Gila County

Annual Financial and
Single Audit Reports

Year Ended June 30, 2024

A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General

ARIZONA Auditor General
Making a Positive Difference

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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AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY 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, 2024, 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, 2024, 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.

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 a-1 through a-8, budgetary comparison schedules on pages 49 through 54, schedule of the County's proportionate share of the net pension liability—cost-sharing plans on page 57, schedule of changes in the County's net pension liability and related ratios—agent plans on pages 58 through 60, and schedule of County pension contributions on pages 61 through 62 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.

Supplementary information

Schedule of expenditures of federal awards

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the accompanying schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025, 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, 2025

Gila County
Management's discussion and analysis
Year Ended June 30, 2024

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, 2024. 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 $48.2 million (net position). Of this amount, $42.1 million is the net investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress); $46.1 million is restricted for specific purposes (restricted net position); and $(40.0) 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 $133.9 million, an increase of $12.2 million or 10.0 percent in comparison with the prior fiscal year's balance of $121.8 million.
- Total liabilities were $87.6 million, an increase of $159,121 or less than 1 percent in comparison with the prior fiscal year's balance of $87.4 million.
- The County reported total deferred outflows of resources related to pensions/OPEB of $7.0 million and deferred inflows of resources related to pensions/OPEB of $5.1 million.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of $43.0 million, an increase of $1.8 million in comparison with the prior year's balance of $41.2 million.
- At the end of the current fiscal year, general fund had an unrestricted fund balance of $15.1 million or 26.6 percent of total general fund expenditures. Of this amount, assigned fund balance for construction projects, rainy day and cash flow reserves was $16.3 million and unassigned deficit was $1.2 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.

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 1 through 2 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.

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, American Rescue Plan Act, Opioid Settlement, and Public Works. Data from the other governmental funds is combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 3 through 6 of this report.

Proprietary 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. The proprietary fund financial statements can be found on pages 7 through 10 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 11 and 12 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 13 through 47 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 49 through 64 of this report.

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 $48.2 million as presented in the following table.

Condensed Statement of Net Position
(in thousands)
June 30, 2024 and 2023

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	$ 68,455	$ 58,640	$10,173	$10,914	$ 78,628	$ 69,554
Capital assets, net	47,378	44,720	7,913	7,491	55,291	52,211
Total assets	115,833	103,360	18,086	18,405	133,919	121,765
Deferred outflows	6,898	8,199	95	125	6,993	8,324
Current and other liabilities	17,604	10,798	79	406	17,683	11,204
Long-term liabilities	64,187	71,165	5,683	5,025	69,870	76,190
Total liabilities	81,791	81,963	5,762	5,431	87,553	87,394
Deferred inflows	5,086	3,077	48	50	5,134	3,127
Net position						
Net investment in capital assets	$ 34,158	$ 30,934	$ 7,913	$ 7,432	$ 42,071	$ 38,366
Restricted	39,057	34,022	7,123	6,152	46,180	40,174
Unrestricted	(37,361)	(38,437)	(2,665)	(535)	(40,026)	(38,972)
Total net position	$ 35,854	$ 26,519	$12,371	$13,049	$ 48,225	$ 39,568

The largest portion of the County's net position is approximately $42.1 million, or 87.2 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 $46.2 million, or 95.8 percent, is subject to external restrictions on how they may be used. The County's unrestricted deficit of $40.0 million, or negative 83.0 percent, was an increase of $1.0 million from the prior year's unrestricted deficit of $39.0 million.

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

- Current and other assets—the net increase of $9.8 million was primarily due to the receipt of grant monies from the Local Assistance and Tribal Consistency Fund that were unspent as of year-end and the increase in the receivable from the opioid settlements.

- Deferred outflows and inflows related to pensions and OPEB—the net decrease of $1.3 million for the deferred outflows and the net increase of $2.0 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, 2024, and a measurement date of June 30, 2023.

- Long-term liabilities—the net decrease of $7.0 million was largely due to a net decrease of $5.8 million of the net pension/OPEB liabilities as a result of the actuarial valuation performed of the County's participated pension plans as of June 30, 2024, and a measurement date of June 30, 2023.

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 decrease of $741 thousand was primarily due to spending on the expansion for the Russell Gulch Landfill.

- Long-term liabilities—the increase of $658 thousand was primarily due to the increase in the landfill closure and post closure care costs payable.

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 $8.7 million. The following table presents the changes in net position.

Changes in Net Position
(in thousands)
Years Ended June 30, 2024 and 2023

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	$ 5,288	$ 3,148	$ 2,436	$ 2,503	$ 7,724	$ 5,651
Grants and contributions	26,240	36,924		78	26,240	37,002
General revenues:						
Property taxes	28,411	26,601			28,411	26,601
County excise tax	7,358	7,162			7,358	7,162
Share of state sales taxes	10,060	9,021			10,060	9,021
Shared revenue, state vehicle license tax	2,338	2,306			2,338	2,306
State appropriations	613	550			613	550
Shared revenue, state liquor license tax	14	15			14	15
Payments in lieu of taxes	4,728	4,204			4,728	4,204
Investment income (loss)	1,502	336	263	239	1,765	575
Miscellaneous	1,144	757			1,144	757
Total revenues	87,696	91,024	2,699	2,820	90,395	93,844
Expenses:						
General government	31,365	31,520			31,365	31,520
Public safety	21,232	19,619			21,232	19,619
Highways and streets	7,541	7,247			7,541	7,247
Health	5,595	6,933			5,595	6,933
Welfare	8,586	7,988			8,586	7,988
Sanitation	217	198	3,376	2,426	3,593	2,624
Culture and recreation	1,655	3,403			1,655	3,403
Education	1,396	2,234			1,396	2,234
Interest on long-term debt	775	797			775	797
Total expenses	78,362	79,939	3,376	2,426	81,738	82,365
Changes in net position	9,334	11,085	(677)	394	8,657	11,479
Net position—beginning	26,519	15,434	13,049	12,655	39,568	28,089
Net position—ending	$35,853	$26,519	$12,372	$13,049	$48,225	$39,568

Overall, the governmental activities revenues decreased by $3.3 million, or 3.7 percent, and program expenses decreased by $1.6 million, or 2.0 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:

Grants and contributions—The net decrease of $10.7 million was primarily due to prior year spending of revenue related to the American Rescue Plan Act and Local Assistance and Tribal Consistency Funds received by the County resulting from the COVID-19 pandemic.

Culture and recreation expenses—The net decrease of $1.7 million was primarily due to a decrease in expenditures related to the Pleasant Valley Veteran Retreat Center.

Overall, the business-type activities revenues decreased by $121 thousand, or 4.3 percent, and program expenses increased by $950 thousand, or 39.2 percent, in the current fiscal year. The increase in expense is primarily due to increased cost of the landfill closure and postclosure care payable.

Financial Analysis of the Governmental Funds

The County reported four major funds for this fiscal year: the General Fund, American Rescue Plan Act Fund, Opioid Settlement Fund, and Public Works Fund. At the end of the current fiscal year, the County's governmental funds reported combined fund balances of $43.0 million, which was an increase of $1.8 million from the prior year. Of the total, $11.1 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 $15.2 million, an increase of $1.7 million, or 12 percent over the prior year's balance of $13.5 million. The unrestricted fund balance of the general fund was $15.1 million, which represents 26.6 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 $1.5 million due to increase in property tax revenue collections.

General government expenditures increased $1.8 million in part because the County began budgeting for facilities management costs in the General Fund.

American Rescue Plan Act
Revenues and expenditures decreased by $3.1 million and $2.8 million, respectively as revenues are recognized to the extent of expenditures. Fiscal year 2024 saw continued progress on various projects including the Pleasant Valley Veteran's retreat center.

Opioid Settlement Fund
Fines and forfeits increased $312,205 as the County began receiving additional distributions from more settlements during the fiscal year. Expenditures of $305,000 were for opioid abatement.

Public Works Fund
Expenditures increased $2.4 million primarily due to an increase in capital expenditures for various equipment purchases and other renovations.

General Fund Budgetary Highlights

General Fund actual expenditures were $55,525,761 less than the adopted budget, and actual revenues were less than estimated revenues by $12,050,765. General administration expenditures were $11,289,942 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 the County's 2024 Salary Plan and required mid-year increases related to minimum wage.

Capital Assets and Debt Administration

Capital assets—The County's capital assets include land, construction and software development 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 $3.1 million or 5.9 percent, during the current fiscal year in comparison with the prior year's balance of $52.2 million.

The County's investment in capital assets for its governmental activities amounts to $47.4 million (net of accumulated depreciation/amortization), a net increase of $2.7 million, or 5.9 percent, from the prior year.

The County's investment in capital assets for its business-type activities amounts to $7.9 million (net of accumulated depreciation), a net increase of $421,806, or 5.6 percent from the prior year.

Major capital asset activity during the fiscal year included:

Governmental Activities:
Construction in progress—The net increase of $1.9 million was primarily due to various road related construction projects.

Business-type Activities:
Improvements other than buildings—The net increase of $3.0 million was primarily due to the completion of the expansion of the Russell Gulch Landfill.

Capital Assets at Year-End
(Net of Accumulated Depreciation/Amortization)
(in thousands)
June 30, 2024 and 2023

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	$ 2,402	$ 2,402	$3,000	$3,000	$ 5,402	$ 5,402
Construction in progress	11,208	9,260	424	2,925	11,632	12,185
SBITA development in progress		50				50
Buildings	17,601	18,902	3	3	17,604	18,905
Improvements other than buildings	1,695	534	3,560	533	5,255	1,067
Machinery and equipment	6,165	4,735	733	826	6,898	5,561
Infrastructure	8,053	8,795	192	203	8,245	8,998
SBITA right-to-use	254	42			254	42
Total capital assets, net	$47,378	$44,720	$7,912	$7,490	$55,290	$52,210

Additional information on the County's capital assets can be found in Note 6 on pages 24 through 25 of this report.

Long-term debt—The County's total long-term liabilities as of June 30, 2024, amounts to $69.9 million, a net decrease of $6.3 million during the current fiscal year in comparison with the prior year's balance of $76.2 million.

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

Governmental Activities:

- Net pension liability—the net decrease of $5.8 million was a result of the actuarial valuation performed of the County's participated pension plans as of June 30, 2024 and a measurement date of June 30, 2023.

Business-Type Activities:

- Landfill closure and postclosure care costs payable—an increase of $772,226 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 $38,091,032. 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 26 through 29 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for Gila County is 4.2 percent at June 2024 which is slightly lower than the previous year's rate of 4.9 percent. The state unemployment rate was 3.9 percent at June 2024. There is an increase in property assessed valuations with no change in tax rate for fiscal year 2024. These economic factors were considered in preparing the county's budget for this fiscal year 2025.

