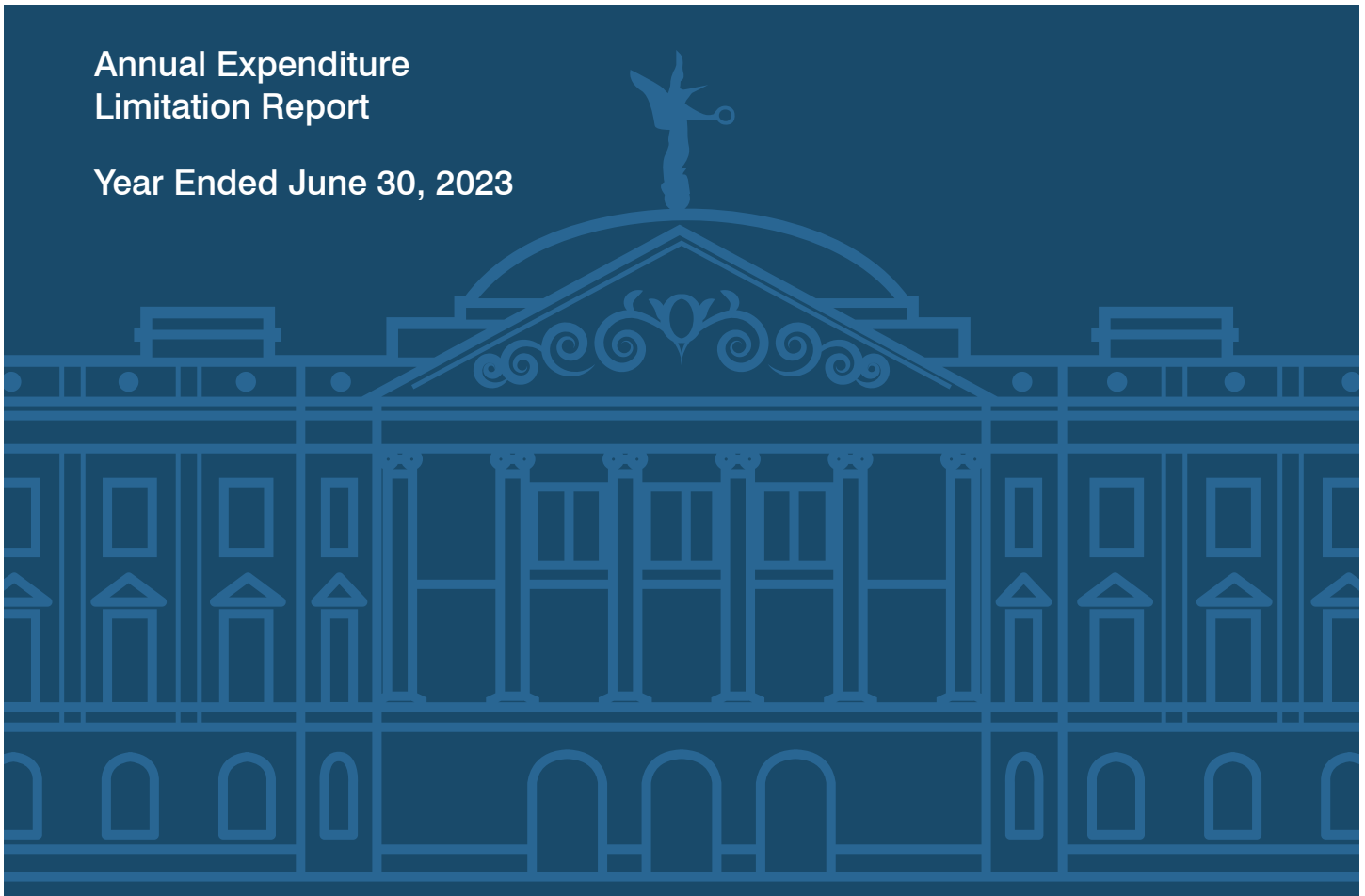


# Gila County

Annual Expenditure  
Limitation Report

Year Ended June 30, 2023



A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





The Arizona Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

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**Melanie M. Chesney**, Deputy Auditor General and Acting Director, Financial Audit Division

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**LINDSEY A. PERRY**  
AUDITOR GENERAL

**ARIZONA**  
**AUDITOR GENERAL**

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

## Independent accountants' report

Members of the Arizona State Legislature

The Board of Supervisors of  
Gila County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report (report) of Gila County for the year ended June 30, 2023, 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

July 8, 2024

**Gila County**  
**Annual Expenditure Limitation Report—Part I**  
**Year ended June 30, 2023**

1. Economic Estimates Commission expenditure limitation	\$46,330,256
2. Amount subject to the expenditure limitation (total amount from Part II, line C)	<u>38,857,535</u>
4. Amount under the expenditure limitation	<u>\$ 7,472,721</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: July 8, 2024

See accompanying notes to report.

