	<u>78,404</u>	<u>114,107</u>	<u>(35,703)</u>
Balances at June 30, 2025	<u>\$ 2,233,521</u>	<u>\$ 2,484,753</u>	<u>\$ (251,232)</u>

The County’s proportion of the CORP AOC net pension liability was based on the County’s actual contributions to the plan relative to the total of all participating counties’ actual contributions for the year ended June 30, 2024. The County’s proportion measured as of June 30, 2024, was 0.827546 percent, which was a decrease of 0.065024 from its proportion measured as of June 30, 2023.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

**Sensitivity of the County’s net pension (asset)/liability to changes in the discount rate.** The following table presents the County’s net pension (assets)/liabilities calculated using the discount rate of 7.2 percent, as well as what the County’s net pension (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

	<u>1% Decrease (6.2%)</u>	<u>Current Discount Rate (7.2%)</u>	<u>1% Increase (8.2%)</u>
PSPRS Sheriff			
Net pension (asset)/ liability	\$ 2,414,892	\$ (770,789)	\$ (3,391,405)
CORP Detention			
Net pension (asset)/ liability	1,405,350	(40,493)	(1,212,081)
CORP Dispatchers			
Net pension (asset)/ liability	(15,497)	(251,232)	(451,019)
CORP AOC			
County’s proportionate share of the net pension liability	4,900,819	3,570,809	2,486,124

**Pension plan fiduciary net position.** Detailed information about the pension plans’ fiduciary net position is available in the separately issued PSPRS and CORP financial reports.

**Pension expense.** For the year ended June 30, 2025, the County recognized the following pension expense:

	<u>Pension Expense</u>
PSPRS Sheriff	\$ 11,280
CORP Detention	167,745
CORP Dispatchers	14,561
CORP AOC (County's proportionate share)	280,867

**Gila County**  
**Notes to Financial Statements**  
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**Note 12 – Pension and Other Postemployment Benefits**

**Pension deferred outflows/inflows of resources.** At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PSPRS Sheriff</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 232,054	\$ 56,533
Net difference between projected and actual earnings on pension plan investments		205,135
County contributions subsequent to the measurement date	303,767	
<b>Total</b>	<b>\$ 535,821</b>	<b>\$ 261,668</b>
<b>CORP Detention</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 487,294	\$
Net difference between projected and actual earnings on pension plan investments		112,379
County contributions subsequent to the measurement date	69,233	
<b>Total</b>	<b>\$ 556,527</b>	<b>\$ 112,379</b>
<b>CORP Dispatchers</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$	\$ 26,760
County contributions subsequent to the measurement date	4,686	
<b>Total</b>	<b>\$ 4,686</b>	<b>\$ 26,760</b>

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

<b>CORP AOC</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 234,480	\$ 18,185
Changes of assumptions or other inputs	45,883	
Net difference between projected and actual earnings on pension plan investments		75,938
Changes in proportion and differences between contributions and proportionate share of contributions	156,627	574,223
County contributions subsequent to the measurement date	504,505	
<b>Total</b>	<b>\$ 941,495</b>	<b>\$ 668,346</b>

The amounts reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	<b>PSPRS Sheriff</b>	<b>CORP Detention</b>	<b>CORP Dispatchers</b>	<b>CORP AOC</b>
2026	\$ (234,165)	\$ 351,697	\$ (35,375)	\$ (93,044)
2027	517,025	147,923	40,671	63,325
2028	(167,351)	(67,224)	(17,942)	(145,889)
2029	(145,123)	(57,481)	(14,114)	(55,748)

**PSPDCRP plan.** County sheriff employees, County detention officers, County dispatchers and AOC probation, surveillance, and juvenile detention officers who are not members of PSPRS or CORP participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

For the year ended June 30, 2025, active PSPDCRP members were required by statute to contribute at least 9 percent (County sheriff employees) or 5 percent (County detention officers, County dispatchers, and AOC probation, surveillance, and juvenile detention officers) of the members' annual covered payroll, and the County was required by statute to contribute 9 percent or 5 percent, respectively, of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the County's contributions each year as set forth in statute. The plan retains nonvested County contributions when forfeited because of employment terminations. For the year ended June 30, 2025, the County recognized pension expense of \$93,489.

**C. Elected Officials Retirement Plan**

Plan description—Elected officials and judges participate in the Elected Officials Retirement Plan (EORP), ASRS, or the Elected Officials Defined Contribution Retirement System (EODCRS). EORP administers a cost-sharing multiple-employer defined benefit pension plan for elected officials and judges who were members of the plan on December 31, 2013. This plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the EORP plans. The report is available on PSPRS's website at [www.psprs.com](http://www.psprs.com).

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

**Benefits provided.** The EORP provides retirement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

<b>EORP</b>	<b>Initial membership date:</b>	
	<b>Before January 1, 2012</b>	<b>On or after January 1, 2012</b>
<b>Retirement and disability</b>		
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 5 years, any age* any years and age if disabled	10 years, age 62 5 years, age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
<b>Benefit percent</b>		
Normal retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
<b>Survivor benefit</b>		
Retired members	75% of retired member's benefit	50% of retired member's benefit
Active members and other Inactive members	75% of disability retirement benefit	50% of disability retirement benefit

\* With reduced benefits of 0.25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30%.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

**Contributions.** State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2025, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the County to contribute at the actuarially determined rate of 70.44 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 58.32 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 46.62 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the County's required contributions to ASRS and EODCRS for these elected officials and judges. In addition, statute required the County to contribute 52.62 percent of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the EORP would typically fill. The County's contributions to the pension plan for the year ended June 30, 2025, were \$689,133.

During fiscal year 2025, the County paid for EORP pension contributions as follows: 100 percent from the General Fund.