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 Street
Globe, Arizona 85501-1483

Gila County
Statement of net position
June 30, 2024

	Governmental activities	Business-type activities	Total
Assets			
Current assets:			
Cash and investments	$ 55,327,208	$ 3,020,806	$ 58,348,014
Property taxes receivable	924,406		924,406
Accounts receivable	4,885,937	137,086	5,023,023
Interest receivable		5,916	5,916
Internal balances	113,848	(113,848)	
Due from other governments	4,316,326		4,316,326
Inventories	123,040		123,040
Total current assets	65,690,765	3,049,960	68,740,725
Noncurrent assets:			
Restricted cash and investments		7,098,252	7,098,252
Net pension/other postemployment benefits asset	2,764,374	24,912	2,789,286
Capital assets, not being depreciated/amortized	13,610,481	3,424,214	17,034,695
Capital assets, being depreciated/amortized, net	33,767,553	4,488,343	38,255,896
Total noncurrent assets	50,142,408	15,035,721	65,178,129
Total assets	115,833,173	18,085,681	133,918,854
Deferred outflows of resources			
Deferred outflows related to pensions and OPEB	6,897,451	95,114	6,992,565
Liabilities			
Current liabilities:			
Accounts payable	4,466,294	41,265	4,507,559
Accrued payroll and employee benefits	1,902,359	37,724	1,940,083
Due to other governments	21,618		21,618
Deposits held for others	11,661		11,661
Unearned revenue	11,202,198		11,202,198
Total current liabilities	17,604,130	78,989	17,683,119
Noncurrent liabilities:			
Due within one year	3,592,099	17,049	3,609,148
Due in more than one year	60,594,721	5,666,151	66,260,872
Total noncurrent liabilities	64,186,820	5,683,200	69,870,020
Total liabilities	81,790,950	5,762,189	87,553,139
Deferred inflows of resources			
Deferred inflows related to pensions and OPEB	5,085,738	47,658	5,133,396
Net position			
Net investment in capital assets	34,158,507	7,912,557	42,071,064
Restricted for:			
Public safety	2,178,290		2,178,290
Highways and streets	17,401,541		17,401,541
Health services	5,418,908		5,418,908
Judicial activities	3,841,923		3,841,923
Law enforcement	2,278,790		2,278,790
Education	2,072,716		2,072,716
Sanitation	384,287		384,287
Social services	456,144		456,144
Library	1,488,010		1,488,010
Street lighting improvement	28,293		28,293
Other purposes	743,802		743,802
Net pension/other post employment benefits	2,764,374	24,912	2,789,286
Landfill closure and postclosure care costs		7,098,252	7,098,252
Unrestricted (deficit)	(37,361,649)	(2,664,773)	(40,026,422)
Total net position	$ 35,853,936	$ 12,370,948	$ 48,224,884

See accompanying notes to financial statements.

Gila County
Statement of activities
Year ended June 30, 2024

		Program revenues			Net (expense) revenue and changes in net position		
					Primary government		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Functions/programs							
Governmental activities							
General government	$31,365,164	$ 2,055,222	$ 3,134,512		$ (26,175,430)		$ (26,175,430)
Public safety	21,232,820	320,935	5,041,313		(15,870,572)		(15,870,572)
Highways and streets	7,540,624	10,088	26,408	$ 7,650,408	146,280		146,280
Health	5,594,597	2,790,266	2,842,091		37,760		37,760
Welfare	8,585,633	74,912	2,863,765		(5,646,956)		(5,646,956)
Sanitation	217,231		210,157		(7,074)		(7,074)
Culture and recreation	1,654,704		3,565,463		1,910,759		1,910,759
Education	1,395,982	36,790	905,739		(453,453)		(453,453)
Interest on long-term debt	774,888				(774,888)		(774,888)
Total governmental activities	78,361,643	5,288,213	18,589,448	7,650,408	(46,833,574)		(46,833,574)
Business-type activities							
Landfill	3,376,422	2,436,072				$ (940,350)	(940,350)
Total business-type activities	3,376,422	2,436,072				(940,350)	(940,350)
Total primary government	$81,738,065	$ 7,724,285	$18,589,448	$ 7,650,408	(46,833,574)	(940,350)	(47,773,924)
General revenues							
Taxes:							
Property taxes, levied for general purposes					26,787,835		26,787,835
Property taxes, levied for street lighting districts					93,535		93,535
Property taxes, levied for library district					1,530,034		1,530,034
County excise tax for general purpose					5,023,648		5,023,648
County excise tax for transportation purpose					2,334,712		2,334,712
Shared revenue—state sales tax					10,059,695		10,059,695
Shared revenue—state vehicle license tax					2,337,755		2,337,755
State appropriations					612,550		612,550
Shared revenue—state liquor license tax					14,128		14,128
Payments in lieu of taxes					4,728,486		4,728,486
Investment income					1,501,608	262,635	1,764,243
Miscellaneous					1,144,422		1,144,422
Total general revenues					56,168,408	262,635	56,431,043
Change in net position					9,334,834	(677,715)	8,657,119
Net position, beginning of year					26,519,102	13,048,663	39,567,765
Net position, end of year					$ 35,853,936	$12,370,948	$ 48,224,884

See accompanying notes to financial statements.

Gila County
Balance sheet
Governmental funds
June 30, 2024

	General Fund	American Rescue Plan Act Fund	Opioid Settlement Fund	Public Works Fund	Nonmajor governmental funds	Total governmental funds
Assets						
Cash and investments	$ 23,505,655	$ 4,065,702	$ 685,647	$ 16,879,824	$ 10,190,380	$ 55,327,208
Property taxes receivable	869,858				54,548	924,406
Accounts receivable	342,348		4,268,184	3,822	271,583	4,885,937
Due from other funds	192,301			372,891	62,234	627,426
Due from other governments	2,606,609			1,015,793	693,924	4,316,326
Inventory	123,040					123,040
Total assets	27,639,811	4,065,702	4,953,831	18,272,330	11,272,669	66,204,343
Liabilities						
Accounts payable	2,967,499	116,845		879,857	502,093	4,466,294
Accrued payroll and employee benefits	1,468,680			150,951	282,728	1,902,359
Due to other governments			21,618			21,618
Due to other funds	61,881			73,473	378,224	513,578
Deposits held for others	11,661					11,661
Unearned revenue	7,235,109	3,948,857			18,232	11,202,198
Total liabilities	11,744,830	4,065,702	21,618	1,104,281	1,181,277	18,117,708
Deferred inflows of resources						
Unavailable revenue—property taxes	648,621				40,775	689,396
Unavailable revenue—intergovernmental					104,645	104,645
Unavailable revenues—settlements			4,268,184			4,268,184
Unavailable revenue—miscellaneous	21,163					21,163
Total deferred inflows of resources	669,784		4,268,184		145,420	5,083,388
Fund balances						
Nonspendable	123,040					123,040
Restricted			664,029	17,401,541	13,669,327	31,734,897
Assigned	16,276,556					16,276,556
Unassigned (deficit)	(1,174,399)			(233,492)	(3,723,355)	(5,131,246)
Total fund balances	15,225,197		664,029	17,168,049	9,945,972	43,003,247
Total liabilities, deferred inflows of resources, and fund balances	$ 27,639,811	$ 4,065,702	$ 4,953,831	$ 18,272,330	$ 11,272,669	$ 66,204,343

See accompanying notes to financial statements.

Gila County
Reconciliation of the governmental funds balance sheet to the government-wide statement of net position
June 30, 2024

Fund balances—total governmental funds	$ 43,003,247
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.	47,378,034
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	5,083,388
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.	2,764,374
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.	(64,186,820)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.	1,811,713
Net position of governmental activities	$ 35,853,936

See accompanying notes to financial statements.

Gila County
Statement of revenues, expenditures, and changes in fund balances
Governmental funds
Year ended June 30, 2024

	General Fund	American Rescue Plan Act Fund	Opioid Settlement Fund	Public Works Fund	Nonmajor governmental funds	Total governmental funds
Revenues:						
Taxes	$ 31,501,484			$ 2,334,712	$ 1,589,212	$ 35,425,408
Licenses and permits	811,841			9,837		821,678
Intergovernmental	22,883,664	$ 1,510,588		7,650,408	10,847,775	42,892,435
Charges for services	1,093,532				587,842	1,681,374
Fines and forfeits	430,940		$ 634,988	251	10,149	1,076,328
Donations and contributions	15,682				767,834	783,516
Investment income	626,284		9,534	574,318	291,472	1,501,608
Miscellaneous	874,518			42,554	278,812	1,195,884
Total revenues	58,237,945	1,510,588	644,522	10,612,080	14,373,096	85,378,231
Expenditures:						
Current:						
General government	28,621,201	1,011,535			2,932,935	32,565,671
Public safety	17,090,184				4,099,827	21,190,011
Highways and streets	660,034			9,314,906	59,461	10,034,401
Health	2,239,129		305,000		2,891,381	5,435,510
Welfare	5,099,366				3,438,143	8,537,509
Sanitation					119,912	119,912
Culture and recreation	105,310	499,053			1,309,262	1,913,625
Education	479,093				1,057,197	1,536,290
Debt service:						
Principal retirement	1,529,303			23,145		1,552,448
Interest and other charges	858,408			6,735		865,143
Total expenditures	56,682,028	1,510,588	305,000	9,344,786	15,908,118	83,750,520
Excess (deficiency) of revenues over expenditures	1,555,917		339,522	1,267,294	(1,535,022)	1,627,711
Other financing sources (uses):						
Transfers in	51,354			61,825	61,881	175,060
Transfers out	(123,706)				(51,354)	(175,060)
SBITA agreements	236,447					236,447
Total other financing sources (uses)	164,095			61,825	10,527	236,447
Net change in fund balances	1,720,012		339,522	1,329,119	(1,524,495)	1,864,158
Fund balances, beginning of year	13,533,732		324,507	15,838,930	11,470,467	41,167,636
Increase (decrease) in reserve for inventory	(28,547)					(28,547)
Fund balances, end of year	$ 15,225,197	$ -	$ 664,029	$ 17,168,049	$ 9,945,972	$ 43,003,247

See accompanying notes to financial statements.

Gila County
Reconciliation of the governmental funds statement of revenues, expenditures, and changes in fund balances to the government-wide statement of activities
Year ended June 30, 2024

Net change in fund balances—total governmental funds		$ 1,864,158
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 cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.		
Capital outlay	6,409,838	
Less current year depreciation/amortization	(3,751,648)	2,658,190
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	(236,447)	
Pledged revenue obligations principal repaid	1,403,805	
Subscriptions liability repaid	125,498	
Financed purchase contracts principal repaid	23,145	1,406,256
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	4,242,673	
Pension/OPEB expense	(2,927,588)	1,315,085
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		(198,554)
Collections of revenues in the governmental funds exceeded revenues reported in the statement of activities		
Intergovernmental	(494,236)	
Miscellaneous	(51,462)	(545,698)
Some revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Property taxes	344,356	
Settlements	1,708,833	
EORP subsidy	810,755	2,863,944
Some cash outlays, such as purchases of inventories, are reported as expenditures in the governmental funds when purchased. In the statement of activities, however, they are reported as expenses when consumed.		
Decrease in inventories		(28,547)
Change in net position of governmental activities		$ 9,334,834

See accompanying notes to financial statements.

