



Annual Expenditure Limitation Report Year Ended June 30, 2025

Gila County



Lindsey A. Perry
Auditor General

Arizona Auditor General's mission

The Arizona Auditor General's mission is to provide independent and impartial information, impactful recommendations, and stakeholder education to improve Arizona government for its citizens. To this end, the Office conducts financial statement audits and provides certain accounting services to the State and political subdivisions, investigates possible criminal violations involving public officials and public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

The Joint Legislative Audit Committee

The Joint Legislative Audit Committee consists of 5 Senate members appointed by the Senate President and 5 House members appointed by the House Speaker. The Committee is responsible for overseeing the Office, including (1) overseeing all audit functions of the Legislature and State agencies, including sunset, performance, special, and financial audits; special research requests; and the preparation and introduction of legislation resulting from audit report findings; (2) requiring State agencies to comply with audit findings and recommendations; (3) receiving status reports regarding the progress of school districts to implement recommendations; and (4) scheduling hearings to review the status of State agencies and school districts.

Senator **Mark Finchem**, Co-chairman

Senator **Flavio Bravo**

Senator **Tim Dunn**

Senator **David C. Farnsworth**

Senator **Catherine Miranda**

Senator **Warren Petersen** (ex officio)

Representative **Matt Gress**, Chairman

Representative **Michael Carbone**

Representative **Michele Peña**

Representative **Stephanie Stahl-Hamilton**

Representative **Betty Villegas**

Representative **Steve Montenegro** (ex officio)

Audit staff

Katherine Edwards Decker, Director

Taryn Stangle, Manager

Contact information

 **(602) 553-0333**

 contact@azauditor.gov

 www.azauditor.gov

2910 N. 44th St., Ste. 410
Phoenix, AZ 85018-7271

TABLE OF CONTENTS

AUDITORS' SECTION

INDEPENDENT ACCOUNTANTS' REPORT	1
---------------------------------	---

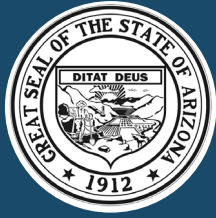
COUNTY SECTION	2
----------------	---

ANNUAL EXPENDITURE LIMITATION REPORT - PART I	
---	--

ANNUAL EXPENDITURE LIMITATION REPORT - PART II	
--	--

ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION	
---	--

NOTES TO THE ANNUAL EXPENDITURE LIMITATION REPORT	
---	--



ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Independent accountants' report

Members of the Arizona State Legislature

The Board of Supervisors of
Gila County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report (report) of Gila County for the year ended June 30, 2025, and the related notes to the report. The County's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Annual Expenditure Limitation Report referred to above is presented in accordance with the Uniform Expenditure Reporting System as described in Note 1 in all material respects.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

September 29, 2026

The County prepared the subsequent pages of this document.

Annual Expenditure Limitation Report (AELR):

▶ Part I

In Part I, the County compares its expenditure limitation amount—determined by the Economic Estimates Commission in accordance with Arizona Revised Statutes (A.R.S.) §41-563—to the total amount subject to the expenditure limitation to determine whether the County exceeded its expenditure limitation.

▶ Part II

In Part II, the County identifies its payments made from revenues that are not considered to be local revenues as defined by the Arizona Constitution, Article IX, §20(3) (exclusions), to determine the amount subject to the expenditure limitation reported on Part I because the Arizona Constitution, Article IX, §20, limits the spending of local revenues only.

▶ Reconciliation

The reconciliation of total expenditures reported within the annual financial statements to total expenditures stated within the AELR is required by A.R.S. §41-1279.07. To perform this reconciliation, the County uses the total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported in its annual financial statements and makes adjustments (i.e., subtractions and additions) for certain generally accepted accounting principle requirements and statutory and other provisions to arrive at the total amounts reported on Part II.

▶ Notes to the AELR

In the Notes to the AELR, the County describes its significant accounting policies used in preparing the AELR and includes a note for any exclusion, subtraction, and addition included on Part II and the Reconciliation that cannot be agreed directly to an amount reported in its annual financial statements as prescribed by the Uniform Expenditure Reporting System.

The results of our examination procedures on the AELR are described in the independent accountants' report.