**Pension liability.** At June 30, 2025, the County reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the County's proportionate share of the State's appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	\$ 7,989,131
State's proportionate share of the EORP net pension liability associated with the County	<u>551,298</u>
Total	<u>\$ 8,540,429</u>

The net asset and net liability were measured as of June 30, 2024, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

The County’s proportion of the net pension liability was based on the County’s required contributions to the plan relative to the total of all participating employers’ required contributions for the year ended June 30, 2024. The County’s proportion measured as of June 30, 2024, was 1.337435 percent, which was an increase of .6058320 from its proportion measured as of June 30, 2023.

**Pension expense and deferred outflows/inflows of resources.** For the year ended June 30, 2025, the County recognized pension expense for EORP of \$2,402,716 and revenue of \$223,368 for the County’s proportionate share of the State’s appropriation to EORP and the designated court fees. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$	\$ 84,233
County contributions subsequent to the measurement date	689,133	
Total	\$ 689,133	\$ 84,233

The \$689,133 reported as deferred outflows of resources related to EORP pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year Ending June 30	\$	
2026	\$	(77,448)
2027		63,755
2028		(39,015)
2029		(31,525)

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

**Actuarial assumptions.** The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2024
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.25%
Price inflation	2.5%
Cost-of-living adjustment	1.85%
Mortality rates	PubG-2010 tables

Actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.2 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Geometric Real Rate of Return
U.S. public equity	24%	3.62%
International public equity	16%	4.47%
Global private equity	27%	7.05%
Core bonds	6%	2.44%
Private credit	20%	6.24%
Diversifying strategies	5%	3.15%
Cash – Mellon	2%	0.89%
Total	<u>100%</u>	

**Discount rate.** At June 30, 2024, the discount rate used to measure the EORP total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 12 – Pension and Other Postemployment Benefits**

**Sensitivity of the County’s proportionate share of the EORP net pension liability to changes in the discount rate.** The following table presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.2 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

	<b>1% Decrease (6.2%)</b>	<b>Current Discount Rate (7.2%)</b>	<b>1% Increase (8.2%)</b>
County's proportionate share of the net pension liability	\$ 9,289,189	\$ 7,989,131	\$ 6,872,564

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued EORP financial report.

**EODCRS plan.** Elected officials and judges who are not members of EORP or ASRS participate in the EODCRS. The EODCRS is a defined contribution pension plan. The PSPRS Board of Trustees governs the EODCRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 3.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2025, active EODCRS members were required by statute to contribute 8 percent of the members’ annual covered payroll, and the County was required by statute to contribute 6 percent of active members’ annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the County’s contributions to the individual employee account and the earnings on those contributions. For the year ended June 30, 2025, the County recognized pension expense of \$31,065.

**Note 13 – Interfund Balances and Activity**

**Interfund receivables and payables –** Interfund balances at June 30, 2025, were as follows:

<b>Payable from</b>	<b>Payable to</b>				<b>Total</b>
	<b>General Fund</b>	<b>Public Works Fund</b>	<b>Other Governmental Funds</b>	<b>Internal Service Fund</b>	
General Fund	\$	\$ 8,059	\$ 61,881	\$ 54,166	\$ 124,106
Public Works Fund				148,545	148,545
Landfill Fund		3,438		269,672	273,110
Other Governmental Funds	624			5,639	6,263
Internal Service Fund	551,677				551,677
Total	\$ 552,301	\$ 11,497	\$ 61,881	\$ 478,022	\$1,103,701

**Gila County**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 13 – Interfund Balances and Activity**

The interfund balances resulted from time lags between the dates that interfund goods and services are provided or reimbursable expenditures occur and the dates payments are made.

**Interfund transfers** – Interfund transfers for the year ended June 30, 2025, were as follows:

<u>Transfer from</u>	<u>Transfer to</u>
	<u>Other</u>
	<u>Governmental</u>
	<u>Funds</u>
General Fund	\$ 54,792

The principal purpose of interfund transfers was to provide grant matches.

**Note 14 – Subsequent Event**

In September 2025, the County experienced severe flooding causing an estimated \$18.0 million in property and infrastructure damage. The County is working with both state and federal resources to help defray the costs of the recovery efforts. The County estimates that at least 75 percent of the costs will be reimbursed with State resources.

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**Other Required Supplementary Information**

**Gila County**  
**Budgetary Comparison Schedules**  
**General Fund**  
**For the Year Ended June 30, 2025**

	<u>Budget</u>		<b>Variance with Final Budget</b>
	<u>Original and Final</u>	<u>Actual</u>	
<b>Revenues</b>			
Taxes	\$ 31,681,571	\$ 33,487,954	\$ 1,806,383
Licenses and permits	713,000	805,830	92,830
Intergovernmental	20,059,605	18,760,916	(1,298,689)
Charges for services	1,357,020	1,157,164	(199,856)
Fines and forfeits	243,490	540,347	296,857
Donations and contributions	5,102	287,141	282,039
Investment earnings	150,000	699,873	549,873
Miscellaneous	2,150,294	960,772	(1,189,522)
<b>Total revenues</b>	<u>56,360,082</u>	<u>56,699,997</u>	<u>339,915</u>
<b>Expenditures</b>			
Current:			
General government			
Administrative services	488,758	404,802	83,956
Assessor	1,499,946	1,240,366	259,580
Board of supervisors	2,283,149	1,674,291	608,858
Community development	1,540,894	1,017,382	523,512
Computer services	2,426,001	1,547,738	878,263
Economic development	181,472		181,472
Elections	564,350	612,186	(47,836)
Facilities management	3,761,166	3,798,895	(37,729)
GF finance department	1,852,160	2,059,172	(207,012)
General administration	3,533,055	2,585,854	947,201
Human resources	882,228	696,381	185,847
Recorder	857,030	796,147	60,883
Treasurer	686,167	638,478	47,689
Contingency reserve	500,000		500,000
Taxpayer stabilization	15,000,000		15,000,000
Judicial Services			
County attorney	3,950,283	3,321,806	628,477
Constable - Globe	237,047	206,878	30,169
Constable - Payson	265,364	242,715	22,649
Justice Court - Globe	1,039,227	934,928	104,299
Justice Court - Payson	893,927	687,467	206,460
Indigent legal defense	1,485,335	1,365,759	119,576
Clerk of the superior court	1,864,897	1,548,723	316,174
Superior Court - Division I	288,745	208,033	80,712
Superior Court - Division II	203,142	208,459	(5,317)
Superior Court - General	1,431,664	1,196,060	235,604
<b>Total general government</b>	<u>47,716,007</u>	<u>26,992,520</u>	<u>20,723,487</u>

See accompanying notes to this schedule.