Gila County
Statement of net position
Proprietary fund
June 30, 2024

	Business-type activities—enterprise fund landfill
Assets	
Current assets:	
Cash and investments	$ 3,020,806
Accounts receivable	137,086
Interest receivable	5,916
Total current assets	3,163,808
Noncurrent assets:	
Restricted cash and investments	7,098,252
Net other postemployment benefits asset	24,912
Capital assets not being depreciated	3,424,214
Capital assets, net accumulated depreciation	4,488,343
Total noncurrent assets	15,035,721
Total assets	18,199,529
Deferred outflows of resources	
Deferred outflows related to pensions and other postemployment benefits	95,114
Liabilities	
Current liabilities:	
Accounts payable	41,265
Accrued payroll and employee benefits	37,724
Compensated absences	17,049
Due to other funds	113,848
Total current liabilities	209,886
Noncurrent liabilities:	
Landfill closure and postclosure care costs payable	4,889,361
Compensated absences payable	11,233
Net pension liability	765,557
Total noncurrent liabilities	5,666,151
Total liabilities	5,876,037
Deferred inflows of resources	
Deferred inflows related to pensions and other postemployment benefits	47,658
Net position	
Net investment in capital assets	7,912,557
Restricted for:	
Net other postemployment benefits	24,912
Landfill closure and postclosure care costs	7,098,252
Unrestricted (deficit)	(2,664,773)
Total net position	$ 12,370,948

See accompanying notes to financial statements.

Gila County
Statement of revenues, expenses, and changes in fund net position
Proprietary fund
Year ended June 30, 2024

	Business-type activities—enterprise fund landfill
Operating revenues:	
Charges for services	$ 2,430,933
Other	5,139
Total operating revenues	2,436,072
Operating expenses:	
Personal services	917,074
Professional services	308,094
Supplies	221,576
Utilities	12,842
Repairs and maintenance	426,796
Landfill closure and postclosure care costs	772,227
Depreciation	267,058
Other	450,755
Total operating expenses	3,376,422
Operating loss	(940,350)
Nonoperating revenues	
Investment income	262,635
Total nonoperating revenues	262,635
Decrease in net position	(677,715)
Total net position, beginning of year	13,048,663
Total net position, end of year	$ 12,370,948

See accompanying notes to financial statements.

Gila County
Statement of cash flows
Proprietary fund
Year ended June 30, 2024

	Business-type activities—enterprise fund landfill
Cash flows from operating activities	
Receipts from customers	$ 2,469,778
Payments to suppliers and providers of goods and services	(1,674,625)
Payments to employee wages and benefits	(950,879)
Net cash used for operating activities	(155,726)
Cash flows from capital and related financing activities	
Purchases of capital assets	(688,864)
Principal on financed purchases payable	(58,443)
Net cash used for capital and related financing activities	(747,307)
Cash flows from investing activities	
Investment earnings	271,985
Net cash provided by investing activities	271,985
Net decrease in cash and cash equivalents	(631,048)
Cash and cash equivalents, beginning of year	10,750,106
Cash and cash equivalents, end of year	$ 10,119,058

See accompanying notes to financial statements.

Gila County
Statement of cash flows
Proprietary fund
Year ended June 30, 2024

	Business-type activities— enterprise fund landfill
Reconciliation of operating loss to net cash used for operating activities	
Operating loss	$ (940,350)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	267,058
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivable	33,706
Net other postemployment benefits asset	2,116
Deferred outflows of resources related to pensions and other postemployment benefits	29,521
Net pension liability	(45,675)
Deferred inflows of resources related to pensions and other postemployment benefits	(2,209)
Accounts payable	(319,650)
Accrued payroll and employee benefits	(8,013)
Due to other funds	65,089
Compensated absences payable	(9,545)
Landfill closure and postclosure care costs payable	772,226
Net cash used for operating activities	$ (155,726)

See accompanying notes to financial statements.

Gila County
Statement of fiduciary net position
Fiduciary funds
June 30, 2024

	Private-purpose trust funds	Custodial funds: External investment pool	Custodial funds: Other
Assets			
Cash and investments	$ 190,359	$ 81,440,867	$ 1,668,711
Taxes receivable for other governments			1,685,575
Interest and dividends receivable		158,718	1,398
Total assets	$ 190,359	$ 81,599,585	$ 3,355,684
Net position			
Restricted for:			
Pool participants		$ 81,599,585	
Individuals, organizations, and other governments	$ 190,359		$ 3,355,684
Total net position	$ 190,359	$ 81,599,585	$ 3,355,684

See accompanying notes to financial statements.

Gila County
Statement of changes in fiduciary net position
Fiduciary funds
Year ended June 30, 2024

	Private-purpose trust funds	Custodial funds: External investment pool	Custodial funds: Other
Additions:			
Contributions from pool participants		$ 143,553,819	
Property tax collections for other governments			$ 50,481,085
Fines and fees collected for other governments			1,477,191
Collections for individuals			1,854,556
Net investment earnings:			
Investment earnings	$ 69	1,463,537	(1,886)
Investment costs		1,284,560	30,383
Net investment earnings	69	2,748,097	28,497
Inmate collections			459,804
Other	967,475		
Total additions	967,544	146,301,916	54,301,133
Deductions:			
Distributions to pool participants		140,509,593	
Property tax distributions to other governments			49,637,003
Fines and fees distributions to other governments			2,032,261
Distributions to individuals			1,915,567
Payments to inmates			441,648
Other	982,242		
Total deductions	982,242	140,509,593	54,026,479
Change in net position	(14,698)	5,792,323	274,654
Net position, beginning of year	205,057	75,807,262	3,081,030
Net position, end of year	$ 190,359	$ 81,599,585	$ 3,355,684

See accompanying notes to financial statements.

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).

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:

Component unit	Description; criteria for inclusion	Reporting method	For separate financial statements
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

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.

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 *American rescue plan act fund* accounts for monies received under the Coronavirus Local Fiscal Recovery Funds Program. The American Rescue Plan Act provides assistance to counties to recover from the pandemic.

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 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 type:

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.

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 postclosure 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 other investments are stated at fair value.

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.

The County accounts for its inventories in the governmental funds using the purchase method. Inventories of the governmental funds consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for informational purposes only and as nonspendable fund balance to indicate that they do not constitute "available spendable resources." 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

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.

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 and a calculated amount of sick leave employees earned based on services already rendered.

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. Accordingly, vacation benefits 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. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, upon retirement, employees who have accumulated at least 1,000 hours of sick leave receive a $3,000 bonus. The liability for the bonus related to the sick leave is recorded in the government- wide and proprietary fund financial statements. A liability for these amounts 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.

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, 2024, the County recorded revenue related to the opioid settlements in the fund statements of $634,988. At June 30, 2024, the County has total deferred inflows of $4,268,184 related to the settlements receivable in the fund statements.

Note 2 – Stewardship, compliance and accountability

The following nonmajor special revenue funds had fund deficits in excess of $1,000 as of June 30, 2024:

	Deficit
Non-Major Governmental Funds:	
Housing	$719,022
Superior & JP Crts Security	585,939
Diversion Program CA	446,947
Weatherization Asst 81.042/93.568	338,116
Aid to Indigent Defense	176,769
Drug Prosecution Grant 16.738	166,897
Attorney's Justice Enhancement	155,486
Conciliation Court Fund	137,260
DES Community Action Program	113,787
A G Victim Rights	99,391
Field Trainer	97,244
GCSO - Body Worn Cameras-16.835	95,219
GILA Proud - Community Clean-Up	67,159
HTF LCEH Capacity Build 14.275	52,496
Assessor Surcharge	48,468
Crime Victim Assistance Prog	46,858
Local Probate Assessment Fee	39,577
Teen Pregnancy Prevention Svcs	36,981
HIV Consortium 93.917	36,310
E-Rate	29,343

	Deficit
Non-Major Governmental Funds:	
HSGP-Critical Incident 97.067	$ 27,229
Claypool/Lower Miami SLID	24,498
@Narcotics Task Force	24,356
Drug Gang Violent Crime Probation	15,672
Public Hlth Accreditation 93.991	12,793
Suicide Mortality Review (SMR)	12,756
Gila County Sheriff K9	11,461
ACESF-22-003 CFDA16.034	11,378
AMERICORPS - Probation	10,969
Law Library Fund	10,722
Adult Intensive Prob Supervision	10,501
State Aid Enhancement	9,777
Expedited Child Support/Visit	7,791
Population Health Initiative	7,017
Court Appointed Spec Advocate	6,846
GOHS - DUI ENFORCEMENT EQUIPMENT	6,220
Sheriff Special Projects	5,723
Child Support Incentive - Family	4,094
Workforce Development	3,518
Arizona Lengthy Trial Fund	3,388
RXP - Presc Drug OD Prev 93.136	2,097
Health Equity IMM	1,856
IV D Incentive/SSRE 93.563	1,561

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.

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.

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

Deposits—At June 30, 2024, the carrying amount of the County's deposits was $42,800,836 and the bank balance was $45,270,281, of which $7,350,000 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 $105,939,367 at June 30, 2024. The County categorizes certain investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles, as follows:

		Fair value measurement using
	Amount	Quoted prices in active markets for identical assets (Level 1)
Investments by fair value level type		
U.S. Treasury securities	$ 42,343,155	$ 42,343,155
U.S. agency securities	41,336,170	41,336,170
Corporate bonds	22,260,042	22,260,042
Total investments categorized by fair value level	$105,939,367	$105,939,367

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, 2024, credit risk for the County's investments was as follows:

Investment type	Rating	Rating agency	Amount
U.S. agency securities	Aaa	Moody's	$41,336,170
Corporate bonds	Aa1	Moody's	7,000,000
Corporate bonds	Aa2	Moody's	9,856,108
Corporate bonds	A2	Moody's	5,403,934
			$63,596,212

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, 2024, 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. The County had investments at June 30, 2024, representing five percent or more of the County's total investments as follows:

Investment	Percent
Federal Home Loan Bank	34.24%
Canadian Imperial	5.59%
CitiGroup	5.10%

Interest rate risk—The County does not have a formal investment policy with respect to interest rate risk. At June 30, 2024, the County had the following investments in debt securities:

Investment type	Amount	Weighted average maturity (years)
U.S. agency securities	$ 41,336,170	0.32
U.S. Treasury securities	42,343,155	0.54
Corporate bonds	22,260,042	0.66
Total	$105,939,367	

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	42,800,836
Amount of investments	105,939,367
Total	$148,746,203

Statement of net position

	Governmental activities	Business-type activities	Private-purpose trust funds	Custodial funds: External investment pools	Custodial funds: Other	Total
Cash, cash equivalents and investments	$55,327,208	$ 3,020,806	$190,359	$81,440,867	$1,668,711	$141,647,951
Cash and investments held by trustee—restricted		7,098,252				7,098,252
Total	$55,327,208	$10,119,058	$190,359	$81,440,867	$1,668,711	$148,746,203

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. 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 $1,772,603 in deposits and $7,098,252 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:

Investment type	Principal	Interest rates	Maturities	Amount
U.S. agency securities	$ 41,950,000	0.33%-1.05%	07/24-2/25	$ 41,336,170
U.S. Treasury securities	43,175,000	0.-4.50%	08/24-11/25	42,343,155
Corporate bonds	22,472,000	2.99%-5.00%	08/24-08/25	22,260,042
Total	$107,597,000			$105,939,367

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

Statement of fiduciary net position	
Assets	$139,825,890
Net position	$139,825,890
Net position held for:	
Internal participants	$ 57,673,384
External participants	82,152,506
Total net position	$139,825,890

Statement of changes in fiduciary net position	
Total additions	$247,369,650
Total deductions	235,364,764
Net increase	12,004,886
Net position:	
July 1, 2023	127,821,004
June 30, 2024	$139,825,890

Note 5 – Due from other governments

Amounts due from other governments at June 30, 2024, are shown as follows:

	General Fund	Public Works Fund	Other Governmental Funds	Total
State-shared sales tax	$1,267,372			$1,267,372
County excise tax	864,586	$ 396,109		1,260,695
State-shared vehicle license tax	81,936	54,154		136,090
Highway user revenue		565,530		565,530
Grants and contributions from local, state, and federal governments	38,627		$686,689	725,316
Miscellaneous			7,235	7,235
Reimbursements for goods or services provided for governmental units	354,088			354,088
Total	$2,606,609	$1,015,793	$693,924	$4,316,326

Note 6 - Capital assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	$ 2,402,385			$ 2,402,385
Construction in progress	9,259,742	$2,783,904	$835,550	11,208,906
Intangibles:				
Right-to-use subscription assets	50,418	34,027	84,445	
Total capital assets not being depreciated/amortized	11,712,545	2,817,931	919,995	13,610,481
Capital assets being depreciated/amortized:				
Buildings	36,854,280	16,252		36,870,532
Improvements other than buildings	1,471,809	1,232,214		2,704,023
Machinery and equipment	31,827,588	2,934,811	59,447	34,702,952
Infrastructure	23,558,254			23,558,254
Intangibles:				
Right-to-use subscription assets	82,560	328,625		411,185
Total capital assets being depreciated/amortized	93,794,491	4,511,902	59,447	98,246,946

	Beginning balance	Increases	Decreases	Ending balance
Less accumulated depreciation/amortization for:				
Buildings	$17,951,878	$ 1,318,120		$19,269,998
Improvements other than buildings	938,132	70,665		1,008,797
Machinery and equipment	27,092,919	1,505,227	$ 59,447	28,538,699
Infrastructure	14,762,983	742,130		15,505,113
Intangibles:				
Right-to-use subscription assets	41,280	115,506		156,786
Total accumulated depreciation/amortized	60,787,192	3,751,648	59,447	64,479,393
Total capital assets being depreciated/amortized, net	33,007,299	760,254		33,767,553
Governmental activities, capital assets, net	$44,719,844	$ 3,578,185	$919,995	$47,378,034
Business-type activities:				
Capital assets not being depreciated:				
Land	$3,000,000			$3,000,000
Construction in progress	2,924,951	$ 666,889	$3,167,626	424,214
Total capital assets not being depreciated	5,924,951	666,889	3,167,626	3,424,214
Capital assets being depreciated:				
Buildings	5,172			5,172
Improvements other than buildings	703,771	3,167,626		3,871,397
Machinery and equipment	3,990,376	21,975		4,012,351
Infrastructure	383,209			383,209
Total capital assets being depreciated	5,082,528	3,189,601		8,272,129
Less accumulated depreciation for:				
Buildings	1,939	517		2,456
Improvements other than buildings	170,518	140,988		311,506
Machinery and equipment	3,164,024	114,860		3,278,884
Infrastructure	180,247	10,693		190,940
Total accumulated depreciation	3,516,728	267,058		3,783,786
Total capital assets being depreciated, net	1,565,800	2,922,543		4,488,343
Business-type activities, capital assets, net	$7,490,751	$3,589,432	$3,167,626	$7,912,557

Depreciation/amortization expense was charged to functions as follows:

Governmental activities:	
General government	$1,455,993
Public safety	439,449
Highways and streets	1,620,924
Health	122,787
Welfare	33,508
Sanitation	11,294
Culture and recreation	67,355
Education	338
Total governmental activities depreciation/amortization expense	$3,751,648
Business-type activities:	
Sanitation	$ 267,058

Note 7 – Construction and other commitments

Governmental activities—The County had major contractual commitments related to various capital projects at June 30, 2024, for the construction of Tonto Creek Bridge and the improvements to other bridges and roads. At June 30, 2024, the County had spent $11,208,096 on these projects and had remaining contractual commitments with contractors of $23.2 million. These projects are being financed by transportation excise tax, General Fund and state and federal grants.

Note 8 - Long-term liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2024:

	Beginning balance	Additions	Reductions	Ending balance	Due within 1 year
Governmental activities					
Pledged revenue obligations payable	$27,288,105		$1,403,805	$25,884,300	$1,429,300
Revenue obligations premium payable	1,444,070		90,255	1,353,815	90,255
Financed purchases	133,360		23,145	110,215	24,313
Subscriptions liability	40,248	$ 236,447	125,498	151,197	72,552
Net pension and other postemployment benefits liability	40,392,211		5,770,759	34,621,452	
Compensated absences payable	1,867,287	2,122,955	1,924,401	2,065,841	1,975,679
Total governmental activities long-term liabilities	$71,165,281	$2,359,402	$9,337,863	$64,186,820	$3,592,099
Business-type activities					
Financed purchases	$ 58,443		$ 58,443		
Net pension and other postemployment benefits liability	811,232		45,675	$ 765,557	
Compensated absences payable	37,827	$ 24,923	34,468	28,282	$ 17,049
Landfill closure and postclosure care costs payable	4,117,135	772,226		4,889,361	
Total business-type activities long-term liabilities	$ 5,024,637	$ 797,149	$ 138,586	$ 5,683,200	$ 17,049

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 unfunded portions 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 obligations. 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.

Series 2015 pledged revenue obligations—During the year ended June 30, 2015, the County issued $2 million in series 2015 pledged revenue obligations with an interest rate of 0.530 percent and 2.700 percent to purchase and remodel the Copper Administrative building, a used modular office building. The obligations are generally noncallable, with interest payable semiannually.

The following pledged revenue and pledged revenue refunding obligations were outstanding at June 30, 2024:

Description	Original amount issued	Interest rates	Maturities	Outstanding June 30, 2024
Gila County Pledged Revenue Obligations, Series 2015	$ 2,000,000	0.530-2.700%	2025	$ 219,300
Gila County Pledged Revenue and Pledged Revenue Refunding Obligations, Series 2019	13,220,000	2.000-5.000%	2025-2039	11,385,000
Gila County Pledged Revenue Obligations, Series 2020	16,855,000	0.505-3.222%	2025-2039	14,280,000
Total				$25,884,300

The following schedule details debt service requirements to maturity for the County's pledged revenue and pledged revenue refunding obligations payable at June 30, 2024:

	Governmental activities	
	Principal	Interest
Year ending June 30		
2025	$ 1,429,300	$ 834,076
2026	1,460,000	803,334
2027	1,500,000	765,471
2028	1,535,000	724,615
2029	1,585,000	673,185
2030-2034	8,730,000	2,571,238
2035-2039	9,645,000	1,025,513
Total	$25,884,300	$7,397,432

The County has pledged a portion of its excise taxes and state sales tax revenues toward the payment of debt related to revenue obligations outstanding at June 30, 2024. At June 30, 2024, future pledged revenues through final maturity at July 1, 2039, totaled $33,281,732 consisting of $25,884,300 for principal and $7,397,432 for interest. Future principal and interest payments are expected to require less than 12% of pledged revenues. In the current year, total principal and interest paid, and total pledged resources were $2,259,413 and $14,279,026, respectively.

Financed purchases—The County has acquired machinery and equipment under contract agreements at a total purchase price of $219,673. The following schedule details debt service requirements to maturity for the County's financed purchases at June 30, 2024:

	Governmental Activities	
Year ending June 30:	Principal	Interest
2025	$ 24,313	$5,566
2026	85,902	4,338
Total	$110,215	$9,904

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 IT helpdesk.

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

Total intangible right-to-use subscription assets	$ 411,185
Less: accumulated amortization	(156,786)
Carrying value	$ 254,399

The following schedule details minimum subscription payments to maturity for the County's subscriptions liability at June 30, 2024:

	Principal	Interest
2025	$ 72,552	$ 7,610
2026	78,645	6,605
Total	$151,197	$14,215

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 $4,889,361 reported as landfill closure and postclosure care liability at June 30, 2024, represents the cumulative amount reported to date based on the approximate use of 81 percent of the estimated capacity of the Buckhead Mesa Landfill and 51 percent of the Russell Gulch Landfill. The County will recognize the remaining estimated cost of closure and postclosure care of $2,197,542 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 2024.

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 Environmental Quality (ADEQ) approved the calendar year 2023 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.

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”.

Compensated absences—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During the year ended June 30, 2024, the County paid for compensated absences as follows: 75 percent from the General fund, 8 percent from the Public Works fund, 2 percent from the Landfill fund, and 15 percent from other funds.

Note 9 - Fund balance classifications of the governmental funds

The fund balance classifications of the governmental funds as of June 30, 2024, were as follows:

	General Fund	Opioid settlement Fund	Public Works Fund	Other Governmental Funds	Total
Fund balances:					
Nonspendable:					
Inventories	$ 123,040				$ 123,040
Total nonspendable	123,040				123,040
Restricted for:					
Public safety				$ 2,178,290	2,178,290
Highways and streets			$17,401,541		17,401,541
Health services		$664,029		382,050	1,046,079
Judicial activities				3,841,923	3,841,923
Law enforcement				2,278,790	2,278,790
Education				2,072,716	2,072,716
Sanitation				384,287	384,287
Social services				456,144	456,144

	General Fund	Opioid settlement Fund	Public Works Fund	Other Governmental Funds	Total
Library				$ 1,450,859	$ 1,450,859
Street lighting improvement				24,669	24,669
Capital projects				501,783	501,783
Other purposes				97,816	97,816
Total restricted		$664,029	$17,401,541	13,669,327	31,734,897
Assigned to:					
Contingency reserve	$15,000,000				$15,000,000
Education	3,599				3,599
Other purposes	1,272,957				1,272,957
Total assigned	16,276,556				16,276,556
Unassigned (deficit)	(1,174,399)		(233,492)	(3,723,355)	(5,131,246)
Total fund balances	$15,225,197	$664,029	$17,168,049	$ 9,945,972	$43,003,247

Note 10 – 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.

Note 11 - 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, 2024, the County reported the following aggregate amounts related to pension and OPEB for all plans to which it contributes:

Statement of net position and statement of activities	Governmental activities	Business-type activities	Total
Net pension and OPEB asset	$ 2,764,374	$ 24,912	$ 2,789,286
Net pension and OPEB liabilities	34,621,452	765,557	35,387,009
Deferred outflows of resources related to pensions and OPEB	6,897,451	95,114	6,992,565
Deferred inflows of resources related to pensions and OPEB	5,085,738	47,658	5,133,396
Pension and OPEB expenses	2,927,588	59,367	2,986,955

The County's accrued payroll and employee benefits includes $194,778 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2024. Also, the County reported $4,242,673 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 and 2.1. 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.

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:

ASRS	Retirement Initial membership date: Before July 1, 2011	 On or after July 1, 2011
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, 2024, statute required active ASRS members to contribute at the actuarially determined rate of 12.14 percent for retirement of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 12.03 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 9.94 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, 2024, were $2,683,098.

During fiscal year 2024, the County paid for ASRS pension contributions as follows: 71 percent from the General Fund, 10 percent from the Public Works Fund, 16 percent from other governmental funds, and 3 percent from the Landfill Fund.

Pension liability—At June 30, 2024, the County reported a net pension liability of $26,746,311 for its proportionate share of the ASRS' net pension liability. The net asset and net liabilities were measured as of June 30, 2023. 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, 2022, to the measurement date of June 30, 2023.