**Gila County**  
**Annual Expenditure Limitation Report—Part II**  
**Year ended June 30, 2023**

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 78,040,954	\$ 5,667,346	\$ 185,481,449	\$ 269,189,749
B. Less exclusions claimed:				
Debt service requirements (Note 2)	2,325,768			2,325,768
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	918,416			918,416
Trustee or custodian (Note 4)	1,520,394		185,481,449	187,001,843
Grants and aid from the federal government (Note 5)	22,111,851			22,111,851
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	534,770			534,770
Amounts received from the State of Arizona (Note 5)	9,761,822			9,761,822
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	4,574,665			4,574,665
Contracts with other political subdivisions (Note 6)	1,313,568			1,313,568
Amounts received for distribution to school districts (Note 7)	<u>1,789,511</u>			<u>1,789,511</u>
Total exclusions claimed	<u>44,850,765</u>		<u>185,481,449</u>	<u>230,332,214</u>
C. Amounts subject to the expenditure limitation	<u>\$ 33,190,189</u>	<u>\$ 5,667,346</u>	<u>\$ -</u>	<u>\$ 38,857,535</u>

See accompanying notes to report.

**Gila County**  
**Annual Expenditure Limitation Report—Reconciliation**  
**Year ended June 30, 2023**

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 82,310,002	\$ 2,426,320	\$ 185,481,449	\$ 270,217,771
B. Subtractions:				
Items not requiring use of current financial resources:				
Depreciation		150,301		150,301
Pension and other postemployment benefits (OPEB) expense (Note 8)		(6,064)		(6,064)
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 10)	1,413,448			1,413,448
Long-term care contributions the State Treasurer withheld (Note 11)	<u>2,855,600</u>			<u>2,855,600</u>
Total subtractions	<u>4,269,048</u>	<u>144,237</u>		<u>4,413,285</u>
C. Additions:				
Principal payments on long-term debt		85,176		85,176
Capital asset acquisitions		2,929,348		2,929,348
Pension and OPEB contributions paid in the current year (Note 8)		78,375		78,375
Landfill closure and postclosure care costs (Note 9)		<u>292,364</u>		<u>292,364</u>
Total additions		<u>3,385,263</u>		<u>3,385,263</u>
D. Amounts reported on Part II, line A	<u>\$ 78,040,954</u>	<u>\$ 5,667,346</u>	<u>\$ 185,481,449</u>	<u>\$ 269,189,749</u>

See accompanying notes to report.

# **Gila County**

## **Notes to Annual Expenditure Limitation Report**

### **Year ended June 30, 2023**

#### **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 \$2,325,768 exclusion claimed for debt service requirements consists of principal retirement of \$1,348,138, interest of \$887,375, and bond premium amortization of \$90,255 in the governmental funds.

#### **Note 3**

The \$918,416 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds consists of interest on investment expended of \$336,084 and interest on delinquent taxes expended of \$582,332, which was recorded as tax revenue.

#### **Note 4**

The \$1,520,394 exclusion claimed for trustee or custodian in the governmental funds consists of county contributions to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs; and in the fiduciary funds, the \$185,481,449 exclusion consists of deductions of \$1,371,271 for private purpose trust funds, \$135,075,493 for external investment pool custodial funds, and \$49,034,685 for other custodial funds.

#### **Note 5**

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



**Gila County**  
**Notes to Annual Expenditure Limitation Report**  
**Year ended June 30, 2023**

<b>Description</b>	
Grants and aid from the federal government	\$22,111,851
Amounts received from the State of Arizona	9,761,822
Highway user revenues in excess of those received in fiscal year 1979-80	4,574,665
Other revenues (nonexcludable)	<u>17,083,969</u>
Total intergovernmental revenues as reported in the governmental fund financial statements	<u>\$53,532,307</u>

**Note 6**

The \$1,313,568 exclusion claimed for contracts with other political subdivisions is for expenditures of \$938,030 in miscellaneous revenue and \$375,538 of other revenues not otherwise excluded.