**Gila County**  
**Budgetary Comparison Schedules**  
**Opioid Settlement Fund**  
**For the Year Ended June 30, 2025**

	<b>Budget</b>		<b>Variance with</b>
	<b>Original and Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues</b>			
Fines and forfeits		\$ 403,361	\$ 403,361
Investment earnings		21,276	21,276
<b>Total revenues</b>		424,637	424,637
<b>Expenditures</b>			
Current:			
Health		496,760	(496,760)
<b>Total expenditures</b>		496,760	(496,760)
<b>Excess (deficiency) of revenues over expenditures</b>		(72,123)	(72,123)
<b>Changes in fund balances</b>		(72,123)	(72,123)
<b>Fund balances, beginning of year</b>		664,029	664,029
<b>Fund balances, end of year</b>		\$ 591,906	\$ 591,906

See accompanying notes to this schedule.

**Gila County**  
**Budgetary Comparison Schedules**  
**Public Works Fund**  
**For the Year Ended June 30, 2025**

	<u>Budget</u>		<b>Variance with Final Budget</b>
	<u>Original and Final</u>	<u>Actual</u>	
<b>Revenues</b>			
Taxes	\$ 2,152,491	\$ 2,394,176	\$ 241,685
Licenses and permits	2,000	14,217	12,217
Intergovernmental	6,359,826	8,269,124	1,909,298
Investment earnings	76,053	621,536	545,483
Miscellaneous	<u>67,422</u>	<u>159,690</u>	<u>92,268</u>
<b>Total revenues</b>	<u>8,657,792</u>	<u>11,458,743</u>	<u>2,800,951</u>
<b>Expenditures</b>			
Current:			
Highways and streets	18,762,377	9,874,690	8,887,687
Debt service:			
Principal retirement	24,313	24,313	
Interest and fiscal charges	<u>5,566</u>	<u>5,566</u>	
<b>Total expenditures</b>	<u>18,792,256</u>	<u>9,904,569</u>	<u>8,887,687</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(10,134,464)</u>	<u>1,554,174</u>	<u>11,688,638</u>
<b>Changes in fund balances</b>	<u>(10,134,464)</u>	<u>1,554,174</u>	<u>11,688,638</u>
<b>Fund balances, beginning of year</b>	<u>10,134,464</u>	<u>17,168,049</u>	<u>7,033,585</u>
<b>Fund balances, end of year</b>	<u><u>\$</u></u>	<u><u>\$ 18,722,223</u></u>	<u><u>\$ 18,722,223</u></u>

See accompanying notes to this schedule.

**Gila County**  
**Budgetary Comparison Schedules**  
**Emergency Response Fund**  
**For the Year Ended June 30, 2025**

	<u>Budget</u>		<u>Variance with</u>
	<u>Original and Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$	1,959,728	\$ 1,959,728
<b>Total revenues</b>		<u>1,959,728</u>	<u>1,959,728</u>
<b>Expenditures</b>			
Current:			
Public safety	3,050,000	5,173,201	(2,123,201)
<b>Total expenditures</b>	<u>3,050,000</u>	<u>5,173,201</u>	<u>(2,123,201)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,050,000)</u>	<u>(3,213,473)</u>	<u>(163,473)</u>
<b>Changes in fund balances</b>	<u>(3,050,000)</u>	<u>(3,213,473)</u>	<u>(163,473)</u>
<b>Fund balances, beginning of year</b>			
Adjustments to beginning fund balances		2,110,382	2,110,382
<b>Fund balances (deficits), end of year</b>	<u>\$ (3,050,000)</u>	<u>\$ (1,103,091)</u>	<u>\$ 1,946,909</u>

See accompanying notes to this schedule.

**Gila County**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**June 30, 2025**

**Note 1 – Budgeting and Budgetary Control**

A.R.S. requires the County to prepare and adopt a balanced budget annually for each governmental fund. The Board of Supervisors must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Board of Supervisors’ approval. With the exception of the General Fund, each fund includes only one department.

The County has adopted budgets in accordance with A.R.S. requirements for the general fund, special revenue funds, capital project funds, and debt service funds, with the exception of the superintendent of schools special revenue fund. In accordance with A.R.S. § 15-301(C), the Office of County School Superintendent is designated as a local education agency (LEA). Revenues and expenditures for the LEA for Gila County Regional School District #49 and Gila County special education services are not included in the adopted budget of the County’s Board of Supervisors. A budget was not adopted for the Opioid Settlement Fund as monies were originally expected to flow through the General Fund.

**Note 2 – Budgetary Basis of Accounting**

The following schedule reconciles the excess (deficiency) of revenues over expenditures from the statement of revenues, expenditures, and changes in fund balances to the budgetary comparison schedule:

	<b>General Fund</b>
Deficiency of revenues over expenditures from the statement of revenues, expenditures, and changes in fund balance	\$ (2,825,290)
Indirect cost expenditures allocated to other county funds	(134,300)
Deficiency of revenues over expenditures from the budgetary comparison schedule	\$ (2,959,590)

**Gila County**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**June 30, 2025**

**Note 3 – Expenditures in Excess of Appropriations**

For the year ended June 30, 2025, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

<u>Fund/Department</u>	<u>Excess</u>
General fund:	
Elections	\$ 47,836
Facilities management	37,729
Finance department	207,012
Superior Court - Division II	5,317
State mandated expenditures	4
Community agencies	68,921
Public fiduciary	30,353
Parks, recreation, fairgrounds	58,466

The excesses were primarily the result of unexpected expenditures or expenditures made as a result of unanticipated revenues, or both. When departments exceed their annual budget, the County Finance Department closely monitors departmental spending and discusses the overage with the departments to improve the accuracy of the budget and improve budget control. Material unbudgeted expenditures will be referred to the Board of Supervisors for approval of a budget transfer from contingency or other appropriate funds.