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, 2023. The

County's proportion measured as of June 30, 2023, was 0.165290 percent, which was a decrease of 0.001960 from its proportion measured as of June 30, 2022.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2024 the County recognized pension expense for ASRS of $3,152,180. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Pension	
ASRS	**Deferred outflows of resources**	**Deferred inflows of resources**
Differences between expected and actual experience	$ 604,359	
Net difference between projected and actual earnings on pension plan investments		$ 946,307
Changes in proportion and differences between county contributions and proportionate share of contributions	7,068	290,203
County contributions subsequent to the measurement date	2,683,098	
Total	$3,294,525	$1,236,510

The $2,683,098 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, 2025. 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	
2025	$ (330,601)
2026	(1,196,728)
2027	1,019,840
2028	(117,594)

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

ASRS	
Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
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, 2022, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

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:

ASRS Asset class	Target allocation	Long-term expected geometric real rate of return
Public equity	44%	3.50%
Credit	23%	5.90%
Real estate	17%	5.90%
Private equity	10%	6.70%
Interest rate sensitive	6%	1.50%
Total	100%	

Discount rate—At June 30, 2023, 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:

	1% Decrease (6.0%)	Current discount rate (7.0%)	1% Increase (8.0%)
Net (asset)/liability	$40,062,045	$26,746,311	$15,643,344

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

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.

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:

PSPRS	**Initial membership date:**	
	Before January 1, 2012	**On or after January 1, 2012 and before July 1, 2017**
Retirement and disability		
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
Benefit percent		
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	

PSPRS	Initial membership date: Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Survivor benefit		
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	

CORP	Initial membership date: Before January 1, 2012	On or after January 1, 2012 and before July 1, 2018	AOC probation and surveillance officers: On or after July 1, 2018
Retirement and disability			
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	
Benefit percent			
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		
Survivor benefit			
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.

Employees covered by benefit terms—At June 30, 2024, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Sheriff	CORP Detention	CORP Dispatchers
Inactive employees or beneficiaries currently receiving benefits	31	19	4
Inactive employees entitled to but not yet receiving benefits	14	34	4
Active employees	18	20	1
Total	63	73	9

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, 2024, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member—pension	County—pension
PSPRS Sheriff	7.65%	9.00%
CORP Detention	8.41	3.01
CORP Dispatchers	7.96	0.00
CORP AOC	8.41	39.43

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.

	Pension
PSPRS Sheriff	8.00%
CORP Detention	6.00
CORP Dispatchers	6.00
CORP AOC	36.31

The County's contributions to the pension plans for the year ended June 30, 2024, were:

PSPRS Sheriff	CORP Detention	CORP Dispatchers	CORP AOC
$242,251	$81,932	$4,463	$434,206

During fiscal year 2024, the County paid for PSPRS and CORP pension contributions as follows: 95 percent from the General Fund and 5 percent from other governmental funds.

Pension (asset)/liability—At June 30, 2024, the County reported the following net pension (assets)/liabilities:

	Net pension (asset)/liability
PSPRS Sheriff	$ (368,258)
CORP Detention	(205,967)
CORP Dispatchers	(215,529)
CORP AOC (County's proportionate share)	4,034,001

The net assets and net liabilities were measured as of June 30, 2023, 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, 2023
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, 2023, 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 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 **Asset class**	**Target allocation**	**Long-term expected geometric real rate of return**
U.S. public equity	24%	3.98%
International public equity	16%	4.49%
Global private equity	20%	7.28%
Other assets (capital appreciation)	7%	4.49%
Core bonds	6%	1.90%
Private credit	20%	6.19%
Diversifying strategies	5%	3.68%
Cash – Mellon	2%	0.69%
Total	100%	

Pension discount rate—At June 30, 2024, 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.

Changes in the net pension liability

PSPRS Sheriff	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a) – (b)
Balances at June 30, 2023	$23,657,550	$23,807,673	$ (150,123)
Changes for the year:			
Service cost	304,577		304,577
Interest on the total pension liability	1,684,354		1,684,354
Differences between expected and actual experience in the measurement of the pension liability	(169,599)		(169,599)
Contributions—employer		155,314	(155,314)
Contributions—employee		129,334	(129,334)
Net investment income		1,794,122	(1,794,122)
Benefit payments, including refunds of employee contributions	(1,136,639)	(1,136,639)	
Administrative expense		(13,850)	13,850
Other changes		(27,453)	27,453
Net changes	682,693	900,828	(218,135)
Balances at June 30, 2024	$24,340,243	$24,708,501	$ (368,258)

CORP Detention	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a) – (b)
Balances at June 30, 2023	$8,340,404	$9,158,478	$(818,074)
Changes for the year:			
Service cost	144,824		144,824
Interest on the total pension liability	593,353		593,353
Differences between expected and actual experience in the measurement of the pension liability	708,439		708,439
Contributions—employer		81,088	(81,088)
Contributions—employee		100,703	(100,703)
Net investment income		696,533	(696,533)
Benefit payments, including refunds of employee contributions	(488,423)	(488,423)	
Administrative expense		(15,350)	15,350
Other changes		(28,465)	28,465
Net changes	958,193	346,086	612,107
Balances at June 30, 2024	$9,298,597	$9,504,564	$(205,967)

CORP Dispatchers	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a) – (b)
Balances at June 30, 2023	$2,231,013	$2,472,176	$(241,163)
Changes for the year:			
Service cost	5,855		5,855
Interest on the total pension liability	150,358		150,358
Differences between expected and actual experience in the measurement of the pension liability	65,026		65,026
Contributions—employer		3,207	(3,207)
Contributions—employee		9,376	(9,376)
Net investment income		186,822	(186,822)
Benefit payments, including refunds of employee contributions	(297,135)	(297,135)	
Administrative expense		(1,901)	1,901
Other changes		(1,899)	1,899
Net changes	(75,896)	(101,530)	25,634
Balances at June 30, 2024	$2,155,117	$2,370,646	$(215,529)

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, 2023. The County's proportion measured as of June 30, 2023, was 0.89257 percent, which was a decrease of 0.145945 from its proportion measured as of June 30, 2022.

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:

	1% Decrease (6.2%)	Current discount rate (7.2%)	1% Increase (8.2%)
PSPRS Sheriff			
Net pension (asset)/liability	$2,656,610	$ (368,258)	$(2,860,871)
CORP Detention			
Net pension (asset)/liability	1,113,667	(205,967)	(1,274,705)
CORP Dispatchers			
Net pension (asset)/liability	17,807	(215,529)	(412,722)
CORP AOC			
County's proportionate share of the net pension liability	5,405,861	4,034,001	2,916,312

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, 2024, the County recognized the following pension expense:

	Pension expense
PSPRS Sheriff	$398,354
CORP Detention	79,289
CORP Dispatchers	42,374
CORP AOC (County's proportionate share)	527,368

Pension deferred outflows/inflows of resources—At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS Sheriff	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$113,760	$366,365
Changes of assumptions or other inputs	70,719	
Net difference between projected and actual earnings on pension plan investments	323,832	
County contributions subsequent to the measurement date	242,251	
Total	$750,562	$366,365

CORP Detention	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$496,396	$332,184
Changes of assumptions or other inputs	45,909	
Net difference between projected and actual earnings on pension plan investments	85,133	
County contributions subsequent to the measurement date	81,932	
Total	$709,370	$332,184

CORP Dispatchers	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	$19,041	
County contributions subsequent to the measurement date	4,463	
Total	$23,504	$

CORP AOC	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 218,263	$ 39,227
Changes of assumptions or other inputs	73,958	475,269
Net difference between projected and actual earnings on pension plan investments	44,393	
Changes in proportion and differences between county contributions and proportionate share of contributions	256,379	
County contributions subsequent to the measurement date	434,206	
Total	$1,027,199	$514,496

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, 2025. 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	PSPRS Sheriff	CORP Detention	CORP Dispatchers	CORP AOC
2025	$(176,878)	$ (58,437)	$(10,655)	$ 71,817
2026	(205,069)	158,030	(21,261)	(37,867)
2027	546,121	205,404	54,785	132,435
2028	(22,228)	(9,743)	(3,828)	(87,888)

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.

For the year ended June 30, 2024, 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, 2024, the County recognized pension expense of $92,849.

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.

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:

EORP	**Initial membership date:**	
	Before January 1, 2012	**On or after January 1, 2012**
Retirement and disability		
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
Benefit percent		
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
Survivor benefit		
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.

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, 2024, 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 76.51 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 64.37 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 70.51 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 58.57 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, 2024, were $808,425.

During fiscal year 2024, the County paid for EORP pension contributions as follows: 100 percent from the General Fund.

Pension liability—At June 30, 2024, 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	$4,585,303
State's proportionate share of the EORP net pension liability associated with the County	5,126,604
Total	$9,711,907

The net asset and net liability were measured as of June 30, 2023, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

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, 2023. The County's proportion measured as of June 30, 2023, was 0.731603 percent, which was a decrease of 0.638641 from its proportion measured as of June 30, 2022.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2024, the County recognized pension expense for EORP of $(974,194) and revenue of $810,754 for the County's proportionate share of the State's appropriation to EORP and the designated court fees. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EORP	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 19,233	
Changes in proportion and differences between county contributions and proportionate share of contributions		$2,136,371
County contributions subsequent to the measurement date	808,425	
Total	$827,658	$2,136,371

The $808,425 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, 2025. 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	
2025	$(2,140,040)
2026	(25,121)
2027	52,120
2028	(4,097)

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

EORP	
Actuarial valuation date	June 30, 2023
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, 2023, 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:

EORP **Asset class**	**Target allocation**	**Long-term expected geometric real rate of return**
U.S. public equity	24%	3.98%
International public equity	16%	4.49%
Global private equity	20%	7.28%
Other assets (capital appreciation)	7%	4.49%
Core bonds	6%	1.90%
Private credit	20%	6.19%
Diversifying strategies	5%	3.68%
Cash – Mellon	2%	0.69%
Total	100%	

Discount rate—At June 30, 2023, 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.

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:

EORP	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
County's proportionate share of the net pension liability	$5,297,241	$4,585,303	$3,974,888

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, 2024, 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, 2024, the County recognized pension expense of $26,008.

Note 12 - Interfund balances and activity

Interfund receivables and payables—Interfund balances at June 30, 2024, were as follows:

	Payable to			
	General Fund	Public Works Fund	Other Governmental Funds	Total
Payable from				
General Fund			$61,881	$ 61,881
Public Works Fund	$ 73,473			73,473
Landfill Fund	113,848			113,848
Other Governmental Funds	4,980	$372,891	353	378,224
Total	$192,301	$372,891	$62,234	$627,426

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, 2024, were as follows:

	Transfers to			
	General Fund	Public Works Fund	Other Governmental Funds	Total
Transfers from				
General Fund		$61,825	$61,881	$123,706
Other Governmental Funds	$51,354			51,354
Total	$51,354	$61,825	$61,881	$175,060

The principal purpose of interfund transfers was to provide grant matches or to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Other Required Supplementary Information

Gila County
Required supplementary information
Budgetary comparison schedule
General Fund
Year ended June 30, 2024

	Original and final budgeted amounts	Actual amounts	Variance with final budget
Revenues:			
Taxes	$ 30,756,286	$ 31,501,484	$ 745,198
Licenses and permits	713,000	811,841	98,841
Intergovernmental	33,160,335	22,883,664	(10,276,671)
Charges for services	1,241,620	1,093,532	(148,088)
Fines and forfeitures	243,490	430,940	187,450
Donations and contributions	5,102	15,682	10,580
Investment earnings	150,000	626,284	476,284
Miscellaneous	4,018,877	874,518	(3,144,359)
Total revenues	70,288,710	58,237,945	(12,050,765)
Expenditures:			
Current:			
Administrative services	262,927	379,011	(116,084)
Assessor	1,267,996	1,100,595	167,401
Board of supervisors	2,084,613	1,585,440	499,173
Community development	1,372,474	934,092	438,382
Computer services	2,138,162	2,132,938	5,224
Economic development	180,230	2,003	178,227
Elections	477,750	512,253	(34,503)
Facilities management	3,043,560	3,360,418	(316,858)
GF Finance Department	1,793,726	818,790	974,936
General administration	15,383,920	4,093,978	11,289,942
Human resources	676,578	758,436	(81,858)
Recorder	794,426	737,723	56,703
Transit	111,809		111,809
Treasurer	593,120	604,711	(11,591)
Contingency reserve	500,000		500,000
Taxpayer stabilization	15,000,000		15,000,000

(Continued)

See accompanying notes to budgetary comparison schedule.