**Note 7**

The \$1,789,511 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**

The \$6,064 subtraction for pension and other post employment benefit (OPEB) expense consists of changes in the net position and OPEB assets and liabilities and changes in deferred inflows and outflows related to pensions and OPEB recognized in the current year in the enterprise fund. The \$78,375 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the enterprise fund. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

	<b>Enterprise funds</b>
<b>Statement of cash flows</b>	
Change in net pension and OPEB asset	\$ (6,061)
Change in deferred inflows related to pensions and OPEB	24,513
Change in deferred outflows related to pensions and OPEB	(167,099)
Change in net pension and OPEB liability	<u>233,086</u>
Total	<u>\$ 84,439</u>
<b>AELR – Reconciliation</b>	
Pension/OPEB expense (income) – subtraction	\$ (6,064)
Pension/OPEB contributions – addition	<u>78,375</u>
Total	<u>\$ (84,439)</u>

**Gila County**  
**Notes to Annual Expenditure Limitation Report**  
**Year ended June 30, 2023**

**Note 9**

The \$292,364 addition for landfill closure and postclosure care costs consists of the portion of the total estimated liability/liabilities reported as expenses in the current year but not yet paid in the enterprise funds. The closure and postclosure care costs are computed by the County's contracted engineering specialist as disclosed in the annual financial statements.

**Note 10**

The \$1,413,448 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. 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 funding sources for these Special Assessment Districts are included annually on Schedule B of the County's Budget:

	<b>Culture and recreation</b>	<b>Highways and streets</b>	<b>Total</b>
<b>Special assessment districts</b>			
Library district			
Library district grants	\$ 149,576		\$ 149,576
Library assistance	1,210,141		1,210,141
Street Lighting Improvement Districts			
Pine SLID		\$ 1,957	1,957
Apache Hills SLID		1,312	1,312
Upper Glendale SLID		1,356	1,356
East Verde Park SLID		4,168	4,168
Miami Gardens SLID		3,052	3,052
Midland/Central Heights SLID		17,837	17,837
Claypool/Lower Miami SLID		<u>24,049</u>	<u>24,049</u>
Total	<u>\$1,359,717</u>	<u>\$53,731</u>	<u>\$1,413,448</u>

**Note 11**

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

**Gila County**  
**Notes to Annual Expenditure Limitation Report**  
**Year ended June 30, 2023**

**Note 12**

Because State & Local Fiscal Recovery Funds (SLFRF) and Local Area and Tribal Consistency (LATCF) fund revenues are recognized only to the extent of expenditures on the annual Schedule of Expenditure of Federal Awards (see note 5 above) they are not included in Intergovernmental Revenues on the Financial Statements, but rather as Deferred Revenues. As such, their respective fund balances may be interpreted as Available Carryforward Exclusions. These Available Carryforward Exclusions consist of constitutionally excludable revenues unexpended as of June 30, 2023 totaling \$7,746,470 as follows:

<b>Grants and aid from the federal government</b>	<b>SLFRF (ARPA) Fund #1117</b>		<b>Total Available Carry Forward Exclusion</b>
Fiscal Year 2021 Receipts	\$ 5,246,181		
Fiscal Year 2021 Uses			
Fiscal Year 2021 Ending Fund Balance	<u>5,246,181</u>		
Fiscal Year 2021 Available Carry Forward Exclusion	<u>\$ 5,246,181</u>		<u>\$5,246,181</u>
Fiscal Year 2022 Beginning Fund Balance	\$ 5,246,181		
Fiscal Year 2022 Receipts	5,246,181		
Fiscal Year 2022 Uses	(755,289)		
Fiscal Year 2022 Ending Fund Balance	<u>9,737,073</u>		
Fiscal Years 2021 & 2022 Available Carry Forward Exclusion	<u>\$ 9,737,073</u>		<u>\$9,737,073</u>
		<b>LATCF Fund #1118</b>	
Fiscal Year 2023 Beginning Fund Balance	\$ 9,737,073		
Fiscal Year 2023 Receipts		\$ 6,000,000	
Fiscal Year 2023 Uses	(2,895,103)	(5,095,500)	
Fiscal Year 2023 Ending Fund Balance	<u>6,841,970</u>	<u>904,500</u>	
Fiscal Years 2021, 2022, & 2023 Available Carry Forward Exclusion	<u>\$ 6,841,970</u>	<u>\$ 904,500</u>	<u>\$7,746,470</u>