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**Gila County**  
**Required Supplementary Information**  
**Schedule of the County's Proportionate Share of the Net Pension Liability**  
**Cost-Sharing Pension Plans**  
**June 30, 2025**

**Arizona State Retirement System**

Reporting fiscal year	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Measurement date	2024	2023	2022	2021
County's proportion of the net pension (assets) liability	0.16%	0.17%	0.17%	0.17%
County's proportionate share of the net pension (assets) liability	\$ 26,378,480	\$ 26,746,311	\$ 27,298,914	\$ 22,201,908
County's covered payroll	\$ 22,568,946	\$ 21,822,273	\$ 20,085,153	\$ 19,117,348
County's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	116.88%	122.56%	135.92%	116.13%
Plan fiduciary net position as a percentage of the total pension liability	76.93%	75.47%	74.26%	78.58%

**Corrections Officer Retirement Plan**

**Administrative Office of the Courts**

Reporting fiscal year	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Measurement date	2024	2023	2022	2021
County's proportion of the net pension (assets) liability	0.83%	0.89%	1.04%	0.95%
County's proportionate share of the net pension (assets) liability	\$ 3,570,809	\$ 4,034,001	\$ 4,634,495	\$ 3,539,580
County's covered payroll	\$ 1,087,048	\$ 1,142,274	\$ 1,243,990	\$ 1,109,482
County's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	328.49%	353.16%	372.55%	319.03%
Plan fiduciary net position as a percentage of the total pension liability	63.12%	59.28%	57.52%	62.53%

**Elected Officials Retirement Plan**

Reporting fiscal year	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Measurement date	2024	2023	2022	2021
County's proportion of the net pension (assets) liability	1.34%	0.73%	1.37%	1.38%
County's proportionate share of the net pension (assets) liability	\$ 7,989,131	\$ 4,585,303	\$ 9,250,969	\$ 8,427,608
State's proportionate share of the net pension liability associated with the County	551,298	5,126,604	900,743	847,112
Total	<u>\$ 8,540,429</u>	<u>\$ 9,711,907</u>	<u>\$ 10,151,712</u>	<u>\$ 9,274,720</u>
County's covered payroll	\$ 1,150,127	\$ 1,127,350	\$ 1,102,100	\$ 1,098,779
County's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	694.63%	406.73%	839.39%	767.00%
Plan fiduciary net position as a percentage of the total pension liability	42.22%	38.63%	32.01%	36.28%

<u>2021</u> 2020	<u>2020</u> 2019	<u>2019</u> 2018	<u>2018</u> 2017	<u>2017</u> 2016	<u>2016</u> 2015
0.17%	0.18%	0.17%	0.17%	0.17%	0.18%
\$ 29,935,028	\$ 25,685,713	\$ 23,817,800	\$ 25,870,469	\$ 28,096,646	\$ 28,452,591
\$ 19,024,801	\$ 18,326,508	\$ 17,311,838	\$ 16,996,911	\$ 16,464,044	\$ 16,959,971
157.35%	140.16%	137.58%	152.21%	170.65%	167.76%
69.33%	73.24%	73.40%	69.92%	67.06%	68.35%

<u>2021</u> 2020	<u>2020</u> 2019	<u>2019</u> 2018	<u>2018</u> 2017	<u>2017</u> 2016	<u>2016</u> 2015
0.93%	0.91%	0.88%	0.97%	1.31%	1.38%
\$ 4,428,706	\$ 3,849,317	\$ 3,161,337	\$ 3,907,213	\$ 3,704,368	\$ 3,344,124
\$ 1,107,501	\$ 1,106,855	\$ 1,000,857	\$ 1,143,874	\$ 1,452,609	\$ 1,539,683
399.88%	347.77%	315.86%	341.58%	255.01%	217.20%
50.07%	51.99%	53.72%	49.21%	54.81%	57.89%

<u>2021</u> 2020	<u>2020</u> 2019	<u>2019</u> 2018	<u>2018</u> 2017	<u>2017</u> 2016	<u>2016</u> 2015
1.37%	1.50%	1.14%	1.12%	1.21%	1.26%
\$ 9,248,701	\$ 9,957,102	\$ 7,203,131	\$ 13,627,485	\$ 11,445,909	\$ 9,861,197
879,016	935,865	1,234,210	2,828,330	2,363,282	3,074,311
<u>\$ 10,127,717</u>	<u>\$ 10,892,967</u>	<u>\$ 8,437,341</u>	<u>\$ 16,455,815</u>	<u>\$ 13,809,191</u>	<u>\$ 12,935,508</u>
\$ 1,096,965	\$ 1,072,272	\$ 990,519	\$ 959,940	\$ 977,941	\$ 1,134,316
843.12%	928.60%	727.21%	1419.62%	1170.41%	869.35%
29.80%	30.14%	30.36%	19.66%	23.42%	28.32%

**Gila County**  
**Required Supplementary Information**  
**Schedule of Changes in the County's Net Pension Liability and Related Ratios**  
**Agent Pension Plans**  
**June 30, 2025**