Gila County
Required supplementary information
Budgetary comparison schedule
General Fund
Year ended June 30, 2024
(Continued)

	Original and final budgeted amounts	Actual amounts	Variance with final budget
Judicial services			
County attorney	$ 2,832,779	$ 3,251,628	$ (418,849)
Constable - Globe	193,458	218,845	(25,387)
Constable - Payson	231,102	249,704	(18,602)
Justice Court - Globe	767,112	873,884	(106,772)
Justice Court - Payson	679,723	724,064	(44,341)
Indigent legal defense	1,498,057	1,239,737	258,320
Clerk of the superior court	1,572,216	1,499,701	72,515
Superior Court - Division I	174,044	195,326	(21,282)
Superior Court - Division II	170,791	193,567	(22,776)
Superior Court - General	1,131,404	1,135,860	(4,456)
Total general government	54,931,977	26,602,704	28,329,273
Public safety			
County sheriff	14,096,545	14,952,776	(856,231)
Emergency services	520,891	350,874	170,017
Flood plain management	248,162	257,914	(9,752)
Juvenile probation	845,486	613,364	232,122
Probation	1,083,833	1,083,429	404
Total public safety	16,794,917	17,258,357	(463,440)
Health	2,231,133	2,239,129	(7,996)
Welfare			
State mandated expenditures	4,229,842	4,499,619	(269,777)
Community agencies	333,000	467,750	(134,750)
Public fiduciary	542,182	599,697	(57,515)
Total welfare	5,105,024	5,567,066	(462,042)
Culture and recreation			
Parks, recreation, fairgrounds	249,766	68,344	181,422
Total culture and recreation	249,766	68,344	181,422

(Continued)

See accompanying notes to budgetary comparison schedule.

Gila County
Required supplementary information
Budgetary comparison schedule
General Fund
Year ended June 30, 2024
(Concluded)

	Original and final budgeted amounts	Actual amounts	Variance with final budget
Education			
School superintendent	$ 441,672	$ 479,093	$ (37,421)
College	6,001,093		6,001,093
Total education	6,442,765	479,093	5,963,672
Capital Outlay	23,086,051	2,369,066	20,716,985
Debt service	3,527,300	2,259,413	1,267,887
Total expenditures	112,368,933	56,843,172	55,525,761
Excess (deficiency) of revenues over expenditures	(42,080,223)	1,394,773	43,474,996
Other financing sources (uses)			
Transfers in	5,105,763	51,354	(5,054,409)
Transfers out	(6,956,553)	(123,706)	6,832,847
SBITA agreements		236,447	236,447
Indirect costs		161,144	161,144
Total other financing sources (uses)	(1,850,790)	325,239	2,176,029
Changes in fund balances	(43,931,013)	1,720,012	45,651,025
Fund balances, beginning of year	43,931,013	13,533,732	(30,397,281)
Increase (decrease) in reserve for inventory		(28,547)	(28,547)
Fund balances, end of year	$ -	$ 15,225,197	$ 15,225,197

See accompanying notes to budgetary comparison schedule.

Gila County
Required supplementary information
Budgetary comparison schedule
American Rescue Plan Act Fund
Year ended June 30, 2024

	Original and final budgeted amounts	Actual amounts	Variance with final budget
Revenues:			
Intergovernmental		$ 1,510,588	$ 1,510,588
Total revenues		1,510,588	1,510,588
Expenditures:			
General government	$ 2,961,038	1,011,535	1,949,503
Culture and recreation	1,460,864	499,053	961,811
Total expenditures	4,421,902	1,510,588	2,911,314
Changes in fund balances	(4,421,902)		4,421,902
Fund balances, beginning of year	4,421,902		(4,421,902)
Fund balances, end of year	$ -	$ -	$ -

See accompanying notes to budgetary comparison schedule.

Gila County
Required supplementary information
Budgetary comparison schedule
Opioid Settlement Fund
Year ended June 30, 2024

	Original and final budgeted amounts	Actual amounts	Variance with final budget
Revenues:			
Fines and forfeits		$ 634,988	$ 634,988
Investment earnings		9,534	9,534
Total revenues		644,522	644,522
Expenditures			
Current:			
Health		305,000	(305,000)
Total expenditures		305,000	(305,000)
Changes in fund balances		339,522	339,522
Fund balances, beginning of year		324,507	324,507
Fund balances, end of year	$ -	$ 664,029	$ 664,029

See accompanying notes to budgetary comparison schedule.

Gila County
Required supplementary information
Budgetary comparison schedule
Public Works Fund
Year ended June 30, 2024

	Original and final budgeted amounts	Actual amounts	Variance with final budget
Revenues:			
Taxes	$ 2,151,373	$ 2,334,712	$ 183,339
Licenses and permits	2,000	9,837	7,837
Intergovernmental	6,362,200	7,650,408	1,288,208
Fines and forfeits		251	251
Investment earnings	76,053	574,318	498,265
Miscellaneous	67,422	42,554	(24,868)
Total revenues	8,659,048	10,612,080	1,953,032
Expenditures:			
Current:			
Highways and streets	13,428,139	9,314,906	4,113,233
Debt service:			
Principal retirement	23,145	23,145	
Interest and fiscal charges	6,735	6,735	
Total expenditures	13,458,019	9,344,786	4,113,233
Excess (deficiency) of revenues over expenditures	(4,798,971)	1,267,294	(2,160,201)
Other financing sources (uses):			
Transfers in		61,825	61,825
Total other financing sources and uses		61,825	61,825
Changes in fund balances	(4,798,971)	1,329,119	(2,098,376)
Fund balances, beginning of year	4,798,971	15,838,930	11,039,959
Fund balances, end of year	$ -	$ 17,168,049	$ 8,941,583

See accompanying notes to budgetary comparison schedule.

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 the 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 schedules:

	General fund
Excess of revenues over expenditures from the statement of revenues, expenditures, and changes in fund balance	$1,555,917
Indirect cost expenditures allocated to other county funds	(161,144)
Deficiency of revenues over expenditures from the budgetary comparison schedule	$1,394,773

Note 3 - Expenditures in excess of appropriations

For the year ended June 30, 2024, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

Fund/Department	Excess
General fund:	
Administrative services	$116,084
Elections	34,503
Facilities management	316,858
Human resources	81,858
Treasurer	11,591
County attorney	418,849
Constable - Globe	25,387
Constable - Payson	18,602
Justice Court - Globe	106,772
Justice Court - Payson	44,341
Superior Court - Division I	21,282
Superior Court - Division II	22,776
Superior Court - General	4,456
County sheriff	856,231
Flood plain management	9,752
Health	7,996
State mandated expenditures	269,777
Community agencies	134,750
Public fiduciary	57,515
School superintendent	37,421
Opioid settlement fund:	
Health	305,000

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.

Gila County
Required supplementary information
Schedule of the County's proportionate share of the net pension liability
Cost-sharing pension plans
June 30, 2024

Arizona State Retirement System

	Reporting fiscal year (Measurement date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
County's proportion of the net pension (assets) liability	0.17%	0.17%	0.17%	0.17%	0.18%	0.17%	0.17%	0.17%	0.18%	0.19%
County's proportionate share of the net pension (assets) liability	$ 26,746,311	$ 27,298,914	$ 22,201,908	$ 29,935,028	$ 25,685,713	$ 23,817,800	$ 25,870,469	$ 28,096,646	$ 28,452,591	$ 28,415,012
County's covered payroll	$ 21,822,273	$ 20,085,153	$ 19,117,348	$ 19,024,801	$ 18,326,508	$ 17,311,838	$ 16,996,911	$ 16,464,044	$ 16,959,971	$ 17,866,484
County's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	122.56%	135.92%	116.13%	157.35%	140.16%	137.58%	152.21%	170.65%	167.76%	159.04%
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

Corrections Officer Retirement Plan—Administrative Office of the Courts

	Reporting fiscal year (Measurement date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
County's proportion of the net pension (assets) liability	0.89%	1.04%	0.95%	0.93%	0.91%	0.88%	0.97%	1.31%	1.38%	1.55%
County's proportionate share of the net pension (assets) liability	$ 4,034,001	$ 4,634,495	$ 3,539,580	$ 4,428,706	$ 3,849,317	$ 3,161,337	$ 3,907,213	$ 3,704,368	$ 3,344,124	$ 3,475,563
County's covered payroll	$ 1,142,274	$ 1,243,990	$ 1,109,482	$ 1,107,501	$ 1,106,855	$ 1,000,857	$ 1,143,874	$ 1,452,609	$ 1,539,683	$ 1,667,965
County's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	353.16%	372.55%	319.03%	399.88%	347.77%	315.86%	341.58%	255.01%	217.20%	208.37%
Plan fiduciary net position as a percentage of the total pension liability	59.28%	57.52%	62.53%	50.07%	51.99%	53.72%	49.21%	54.81%	57.89%	58.59%

Elected Officials Retirement Plan

	Reporting fiscal year (Measurement date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
County's proportion of the net pension (assets) liability	0.73%	1.37%	1.38%	1.37%	1.50%	1.14%	1.12%	1.21%	1.26%	1.29%
County's proportionate share of the net pension (assets) liability	$ 4,585,303	$ 9,250,969	$ 8,427,608	$ 9,248,701	$ 9,957,102	$ 7,203,131	$ 13,627,485	$ 11,445,909	$ 9,861,197	$ 8,628,523
State's proportionate share of the net pension liability associated with the County	5,126,604	900,743	847,112	879,016	935,865	1,234,210	2,828,330	2,363,282	3,074,311	2,645,585
Total	$ 9,711,907	$ 10,151,712	$ 9,274,720	$ 10,127,717	$ 10,892,967	$ 8,437,341	$ 16,455,815	$ 13,809,191	$ 12,935,508	$ 11,274,108
County's covered payroll	$ 1,127,350	$ 1,102,100	$ 1,098,779	$ 1,096,965	$ 1,072,272	$ 990,519	$ 959,940	$ 977,941	$ 1,134,316	$ 1,182,686
County's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	406.73%	839.39%	767.00%	843.12%	928.60%	727.21%	1419.62%	1170.41%	869.35%	729.57%
Plan fiduciary net position as a percentage of the total pension liability	38.63%	32.01%	36.28%	29.80%	30.14%	30.36%	19.66%	23.42%	28.32%	31.91%

See accompanying notes to pension plan schedules.