Gila County
Annual Expenditure Limitation Report-Part I
Year ended June 30, 2025

1. Economic Estimates Commission expenditure limitation	\$	<u>51,593,295</u>
2. Amount subject to the expenditure limitation (total amount from Part II, line C)		<u>51,593,295</u>
3. Amount under (in excess of) the expenditure limitation	\$	<u>0</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of chief fiscal officer: Maryn Belling

Name and title: Maryn Blythe Belling, Finance Director

Telephone number: (928) 402-8743

Date: September 29, 2026

See accompanying notes to report.

Gila County
Annual Expenditure Limitation Report-Part II
Year ended June 30, 2025

Description	Governmental funds	Enterprise funds	Internal service funds	Fiduciary funds	Total
A. Amounts reported on the reconciliation, line D	\$ 86,373,742	\$ 2,321,713	\$ 4,356,500	\$ 199,038,670	\$ 292,090,625
B. Less exclusions claimed:					
Debt service requirements (Note 2)	2,293,255				2,293,255
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	1,817,293	177,131			1,994,424
Trustee or custodian (Note 4)	1,535,619			199,038,670	200,574,289
Grants and aid from the federal government (Note 5)	14,301,516				14,301,516
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	563,303				563,303
Amounts received from the State of Arizona (Note 5)	10,009,202				10,009,202
Quasi-external interfund transactions			4,284,885		4,284,885
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	4,876,481				4,876,481
Amounts received for distribution to school districts (Note 6)	949,641				949,641
Prior Years Carryforward (Note 12)	650,334				650,334
Total exclusions claimed	<u>36,996,644</u>	<u>177,131</u>	<u>4,284,885</u>	<u>199,038,670</u>	<u>240,497,330</u>
C. Amounts subject to the expenditure limitation	<u>\$ 49,377,098</u>	<u>\$ 2,144,582</u>	<u>\$ 71,615</u>	<u>\$ -</u>	<u>\$ 51,593,295</u>

See accompanying notes to report.

Gila County
Annual Expenditure Limitation Report-Reconciliation
Year ended June 30, 2025

Description	Governmental funds	Enterprise funds	Internal service funds	Fiduciary funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 91,875,120	\$ 3,281,903	\$ 4,665,793	\$ 199,038,670	\$ 298,861,486
B. Subtractions:					
Items not requiring use of current financial resources:					
Depreciation		310,094	129,733		439,827
Pension and other postemployment benefits (OPEB) expense (Note 7)	223,368	(5,071)	277,264		495,561
Landfill closure and postclosure care costs and pollution remediation (Note 8)		784,827			784,827
Compensated Absences (Note 10)		11,282	42,426		53,708
Total expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 9)	1,481,747				1,481,747
Long-term care contributions the State Treasurer withheld (Note 14)	3,161,900				3,161,900
Fees/reimbursements State law required the County to pay (Note 13)	504,566				504,566
Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	129,797				129,797
Total subtractions	<u>5,501,378</u>	<u>1,101,132</u>	<u>449,423</u>		<u>7,051,933</u>
C. Additions:					
Capital asset acquisitions		65,172	18,151		83,323
Pension and other postemployment benefits (OPEB) contributions paid in the current year (Note 7)		75,770	121,979		197,749
Total additions	<u>140,942</u>	<u>140,130</u>	<u>140,130</u>		<u>281,072</u>
D. Amounts reported on part II, line A	<u>\$ 86,373,742</u>	<u>\$ 2,321,713</u>	<u>\$ 4,356,500</u>	<u>\$ 199,038,670</u>	<u>\$ 292,090,625</u>

See accompanying notes to report.

Gila County

Notes to Annual Expenditure Limitation Report

Year ended June 30, 2025

Note 1 - Summary of significant accounting policies

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes (A.R.S.) §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; statement of cash flows for the proprietary funds; and the statement of changes in fiduciary net position for the fiduciary funds.

Note 2 - The \$2,293,255 exclusion claimed for debt service requirements consists of principal retirement of \$1,453,613 and interest of \$839,642 in the Governmental Funds.

Note 3 - The \$1,817,293 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds consists of interest on investments expended of \$1,545,967 and interest on delinquent taxes expended of \$271,326, which was recorded as tax revenue.

Note 4 - The \$1,535,619 exclusion claimed for trustee or custodian in the governmental funds consists of county contributions to Arizona Health Care Cost Containment System for acute care and administrative costs; and in the fiduciary funds, the \$199,038,670 exclusion consists of \$1,062,213 in private-purpose trust funds, \$141,752,897 for external investment pool participants, and \$56,223,560 for other custodial funds.