**PSPRS Sheriff**

Reporting fiscal year	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Measurement date	2024	2023	2022	2021
<b>Total pension liability</b>				
Service cost	\$ 265,459	\$ 304,577	\$ 341,991	\$ 337,956
Interest on the total pension liability	1,722,667	1,684,354	1,609,388	1,620,005
Changes of benefit terms				
Differences between expected and actual experience in the measurement of the pension liability	348,080	(169,599)	341,280	(1,013,196)
Changes of assumptions or other inputs			212,158	
Benefit payments, including refunds of employee contributions	(1,359,547)	(1,136,639)	(1,103,385)	(1,085,090)
<b>Net change in total pension liability</b>	<u>976,659</u>	<u>682,693</u>	<u>1,401,432</u>	<u>(140,325)</u>
<b>Total pension liability—beginning</b>	<u>24,340,243</u>	<u>23,657,550</u>	<u>22,256,118</u>	<u>22,396,443</u>
<b>Total pension liability—ending (a)</b>	<u>\$ 25,316,902</u>	<u>\$ 24,340,243</u>	<u>\$ 23,657,550</u>	<u>\$ 22,256,118</u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 170,438	\$ 155,314	\$ 176,007	\$ 13,572,313
Contributions—employee	119,670	129,334	170,713	169,496
Net investment income	2,465,518	1,794,122	(1,002,336)	4,549,994
Benefit payments, including refunds of employee contributions	(1,359,547)	(1,136,639)	(1,103,385)	(1,085,090)
Hall/Parker Settlement				
Administrative expense	(16,889)	(13,850)	(18,092)	(20,002)
Other changes	(27,453)	(27,453)	(33,021)	(33,021)
<b>Net change in plan fiduciary net position</b>	<u>1,379,190</u>	<u>900,828</u>	<u>(1,777,093)</u>	<u>17,153,690</u>
<b>Plan fiduciary net position—beginning</b>	<u>24,708,501</u>	<u>23,807,673</u>	<u>25,584,766</u>	<u>8,431,076</u>
<b>Plan fiduciary net position—ending (b)</b>	<u>\$ 26,087,691</u>	<u>\$ 24,708,501</u>	<u>\$ 23,807,673</u>	<u>\$ 25,584,766</u>
<b>Net pension (assets) liability—ending (a) - (b)</b>	<u>\$ (770,789)</u>	<u>\$ (368,258)</u>	<u>\$ (150,123)</u>	<u>\$ (3,328,648)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	103.04%	101.51%	100.63%	114.96%
<b>Covered payroll</b>	\$ 3,000,142	\$ 2,941,495	\$ 2,767,470	\$ 2,551,061
<b>Net pension (assets) liability as a percentage of covered payroll</b>	(25.69)%	(12.52)%	(5.42)%	(130.48)%

See accompanying notes to pension plan schedules.

<u>2021</u> 2020	<u>2020</u> 2019	<u>2019</u> 2018	<u>2018</u> 2017	<u>2017</u> 2016	<u>2016</u> 2015
\$ 375,788	\$ 435,514	\$ 385,131	\$ 502,240	\$ 403,538	\$ 299,129
1,494,819	1,448,251	1,411,326	1,326,313	1,325,851	1,290,430
			309,993	134,564	
			(278,317)	(416,800)	(29,030)
966,761	(230,529)	(369,481)	878,607	632,607	
	426,495				
(1,084,226)	(1,143,743)	(1,198,129)	(1,386,848)	(1,282,671)	(1,040,337)
1,753,142	935,988	228,847	1,351,988	797,089	520,192
20,643,301	19,707,313	19,478,466	18,126,478	17,329,389	16,809,197
<u>\$ 22,396,443</u>	<u>\$ 20,643,301</u>	<u>\$ 19,707,313</u>	<u>\$ 19,478,466</u>	<u>\$ 18,126,478</u>	<u>\$ 17,329,389</u>
\$ 1,437,325	\$ 1,351,693	\$ 1,119,625	\$ 951,182	\$ 867,460	\$ 641,694
187,610	194,229	190,551	245,455	243,186	211,706
103,435	373,963	454,476	723,993	37,079	230,228
(1,084,226)	(1,143,743)	(1,198,129)	(1,386,848)	(1,282,671)	(1,040,337)
		(271,741)			
(8,433)	(7,490)	(7,617)	(6,806)	(5,735)	(5,984)
	(149)	80	(18,616)	10,578	(47,732)
635,711	768,503	287,245	508,360	(130,103)	(10,425)
7,795,365	7,026,862	6,739,617	6,231,257	6,361,360	6,371,785
<u>\$ 8,431,076</u>	<u>\$ 7,795,365</u>	<u>\$ 7,026,862</u>	<u>\$ 6,739,617</u>	<u>\$ 6,231,257</u>	<u>\$ 6,361,360</u>
<u>\$ 13,965,367</u>	<u>\$ 12,847,936</u>	<u>\$ 12,680,451</u>	<u>\$ 12,738,849</u>	<u>\$ 11,895,221</u>	<u>\$ 10,968,029</u>
37.64%	37.76%	35.66%	34.60%	34.38%	36.71%
\$ 2,737,416	\$ 2,588,340	\$ 2,264,762	\$ 2,362,113	\$ 2,167,935	\$ 2,001,288
510.17%	496.38%	559.90%	539.30%	548.69%	548.05%

**Gila County**  
**Required Supplementary Information**  
**Schedule of Changes in the County's Net Pension Liability and Related Ratios**  
**Agent Pension Plans**  
**June 30, 2025**