Gila County

Required supplementary information
Schedule of changes in the County's net pension liability and related ratios
Agent pension plans
June 30, 2024

PSPRS Sheriff

	Reporting fiscal year (Measurement date)									
	2024 (2023)	**2023 (2022)**	**2022 (2021)**	**2021 (2020)**	**2020 (2019)**	**2019 (2018)**	**2018 (2017)**	**2017 (2016)**	**2016 (2015)**	**2015 (2014)**
Total pension liability										
Service cost	$ 304,577	$ 341,991	$ 337,956	$ 375,788	$ 435,514	$ 385,131	$ 502,240	$ 403,538	$ 299,129	$ 367,275
Interest on the total pension liability	1,684,354	1,609,388	1,620,005	1,494,819	1,448,251	1,411,326	1,326,313	1,325,851	1,290,430	1,044,461
Changes of benefit terms							309,993	134,564		451,808
Differences between expected and actual experience in the measurement of the pension liability	(169,599)	341,280	(1,013,196)	966,761	(230,529)	(369,481)	(278,317)	(416,800)	(29,030)	94,471
Changes of assumptions or other inputs		212,158			426,495		878,607	632,607		2,180,190
Benefit payments, including refunds of employee contributions	(1,136,639)	(1,103,385)	(1,085,090)	(1,084,226)	(1,143,743)	(1,198,129)	(1,386,848)	(1,282,671)	(1,040,337)	(901,225)
Net change in total pension liability	682,693	1,401,432	(140,325)	1,753,142	935,988	228,847	1,351,988	797,089	520,192	3,236,980
Total pension liability—beginning	23,657,550	22,256,118	22,396,443	20,643,301	19,707,313	19,478,466	18,126,478	17,329,389	16,809,197	13,572,217
Total pension liability—ending (a)	$24,340,243	$23,657,550	$22,256,118	$22,396,443	$20,643,301	$19,707,313	$19,478,466	$18,126,478	$17,329,389	$16,809,197
Plan fiduciary net position										
Contributions—employer	$ 155,314	$ 176,007	$13,572,313	$ 1,437,325	$ 1,351,693	$ 1,119,625	$ 951,182	$ 867,460	$ 641,694	$ 520,920
Contributions—employee	129,334	170,713	169,496	187,610	194,229	190,551	245,455	243,186	211,706	175,906
Net investment income	1,794,122	(1,002,336)	4,549,994	103,435	373,963	454,476	723,993	37,079	230,228	792,461
Benefit payments, including refunds of employee contributions	(1,136,639)	(1,103,385)	(1,085,090)	(1,084,226)	(1,143,743)	(1,198,129)	(1,386,848)	(1,282,671)	(1,040,337)	(901,225)
Hall/Parker Settlement						(271,741)				
Administrative expense	(13,850)	(18,092)	(20,002)	(8,433)	(7,490)	(7,617)	(6,806)	(5,735)	(5,984)	(6,383)
Other changes	(27,453)		(33,021)		(149)	80	(18,616)	10,578	(47,732)	87,607
Net change in plan fiduciary net position	900,828	(1,777,093)	17,153,690	635,711	768,503	287,245	508,360	(130,103)	(10,425)	669,286
Plan fiduciary net position—beginning	23,807,673	25,584,766	8,431,076	7,795,365	7,026,862	6,739,617	6,231,257	6,361,360	6,371,785	5,702,499
Plan fiduciary net position—ending (b)	$24,708,501	$23,807,673	$25,584,766	$ 8,431,076	$ 7,795,365	$ 7,026,862	$ 6,739,617	$ 6,231,257	$ 6,361,360	$ 6,371,785
County's net pension liability—ending (a) – (b)	$ (368,258)	$ (150,123)	$ (3,328,648)	$13,965,367	$12,847,936	$12,680,451	$12,738,849	$11,895,221	$10,968,029	$10,437,412
Plan fiduciary net position as a percentage of the total pension liability	101.51%	100.63%	114.96%	37.64%	37.76%	35.66%	34.60%	34.38%	36.71%	37.91%
Covered payroll	$ 2,941,495	$ 2,767,470	$ 2,551,061	$ 2,737,416	$ 2,588,340	$ 2,264,762	$ 2,362,113	$ 2,167,935	$ 2,001,288	$ 1,895,363
County's net pension liability as a percentage of covered payroll	(12.52)%	(5.42)%	(130.48)%	510.17%	496.38%	559.90%	539.30%	548.69%	548.05%	550.68%

See accompanying notes to pension plan schedules.

Gila County
Required supplementary information
Schedule of changes in the County's net pension liability and related ratios
Agent pension plans
June 30, 2024

CORP Detention

	Reporting fiscal year (Measurement date)									
	2024 (2023)	**2023 (2022)**	**2022 (2021)**	**2021 (2020)**	**2020 (2019)**	**2019 (2018)**	**2018 (2017)**	**2017 (2016)**	**2016 (2015)**	**2015 (2014)**
Total pension liability										
Service cost	$ 144,824	$ 234,645	$ 238,519	$ 276,628	$ 344,457	$ 362,086	$ 365,615	$ 341,734	$ 322,777	$ 349,379
Interest on the total pension liability	593,353	646,422	609,934	549,394	504,102	504,600	420,698	368,315	353,739	322,522
Changes of benefit terms						(322,827)	997,825	10,391		24,688
Differences between expected and actual experience in the measurement of the pension liability	708,439	(996,552)	96,415	334,856	145,954	(138,314)	(273,466)	238,078	(184,916)	(181,113)
Changes of assumptions or other inputs		137,727			245,157		115,544	218,760		155,825
Benefit payments, including refunds of employee contributions	(488,423)	(604,567)	(277,773)	(309,115)	(607,071)	(544,308)	(285,348)	(258,317)	(372,466)	(148,202)
Net change in total pension liability	958,193	(582,325)	667,095	851,763	632,599	(138,763)	1,340,868	918,961	119,134	523,099
Total pension liability—beginning	8,340,404	8,922,729	8,255,634	7,403,871	6,771,272	6,910,035	5,569,167	4,650,206	4,531,072	4,007,973
Total pension liability—ending (a)	$ 9,298,597	$ 8,340,404	$ 8,922,729	$ 8,255,634	$ 7,403,871	$ 6,771,272	$ 6,910,035	$ 5,569,167	$ 4,650,206	$ 4,531,072
Plan fiduciary net position										
Contributions—employer	$ 81,088	$ 75,699	$ 2,764,035	$ 274,711	$ 288,365	$ 238,843	$ 204,740	$ 191,008	$ 181,989	$ 191,319
Contributions—employee	100,703	118,135	138,026	149,047	167,603	194,274	197,659	187,968	188,093	186,454
Net investment income	696,533	(365,265)	1,908,511	148,934	262,281	335,380	501,516	25,007	144,624	461,443
Benefit payments, including refunds of employee contributions	(488,423)	(604,567)	(277,773)	(309,115)	(607,071)	(544,308)	(285,348)	(258,317)	(372,466)	(148,202)
Administrative expense	(15,350)	(6,711)	(8,584)	(5,764)	(5,381)	(5,774)	(4,787)	(3,936)	(3,947)	(3,628)
Other changes	(28,465)			42,947		(8,510)	384	8,800	(3,075)	(544)
Net change in plan fiduciary net position	346,086	(782,709)	4,524,215	300,760	105,797	209,905	614,164	150,530	135,218	686,842
Plan fiduciary net position—beginning	9,158,478	9,941,187	5,416,972	5,116,212	5,010,415	4,800,510	4,186,346	4,035,816	3,900,598	3,213,756
Plan fiduciary net position—ending (b)	$ 9,504,564	$ 9,158,478	$ 9,941,187	$ 5,416,972	$ 5,116,212	$ 5,010,415	$ 4,800,510	$ 4,186,346	$ 4,035,816	$ 3,900,598
County's net pension liability—ending (a) – (b)	$ (205,967)	$ (818,074)	$ (1,018,458)	$ 2,838,662	$ 2,287,659	$ 1,760,857	$ 2,109,525	$ 1,382,821	$ 614,390	$ 630,474
Plan fiduciary net position as a percentage of the total pension liability	102.22%	109.81%	111.41%	65.62%	69.10%	74.00%	69.47%	75.17%	86.79%	86.09%
Covered payroll	$ 2,370,354	$ 2,064,021	$ 2,422,090	$ 2,447,650	$ 2,465,134	$ 2,368,007	$ 2,552,674	$ 2,226,105	$ 2,058,827	$ 2,074,538
County's net pension liability as a percentage of covered payroll	(8.69)%	(39.63)%	(42.05)%	115.97%	92.80%	74.36%	82.64%	62.12%	29.84%	30.39%

See accompanying notes to pension plan schedules.

Gila County
Required supplementary information
Schedule of changes in the County's net pension liability and related ratios
Agent pension plans
June 30, 2024

CORP Dispatchers

	Reporting fiscal year (Measurement date)									
	2024 (2023)	**2023 (2022)**	**2022 (2021)**	**2021 (2020)**	**2020 (2019)**	**2019 (2018)**	**2018 (2017)**	**2017 (2016)**	**2016 (2015)**	**2015 (2014)**
Total pension liability										
Service cost	$ 5,855	$ 5,665	$ 10,867	$ 17,350	$ 26,582	$ 30,034	$ 32,295	$ 35,574	$ 30,280	$ 39,102
Interest on the total pension liability	150,358	153,829	168,129	159,153	150,655	171,554	147,775	140,477	130,939	127,496
Changes of benefit terms						(130,830)	384,994	6,381		12,908
Differences between expected and actual experience in the measurement of the pension liability	65,026	6,011	(247,436)	39,798	96,354	(199,521)	(172,751)	47,078	59,963	(103,659)
Changes of assumptions or other inputs		42,328			42,529		43,923	56,724		80,874
Benefit payments, including refunds of employee contributions	(297,135)	(156,792)	(87,717)	(85,997)	(239,183)	(91,254)	(83,034)	(124,520)	(80,128)	(136,774)
Net change in total pension liability	(75,896)	51,041	(156,157)	130,304	76,937	(220,017)	353,202	161,714	141,054	19,947
Total pension liability—beginning	2,231,013	2,179,972	2,336,129	2,205,825	2,128,888	2,348,905	1,995,703	1,833,989	1,692,935	1,672,988
Total pension liability—ending (a)	$ 2,155,117	$ 2,231,013	$ 2,179,972	$ 2,336,129	$ 2,205,825	$ 2,128,888	$ 2,348,905	$ 1,995,703	$ 1,833,989	$ 1,692,935
Plan fiduciary net position										
Contributions—employer	$ 3,207	$ 3,401	$ 989,133	$ 51,724	$ 66,564	$ 47,658	$ 37,583	$ 35,930	$ 30,530	$ 26,396
Contributions—employee	9,376	8,704	8,941	11,249	12,759	14,692	17,241	20,184	20,252	20,281
Net investment income	186,822	(99,952)	508,430	40,003	70,238	93,455	141,868	7,545	45,656	158,620
Benefit payments, including refunds of employee contributions	(297,135)	(156,792)	(87,717)	(85,997)	(239,183)	(91,254)	(83,034)	(124,520)	(80,128)	(136,774)
Administrative expense	(1,901)	(1,840)	(2,283)	(1,548)	(1,954)	(2,114)	(1,641)	(1,467)	(1,505)	(1,247)
Other changes	(1,899)					(26)	(8)	(9)	(1,172)	(19,995)
Net change in plan fiduciary net position	(101,530)	(246,479)	1,416,504	15,431	(91,576)	62,411	112,009	(62,337)	13,633	47,281
Plan fiduciary net position—beginning	2,472,176	2,718,655	1,302,151	1,286,720	1,378,296	1,315,885	1,203,876	1,266,213	1,252,580	1,205,299
Plan fiduciary net position—ending (b)	$ 2,370,646	$ 2,472,176	$ 2,718,655	$ 1,302,151	$ 1,286,720	$ 1,378,296	$ 1,315,885	$ 1,203,876	$ 1,266,213	$ 1,252,580
County's net pension liability—ending (a) – (b)	$ (215,529)	$ (241,163)	$ (538,683)	$ 1,033,978	$ 919,105	$ 750,592	$ 1,033,020	$ 791,827	$ 567,776	$ 440,355
Plan fiduciary net position as a percentage of the total pension liability	110.00%	110.81%	124.71%	55.74%	58.33%	64.74%	56.02%	60.32%	69.04%	73.99%
Covered payroll	$ 122,556	$ 109,343	$ 112,325	$ 141,322	$ 160,443	$ 184,578	$ 226,100	$ 254,265	$ 254,000	$ 254,265
County's net pension liability as a percentage of covered payroll	(175.86)%	(220.56)%	(479.58)%	731.65%	572.85%	406.65%	456.89%	311.42%	223.53%	173.19%

See accompanying notes to pension plan schedules.