Note 5 - The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from State of Arizona, and highway user revenues in the governmental funds:

Description

Grants and aid from the federal government	\$	14,301,516
Amounts received from the State of Arizona		10,009,202
Highway user revenues in excess of those received in fiscal year 1979-80		4,876,481
Nonexcludable revenues		12,472,784
Total intergovernmental revenues as reported in the fund financial statements	\$	<u>41,659,983</u>

Note 6 - The \$949,641 exclusion claimed for amounts received for distribution to school districts consists of federal, State, and county revenues recorded as education expenditures for operating an accommodation school.

Note 7 - The (\$5,071) in the Enterprise Funds and the \$277,264 in the Internal Service Funds subtractions for pension and other post employment benefits (OPEB) expense consists of changes in the net position and OPEB assets and liabilities and changes in deferred inflows and outflows related to pensions and OPEB recognized in the current year. The \$75,770 in the Enterprise Funds and \$121,979 in the Internal Service Funds additions for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System. The schedule below reconciles the net effect of the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

	Enterprise funds	Internal Service Funds
Statement of cash flows		
Change in net pension and OPEB asset	\$ (668)	\$ (11,215)
Change in deferred outflows related to pensions and OPEB	(21,708)	(70,405)
Change in deferred inflows related to pensions and OPEB	10,589	36,451
Change in net pension and OPEB liability	(69,054)	200,454
Total	<u>\$ (80,841)</u>	<u>\$ 155,285</u>
AELR—Reconciliation		
Pension/OPEB contributions — addition	\$ 75,770	\$ 121,979
Pension/OPEB expense(income) — subtraction	(5,071)	277,264
Total	<u>\$ 80,841</u>	<u>\$ (155,285)</u>

The subtraction for pension expense in the governmental funds consists of nonemployer contributions to the Elected Officials Retirement Plan (EORP) that were reported as a revenue and an offsetting expenditure in the County's governmental funds. Consequently, this expenditure has been subtracted on the reconciliation.

Note 8 - The \$784,827 subtraction for landfill closure and postclosure care costs consists of the portion of the total estimated liability reported as expenses in the current year but not yet paid in the enterprise funds.

Note 9 - The \$1,481,747 subtraction for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the County's reporting entity, but not included in the Economic Estimates Commission base limit calculations that are reported in the governmental funds:

Special assessment districts

Library District	
Library District Grants	\$ 53,862
Library Assistance	1,373,057
Street Lighting Improvement Districts	
Pine SLID	2,236

Gila County

Notes to Annual Expenditure Limitation Report

Year ended June 30, 2025

Apache Hills SLID	3,143
Upper Glendale SLID	1,323
East Verde Park SLID	4,713
Miami Gardens SLID	3,359
Midland/Central Heights SLID	15,959
Claypool/Lower Miami SLID	24,095
Total	<u>\$ 1,481,747</u>

Note 10 - The \$11,282 and \$42,426 subtractions for compensated absences consist of the portion of the total estimated liability reported as expenses in the current year but not yet paid in the Enterprise and Internal Service Funds, respectively.

Note 11 - Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. A summary of accumulated revenue sources and their balances are shown in the table below:

Description	Balance June 30, 2024	Carryforward added	Carryforward used	Balance June 30, 2025
Dividends, interest, and gains on the sale or redemption of investment securities - Governmental funds	\$ 1,451,398	\$0	\$ 650,334	\$ 801,064
Dividends, interest, and gains on the sale or redemption of investment securities - Enterprise funds	<u>262,635</u>	<u>0</u>	<u>0</u>	<u>262,635</u>
Total carryforward	<u>\$ 1,714,033</u>	<u>\$ -</u>	<u>\$ 650,334</u>	<u>\$ 1,063,699</u>

Note 12 - Prior years carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year as follows:

Description	Governmental funds
Dividends, interest, and gains on the sale or redemption of investment securities	\$ <u>650,334</u>
Total prior years carryforward expended	<u>\$ 650,334</u>

Note 13 - The \$504,566 subtraction for required fees/reimbursements State law required the County to pay that are excluded from the county expenditure limitation consists of \$504,566 paid pursuant to A.R.S. §13-4512, for inpatient competency restoration treatment, which were recorded as general government expenditures.

Note 14 - The subtraction for long-term care contributions the State Treasurer withheld consists of transaction privilege taxes the State Treasurer withheld to meet the County's share of long-term care costs that was reported as a revenue and an offsetting expenditure in the County's governmental funds. Consequently, this expenditure has been subtracted on the reconciliation.