**CORP Detention**

Reporting fiscal year	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Measurement date	2024	2023	2022	2021
<b>Total pension liability</b>				
Service cost	\$ 137,748	\$ 144,824	\$ 234,645	\$ 238,519
Interest on the total pension liability	664,445	593,353	646,422	609,934
Changes of benefit terms				
Differences between expected and actual experience in the measurement of the pension liability	502,295	708,439	(996,552)	96,415
Changes of assumptions or other inputs			137,727	
Benefit payments, including refunds of employee contributions	(415,877)	(488,423)	(604,567)	(277,773)
<b>Net change in total pension liability</b>	<u>888,611</u>	<u>958,193</u>	<u>(582,325)</u>	<u>667,095</u>
<b>Total pension liability—beginning</b>	<u>9,298,597</u>	<u>8,340,404</u>	<u>8,922,729</u>	<u>8,255,634</u>
<b>Total pension liability—ending (a)</b>	<u><u>\$ 10,187,208</u></u>	<u><u>\$ 9,298,597</u></u>	<u><u>\$ 8,340,404</u></u>	<u><u>\$ 8,922,729</u></u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 84,765	\$ 81,088	\$ 75,699	\$ 2,764,035
Contributions—employee	108,076	100,703	118,135	138,026
Net investment income	963,097	696,533	(365,265)	1,908,511
Benefit payments, including refunds of employee contributions	(415,877)	(488,423)	(604,567)	(277,773)
Administrative expense	(16,924)	(15,350)	(6,711)	(8,584)
Other changes		(28,465)		
<b>Net change in plan fiduciary net position</b>	<u>723,137</u>	<u>346,086</u>	<u>(782,709)</u>	<u>4,524,215</u>
<b>Plan fiduciary net position—beginning</b>	<u>9,504,564</u>	<u>9,158,478</u>	<u>9,941,187</u>	<u>5,416,972</u>
<b>Plan fiduciary net position—ending (b)</b>	<u><u>\$ 10,227,701</u></u>	<u><u>\$ 9,504,564</u></u>	<u><u>\$ 9,158,478</u></u>	<u><u>\$ 9,941,187</u></u>
<b>Net pension (assets) liability—ending (a)-(b)</b>	<u><u>\$ (40,493)</u></u>	<u><u>\$ (205,967)</u></u>	<u><u>\$ (818,074)</u></u>	<u><u>\$ (1,018,458)</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	100.40%	102.22%	109.81%	111.41%
<b>Covered payroll</b>	\$ 2,629,745	\$ 2,370,354	\$ 2,064,021	\$ 2,422,090
<b>Net pension (assets) liability as a percentage of covered payroll</b>	(1.54)%	(8.69)%	(39.63)%	(42.05)%

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	2020	2019	2018	2017	2016	2015
\$	276,628	\$ 344,457	\$ 362,086	\$ 365,615	\$ 341,734	\$ 322,777
	549,394	504,102	504,600	420,698	368,315	353,739
			(322,827)	997,825	10,391	
				(273,466)	238,078	(184,916)
	334,856	145,954	(138,314)	115,544	218,760	
		245,157				
	(309,115)	(607,071)	(544,308)	(285,348)	(258,317)	(372,466)
	851,763	632,599	(138,763)	1,340,868	918,961	119,134
	7,403,871	6,771,272	6,910,035	5,569,167	4,650,206	4,531,072
\$	<u>8,255,634</u>	<u>\$ 7,403,871</u>	<u>\$ 6,771,272</u>	<u>\$ 6,910,035</u>	<u>\$ 5,569,167</u>	<u>\$ 4,650,206</u>
\$	274,711	\$ 288,365	\$ 238,843	\$ 204,740	\$ 191,008	\$ 181,989
	149,047	167,603	194,274	197,659	187,968	188,093
	148,934	262,281	335,380	501,516	25,007	144,624
	(309,115)	(607,071)	(544,308)	(285,348)	(258,317)	(372,466)
	(5,764)	(5,381)	(5,774)	(4,787)	(3,936)	(3,947)
	42,947		(8,510)	384	8,800	(3,075)
	300,760	105,797	209,905	614,164	150,530	135,218
	5,116,212	5,010,415	4,800,510	4,186,346	4,035,816	3,900,598
\$	<u>5,416,972</u>	<u>\$ 5,116,212</u>	<u>\$ 5,010,415</u>	<u>\$ 4,800,510</u>	<u>\$ 4,186,346</u>	<u>\$ 4,035,816</u>
\$	<u>2,838,662</u>	<u>\$ 2,287,659</u>	<u>\$ 1,760,857</u>	<u>\$ 2,109,525</u>	<u>\$ 1,382,821</u>	<u>\$ 614,390</u>
	65.62%	69.10%	74.00%	69.47%	75.17%	86.79%
\$	2,447,650	\$ 2,465,134	\$ 2,368,007	\$ 2,552,674	\$ 2,226,105	\$ 2,058,827
	115.97%	92.80%	74.36%	82.64%	62.12%	29.84%

**Gila County**  
**Required Supplementary Information**  
**Schedule of Changes in the County's Net Pension Liability and Related Ratios**  
**Agent Pension Plans**  
**June 30, 2025**

**CORP Dispatchers**

Reporting fiscal year	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Measurement date	2024	2023	2022	2021
<b>Total pension liability</b>				
Service cost	\$ 6,779	\$ 5,855	\$ 5,665	\$ 10,867
Interest on the total pension liability	150,936	150,358	153,829	168,129
Changes of benefit terms				
Differences between expected and actual experience in the measurement of the pension liability	51,808	65,026	6,011	(247,436)
Changes of assumptions or other inputs			42,328	
Benefit payments, including refunds of employee contributions	(131,119)	(297,135)	(156,792)	(87,717)
<b>Net change in total pension liability</b>	<u>78,404</u>	<u>(75,896)</u>	<u>51,041</u>	<u>(156,157)</u>
<b>Total pension liability—beginning</b>	<u>2,155,117</u>	<u>2,231,013</u>	<u>2,179,972</u>	<u>2,336,129</u>
<b>Total pension liability—ending (a)</b>	<u><u>\$ 2,233,521</u></u>	<u><u>\$ 2,155,117</u></u>	<u><u>\$ 2,231,013</u></u>	<u><u>\$ 2,179,972</u></u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 4,631	\$ 3,207	\$ 3,401	\$ 989,133
Contributions—employee	5,905	9,376	8,704	8,941
Net investment income	236,837	186,822	(99,952)	508,430
Benefit payments, including refunds of employee contributions	(131,119)	(297,135)	(156,792)	(87,717)
Administrative expense	(2,147)	(1,901)	(1,840)	(2,283)
Other changes		(1,899)		
<b>Net change in plan fiduciary net position</b>	<u>114,107</u>	<u>(101,530)</u>	<u>(246,479)</u>	<u>1,416,504</u>
<b>Plan fiduciary net position—beginning</b>	<u>2,370,646</u>	<u>2,472,176</u>	<u>2,718,655</u>	<u>1,302,151</u>
<b>Plan fiduciary net position—ending (b)</b>	<u><u>\$ 2,484,753</u></u>	<u><u>\$ 2,370,646</u></u>	<u><u>\$ 2,472,176</u></u>	<u><u>\$ 2,718,655</u></u>
<b>Net pension (assets) liability—ending (a)-(b)</b>	<u><u>\$ (251,232)</u></u>	<u><u>\$ (215,529)</u></u>	<u><u>\$ (241,163)</u></u>	<u><u>\$ (538,683)</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	111.25%	110.00%	110.81%	124.71%
<b>Covered payroll</b>	\$ 74,390	\$ 122,556	\$ 109,343	\$ 112,325
<b>Net pension (assets) liability as a percentage of covered payroll</b>	(337.72)%	(175.86)%	(220.56)%	(479.58)%

