

Gila County, Arizona
Report on Audit of
Annual Expenditure Limitation Report
Year Ended June 30, 2009

Gila County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2009

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Independent Auditor's Report

The Auditor General of the State of Arizona

The Board of Supervisors of
Gila County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of Gila County for the year ended June 30, 2009. This report is the responsibility of the County's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Annual Expenditure Limitation Report of Gila County for the year ended June 30, 2009, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the members of the Arizona State Legislature and the Board of Supervisors and management, and for filing with the Auditor General of the State of Arizona, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



January 24, 2011

Gila County
Annual Expenditure Limitation Report - Part I
Year Ended June 30, 2009

1. Economic Estimates Commission expenditure limitation	\$ 37,623,745
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>35,720,958</u>
3. Amount under the expenditure limitation	<u>\$ 1,902,787</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: _____

Name and Title: Joseph Heatherly, Finance Director

Telephone Number: (928) 425-3231 Date: January 24, 2011

See accompanying notes to report.

Gila County
Annual Expenditure Limitation Report - Part II
Year Ended June 30, 2009

Description	Governmental Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line C	\$ 58,260,131	\$ 131,632,248	\$ 189,892,379
B. Less exclusions claimed:			
Debt service requirements on other long-term obligations (Note 2)	1,047,677		1,047,677
Trustee or custodian (Note 3)	1,260,605	131,632,248	132,892,853
Grants and aid from the federal government (Note 4)	8,322,970		8,322,970
Amounts received from the State of Arizona (Note 4)	5,656,724		5,656,724
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	217,611		217,611
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)	3,078,316		3,078,316
Contracts with other political subdivisions (Note 5)	1,456,118		1,456,118
Refunds, reimbursements, and other recoveries (Note 6)	459,053		459,053
Amounts received for distribution to school districts (Note 7)	1,036,603		1,036,603
Prior years carryforward (Note 8)	3,496		3,496
Total exclusions claimed	<u>22,539,173</u>	<u>131,632,248</u>	<u>154,171,421</u>
C. Amounts subject to the expenditure limitation	<u>\$ 35,720,958</u>	<u>\$ -</u>	<u>\$ 35,720,958</u>

See accompanying notes to report

Gila County
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2009

Description	Governmental Funds	Fiduciary Funds	Total
A. Total expenditures/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 61,304,106	\$ 131,632,248	\$ 192,936,354
B. Subtractions:			
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 9)	1,167,915		1,167,915
Long-term care contributions withheld by State Treasurer (Note 10)	<u>1,876,060</u>	<u>-</u>	<u>1,876,060</u>
Total subtractions	<u>3,043,975</u>	<u>-</u>	<u>3,043,975</u>
C. Amounts reported on Part II, Line A	<u>\$ 58,260,131</u>	<u>\$ 131,632,248</u>	<u>\$ 189,892,379</u>

See accompanying notes to report.

Gila County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2009

Note 1 - Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes §41-1279.07, which excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed on Part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds and the Statement of Changes in Fiduciary Net Assets for the Fiduciary Funds.

Note 2 - The exclusion claimed for debt service requirements on other long-term obligations in the Governmental Funds consists of principal retirement of \$921,243 and interest expense of \$126,434.

Note 3 - The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,260,605 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, administrative costs and uncompensated care; and in the Fiduciary Funds, the exclusion consists of \$131,632,248 in distributions to investment pool participants.

Note 4 - The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, highway user revenues, contracts with other political subdivisions, refunds, reimbursements, and other recoveries, and amounts received for distribution to school districts in the Governmental Funds:

Description	
Grants and aid from the federal government	\$ 8,322,970
Amounts received from the State of Arizona	5,656,724
Highway user revenues in excess of those received in fiscal year 1979-80	3,078,316
Contracts with other political subdivisions	462,909
Refunds, reimbursements, and other recoveries	161,007
Amounts received for distribution to school districts	1,036,603
Other revenues (nonexcludable)	7,279,315
Fiscal year 2009 carried forward amount	<u>3,604,450</u>
Total intergovernmental revenues as reported in the fund financial statements	<u><u>\$ 29,602,294</u></u>

Gila County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2009

- Note 5 -** The exclusion claimed for contracts with other political subdivisions of \$1,456,118 in the Governmental Funds includes expenditures of intergovernmental revenues and charges for services revenues.
- Note 6 -** The exclusion claimed for refunds, reimbursements, and other recoveries of \$459,053 in the Governmental Funds includes various expenditure reimbursements reported as intergovernmental revenues and charges for services revenues.
- Note 7 -** The 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 8** Prior year's carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year. The exclusion claimed consists of Arizona Department of Transportation loan proceeds of \$487,500 received in fiscal year 2007 of which \$3,496 was expended in the current year and reported as capital outlay expenditures in the Governmental Funds.
- Note 9 -** The subtraction of \$1,167,915 in the Governmental Funds for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the County's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the Governmental Funds category in the fund financial statements:

Special Assessment Districts	
Highways and streets	\$ 43,400
Culture and recreation	1,124,515
	<u>\$ 1,167,915</u>

- Note 10 -** The subtraction of long-term care contributions withheld by the State Treasurer consists of transaction privilege taxes withheld by the State Treasurer to meet the County's share of long-term care costs that was reported as a revenue and an offsetting welfare expenditure in the County's Governmental Funds. Consequently, the expenditure has been subtracted on the Reconciliation.