<u>2021</u> 2020	<u>2020</u> 2019	<u>2019</u> 2018	<u>2018</u> 2017	<u>2017</u> 2016	<u>2016</u> 2015
\$ 17,350	\$ 26,582	\$ 30,034	\$ 32,295	\$ 35,574	\$ 30,280
159,153	150,655	171,554	147,775	140,477	130,939
		(130,830)	384,994	6,381	
			(172,751)	47,078	59,963
39,798	96,354	(199,521)	43,923	56,724	
	42,529				
(85,997)	(239,183)	(91,254)	(83,034)	(124,520)	(80,128)
130,304	76,937	(220,017)	353,202	161,714	141,054
2,205,825	2,128,888	2,348,905	1,995,703	1,833,989	1,692,935
<u>\$ 2,336,129</u>	<u>\$ 2,205,825</u>	<u>\$ 2,128,888</u>	<u>\$ 2,348,905</u>	<u>\$ 1,995,703</u>	<u>\$ 1,833,989</u>
\$ 51,724	\$ 66,564	\$ 47,658	\$ 37,583	\$ 35,930	\$ 30,530
11,249	12,759	14,692	17,241	20,184	20,252
40,003	70,238	93,455	141,868	7,545	45,656
(85,997)	(239,183)	(91,254)	(83,034)	(124,520)	(80,128)
(1,548)	(1,954)	(2,114)	(1,641)	(1,467)	(1,505)
		(26)	(8)	(9)	(1,172)
15,431	(91,576)	62,411	112,009	(62,337)	13,633
1,286,720	1,378,296	1,315,885	1,203,876	1,266,213	1,252,580
<u>\$ 1,302,151</u>	<u>\$ 1,286,720</u>	<u>\$ 1,378,296</u>	<u>\$ 1,315,885</u>	<u>\$ 1,203,876</u>	<u>\$ 1,266,213</u>
<u>\$ 1,033,978</u>	<u>\$ 919,105</u>	<u>\$ 750,592</u>	<u>\$ 1,033,020</u>	<u>\$ 791,827</u>	<u>\$ 567,776</u>
55.74%	58.33%	64.74%	56.02%	60.32%	69.04%
\$ 141,322	\$ 160,443	\$ 184,578	\$ 226,100	\$ 254,265	\$ 254,000
731.65%	572.85%	406.65%	456.89%	311.42%	223.53%

**Gila County**  
**Required Supplementary Information**  
**Schedule of County Pension Contributions**  
**June 30, 2025**

**Arizona State Retirement System**

Reporting fiscal year	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Statutorily required contribution	\$ 2,908,681	\$ 2,683,098	\$ 2,570,520	\$ 2,389,612
County's contributions in relation to the statutorily required contribution	<u>2,908,681</u>	<u>2,683,098</u>	<u>2,570,520</u>	<u>2,389,612</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
County's covered payroll	\$ 24,420,449	\$ 22,568,946	\$ 21,822,273	\$ 20,085,153
Contributions as a percentage of covered payroll	11.91%	11.89%	11.78%	11.90%

**Corrections Officer Retirement Plan-  
Administrative Office of the Courts**

Reporting fiscal year	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Statutorily required contribution	\$ 504,505	\$ 434,206	\$ 419,496	\$ 434,587
Contributions in relation to the statutorily required contribution	<u>504,505</u>	<u>434,206</u>	<u>419,496</u>	<u>434,587</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
County's covered payroll	\$ 1,262,874	\$ 1,087,048	\$ 1,142,274	\$ 1,243,990
Contributions as a percentage of covered payroll	39.95%	39.94%	36.72%	34.93%

**Elected Officials Retirement Plan**

Reporting fiscal year	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Statutorily required contribution	\$ 689,133	\$ 808,425	\$ 727,300	\$ 612,416
Contributions in relation to the statutorily required contribution	<u>689,133</u>	<u>808,425</u>	<u>727,300</u>	<u>612,416</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
County's covered payroll	\$ 1,232,869	\$ 1,150,127	\$ 1,127,350	\$ 1,102,100
Contributions as a percentage of covered payroll	55.90%	70.29%	64.51%	55.57%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 2,212,015	\$ 2,159,441	\$ 2,081,679	\$ 1,850,254	\$ 1,746,245	\$ 1,768,338
<u>2,212,015</u>	<u>2,159,441</u>	<u>2,081,679</u>	<u>1,850,254</u>	<u>1,746,245</u>	<u>1,768,338</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 19,117,348	\$ 19,024,801	\$ 18,326,508	\$ 17,311,838	\$ 16,996,911	\$ 16,464,044
11.57%	11.35%	11.36%	10.69%	10.27%	10.74%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 375,822	\$ 339,539	\$ 358,953	\$ 228,649	\$ 218,961	\$ 276,212
<u>375,822</u>	<u>339,539</u>	<u>358,953</u>	<u>228,649</u>	<u>218,961</u>	<u>276,212</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 1,109,482	\$ 1,107,501	\$ 1,106,855	\$ 1,000,857	\$ 1,143,874	\$ 1,452,609
33.87%	30.66%	32.43%	22.85%	19.14%	19.01%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 613,741	\$ 621,324	\$ 607,608	\$ 257,846	\$ 208,566	\$ 250,016
<u>613,741</u>	<u>621,324</u>	<u>512,123</u>	<u>76,787</u>	<u>208,566</u>	<u>250,016</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 1,098,779	\$ 1,096,965	\$ 1,072,272	\$ 990,519	\$ 959,940	\$ 977,941
55.86%	56.64%	47.76%	7.75%	21.73%	25.57%

**Gila County**  
**Required Supplementary Information**  
**Schedule of County Pension Contributions**  
**June 30, 2025**

**PSPRS Sheriff**

Reporting fiscal year	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 303,767	\$ 242,251	\$ 238,812	\$ 236,251
County's contributions in relation to the actuarially determined contribution	<u>303,767</u>	<u>242,251</u>	<u>238,812</u>	<u>236,251</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
County's covered payroll	\$ 3,684,359	\$ 3,000,142	\$ 2,941,495	\$ 2,767,470
Contributions as a percentage of covered payroll	8.24%	8.07%	8.12%	8.54%

**CORP Detention**

Reporting fiscal year	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 69,233	\$ 81,932	\$ 81,088	\$ 75,685
Contributions in relation to the actuarially determined contribution	<u>69,233</u>	<u>81,932</u>	<u>81,088</u>	<u>75,685</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
County's covered payroll	\$ 2,701,627	\$ 2,629,745	\$ 2,370,354	\$ 2,064,021
Contributions as a percentage of covered payroll	2.56%	3.12%	3.42%	3.67%

**CORP Dispatchers**

Reporting fiscal year	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 4,686	\$ 4,463	\$ 3,101	\$ 3,401
Contributions in relation to the actuarially determined contribution	<u>4,686</u>	<u>4,463</u>	<u>3,101</u>	<u>3,401</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
County's covered payroll	\$ 78,097	\$ 74,390	\$ 122,556	\$ 109,343
Contributions as a percentage of covered payroll	6.00%	6.00%	2.53%	3.11%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 649,522	\$ 1,437,461	\$ 1,303,462	\$ 1,119,625	\$ 1,102,871	\$ 1,210,141
<u>13,615,162</u>	<u>1,437,461</u>	<u>1,303,462</u>	<u>886,696</u>	<u>951,182</u>	<u>867,460</u>
<u>\$ (12,965,640)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 232,929</u>	<u>\$ 151,689</u>	<u>\$ 342,681</u>
\$ 2,551,061	\$ 2,737,416	\$ 2,588,340	\$ 2,264,762	\$ 2,362,113	\$ 2,167,935
533.71%	52.51%	50.36%	39.15%	40.27%	40.01%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 200,833	\$ 276,004	\$ 291,129	\$ 238,843	\$ 221,827	\$ 208,141
<u>2,763,173</u>	<u>276,004</u>	<u>291,129</u>	<u>238,843</u>	<u>204,740</u>	<u>191,008</u>
<u>\$ (2,562,340)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 17,087</u>	<u>\$ 17,133</u>
\$ 2,422,090	\$ 2,447,650	\$ 2,465,134	\$ 2,368,007	\$ 2,552,674	\$ 2,226,105
114.08%	11.28%	11.81%	10.09%	8.02%	8.58%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 33,274	\$ 51,724	\$ 65,525	\$ 47,658	\$ 44,926	\$ 47,090
<u>988,978</u>	<u>51,724</u>	<u>65,525</u>	<u>47,658</u>	<u>37,583</u>	<u>35,930</u>
<u>\$ (955,704)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 7,343</u>	<u>\$ 11,160</u>
\$ 112,325	\$ 141,322	\$ 160,443	\$ 184,578	\$ 226,100	\$ 254,265
880.46%	36.60%	40.84%	25.82%	16.62%	14.13%

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**Note 1 – Actuarially Determined Contribution Rates**

Actuarial determined contribution rates for PSPRS and CORP are calculated as of June 30 2 years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2023 actuarial valuation	15 years for PSPRS; 10 years for CORP
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions: Investment rate of return	In the 2022 actuarial valuation, the investment rate of return was decreased from 7.3% to 7.2%. In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%–8.0% to 3.5%–7.5% for PSPRS and from 4.0%–7.25% to 3.5%–6.5% for CORP. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS and from 4.5%–7.75% to 4.0%–7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS and from 5.0%–8.25% to 4.5%–7.75% for CORP.
Wage growth	In the 2022 actuarial valuation, wage growth was changed from 3.5% to a range of 3.0 – 6.25% for PSPRS and CORP. In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS and CORP. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 – June 30, 2011.
Mortality	In the 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females).

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**Note 2 – Factors That Affect Trends**

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS, CORP, CORP–AOC, and EORP changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS and EORP also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-, CORP-, and CORP–AOC-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-, CORP-, and CORP–AOC-required contributions beginning in fiscal year 2019 for members who retired or will retire as of the law's effective date. EORP-required contributions are not based on actuarial valuations, and therefore, these changes did not affect them. PSPRS and CORP allowed the County to phase in the increased contributions for members who were retired as of the law's effective date over 3 years. As a result, the County's pension contributions were less than the actuarially determined contributions for 2016 and 2017. Also, the County refunded excess employee contributions to PSPRS and EORP members. PSPRS and EORP allowed the County to reduce its actual employer contributions for the refund amounts. As a result, the County's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

The fiscal year 2019 (measurement date 2018) pension liabilities for EORP and CORP reflect the replacement of the permanent benefit increase (PBI) for retirees based on investment returns with a cost of living adjustment based on inflation. Also, the EORP liability and required pension contributions for fiscal year 2019 reflect a statutory change that requires the employer contribution rate to be actuarially determined. This change increased the discount rate used to calculate the liability thereby reducing the total pension liability.

**Note 3 – Excess Contributions**

In November 2020, the County issued Series 2020 pledged revenue obligations to fund the unfunded portion of the County's PSPRS pension obligations. The proceeds from the issuance resulted in excess contributions to the plans in 2021.