Gila County
Required supplementary information
Schedule of County pension contributions
June 30, 2024

Arizona State Retirement System

	Reporting fiscal year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 2,683,098	$ 2,570,520	$ 2,389,612	$ 2,212,015	$ 2,159,441	$ 2,081,679	$ 1,850,254	$ 1,746,245	$ 1,768,338	$ 1,832,179
County's contributions in relation to the statutorily required contribution	2,683,098	2,570,520	2,389,612	2,212,015	2,159,441	2,081,679	1,850,254	1,746,245	1,768,338	1,832,179
County's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$ 22,568,946	$ 21,822,273	$ 20,085,153	$ 19,117,348	$ 19,024,801	$ 18,326,508	$ 17,311,838	$ 16,996,911	$ 16,464,044	$ 16,959,971
County's contributions as a percentage of covered payroll	11.89%	11.78%	11.90%	11.57%	11.35%	11.36%	10.69%	10.27%	10.74%	10.80%

Corrections Officer Retirement Plan—
Administrative Office of the Courts

	Reporting fiscal year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 434,206	$ 419,496	$ 434,587	$ 375,822	$ 339,539	$ 358,953	$ 228,649	$ 218,961	$ 276,212	$ 227,801
County's contributions in relation to the statutorily required contribution	434,206	419,496	434,587	375,822	339,539	358,953	228,649	218,961	276,212	227,801
County's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$ 1,087,048	$ 1,142,274	$ 1,243,990	$ 1,109,482	$ 1,107,501	$ 1,106,855	$ 1,000,857	$ 1,143,874	$ 1,452,609	$ 1,539,683
County's contributions as a percentage of covered payroll	39.94%	36.72%	34.93%	33.87%	30.66%	32.43%	22.85%	19.14%	19.01%	14.80%

Elected Officials Retirement Plan

	Reporting fiscal year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 808,425	$ 727,300	$ 612,416	$ 613,741	$ 621,324	$ 607,608	$ 257,846	$ 208,566	$ 250,016	$ 265,481
County's contributions in relation to the statutorily required contribution	808,425	727,300	612,416	613,741	621,324	512,123	76,787	208,566	250,016	265,481
County's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ 95,485	$ 181,059	$ -	$ -	$ -
County's covered payroll	$ 1,150,127	$ 1,127,350	$ 1,102,100	$ 1,098,779	$ 1,096,965	$ 1,072,272	$ 990,519	$ 959,940	$ 977,941	$ 1,134,316
County's contributions as a percentage of covered payroll	70.29%	64.51%	55.57%	55.86%	56.64%	47.76%	7.75%	21.73%	25.57%	23.40%

See accompanying notes to pension plan schedules.

Gila County
Required supplementary information
Schedule of County pension contributions
June 30, 2024

PSPRS Sheriff

	Reporting fiscal year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 242,251	$ 238,812	$ 236,251	$ 649,522	$ 1,437,461	$ 1,303,462	$ 1,119,625	$ 1,102,871	$ 1,210,141	$ 641,694
County's contributions in relation to the actuarially determined contribution	242,251	238,812	236,251	13,615,162	1,437,461	1,303,462	886,696	951,182	867,460	641,694
County's contribution deficiency (excess)	$ -	$ -	$ -	$ (12,965,640)	$ -	$ -	$ 232,929	$ 151,689	$ 342,681	$ -
County's covered payroll	$ 3,000,142	$ 2,941,495	$ 2,767,470	$ 2,551,061	$ 2,737,416	$ 2,588,340	$ 2,264,762	$ 2,362,113	$ 2,167,935	$ 2,001,288
County's contributions as a percentage of covered payroll	8.07%	8.12%	8.54%	533.71%	52.51%	50.36%	39.15%	40.27%	40.01%	32.06%

CORP Detention

	Reporting fiscal year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 81,932	$ 81,088	$ 75,685	$ 200,833	$ 276,004	$ 291,129	$ 238,843	$ 221,827	$ 208,141	$ 181,989
County's contributions in relation to the actuarially determined contribution	81,932	81,088	75,685	2,763,173	276,004	291,129	238,843	204,740	191,008	181,989
County's contribution deficiency (excess)	$ -	$ -	$ -	$ (2,562,340)	$ -	$ -	$ -	$ 17,087	$ 17,133	$ -
County's covered payroll	$ 2,629,745	$ 2,370,354	$ 2,064,021	$ 2,422,090	$ 2,447,650	$ 2,465,134	$ 2,368,007	$ 2,552,674	$ 2,226,105	$ 2,058,827
County's contributions as a percentage of covered payroll	3.12%	3.42%	3.67%	114.08%	11.28%	11.81%	10.09%	8.02%	8.58%	8.84%

CORP Dispatchers

	Reporting fiscal year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 4,463	$ 3,101	$ 3,401	$ 33,274	$ 51,724	$ 65,525	$ 47,658	$ 44,926	$ 47,090	$ 30,530
County's contributions in relation to the actuarially determined contribution	4,463	3,101	3,401	988,978	51,724	65,525	47,658	37,583	35,930	30,530
County's contribution deficiency (excess)	$ -	$ -	$ -	$ (955,704)	$ -	$ -	$ -	$ 7,343	$ 11,160	$ -
County's covered payroll	$ 74,390	$ 122,556	$ 109,343	$ 112,325	$ 141,322	$ 160,443	$ 184,578	$ 226,100	$ 254,265	$ 254,000
County's contributions as a percentage of covered payroll	6.00%	2.53%	3.11%	880.46%	36.60%	40.84%	25.82%	16.62%	14.13%	12.02%

See accompanying notes to pension plan schedules.

Gila County
Required supplementary information
Notes to pension plan schedules
June 30, 2024

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 2022 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).

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 were retired 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.

SINGLE AUDIT REPORT

LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*

Members of the Arizona State Legislature

The Board of Supervisors of
Gila County, Arizona

We have audited, 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, the 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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 31, 2025.

Report on internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's basic financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-01 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-02, 2024-03, 2024-04 and 2024-05, to be significant deficiencies.

Report on compliance and other matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and that is described in the accompanying schedule of findings and questioned costs as item 2024-03.

County response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit that are presented in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

March 31, 2025

LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent auditors' report on compliance for each major federal program and report on internal control over compliance

Members of the Arizona State Legislature

The Board of Supervisors of
Gila County, Arizona

Report on compliance for each major federal program

Opinion on each major federal program

We have audited Gila County's compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for opinion on each major federal program

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the U.S. Comptroller General, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the auditors' responsibilities for the audit of compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Management's responsibilities for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditors' responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we express no such opinion.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other matters

The results of our auditing procedures disclosed an other instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and that is described in the accompanying schedule of findings and questioned costs as item 2024-101. Our opinion on each major federal program is not modified with respect to this matter.

Report on internal control over compliance

Our consideration of internal control over compliance was for the limited purpose described in the auditors' responsibilities for the audit of compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-101 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

County response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the noncompliance and internal control over compliance findings that are presented in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

March 31, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of auditors' results

Financial statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with U.S. generally accepted accounting principles	**Unmodified**
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	**No**
Internal control over financial reporting	
Material weaknesses identified?	**Yes**
Significant deficiencies identified?	**Yes**
Noncompliance material to the financial statements noted?	**No**

Federal awards

Internal control over major programs	
Material weaknesses identified?	**Yes**
Significant deficiencies identified?	**None reported**
Type of auditors' report issued on compliance for major programs:	**Unmodified**
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	**Yes**

Identification of major programs

Assistance Listings number	**Name of federal program or cluster**
10.665	Schools and Roads—Grants to States
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
93.568	Low Income Home Energy Assistance
93.568	COVID-19 – Low Income Home Energy Assistance

Dollar threshold used to distinguish between Type A and Type B programs	**$750,000**
Auditee qualified as low-risk auditee?	**No**

Financial statement findings

2024-01

The County did not restrict access to 10 bank accounts to only authorized employees and elected officials, increasing the risk of fraud and misuse of public monies

Condition—The County did not restrict access to only authorized employees and elected officials during the fiscal year for 10 bank accounts totaling over $35.7 million in public monies, or 79 percent of the County's total bank account balances, as of June 30, 2024. Specifically, for 10 of 38 bank accounts tested, the County did not immediately remove 14 terminated employees' and 1 former elected official's access, which allowed them to act on behalf of the County to perform confidential banking actions such as signing checks and withdrawing funds from the bank accounts. The table below summarizes the significant unauthorized access we identified in 7 of the 10 bank accounts totaling $35.6 million.[1]

	Number of bank accounts	Bank account(s) balance as of June 30, 2024	Length of time inappropriate access was allowed
Former deputy treasurer termed in December 2023	6	$28.5 million	Over 1 year after employment ended
Former treasurer left office in January 2021 (elected official)	1	$7.1 million[2]	Over 3 years after elected position ended
Former finance director termed in December 2022	1	$7.1 million[2]	Over 2 years after employment ended
Former recycling and land management manager termed in July 2021	1	$7.1 million[2]	Over 3 years after employment ended

As of the report date, the County had not removed the terminated employees' and former elected official's access to these bank accounts.

Effect—The County's allowing inappropriate access to its bank accounts, including terminated employees' and a former elected official's ability to perform confidential banking actions, increases the risk of fraud and misuse of public monies.

Cause—The County did not have a formal process to immediately remove terminated employees' and former elected officials' bank account access, including completing required forms to update authorized signers for bank accounts with financial institutions, and did not periodically review and recertify access. Consequently, County officials were unaware of these terminated employees' and the former elected official's inappropriate access until we notified them.

Criteria—State law and the County's cash policy require County departments and the treasurer—as the custodian of county funds—to safeguard all public monies.[3,4] Restricting bank account access to only authorized employees and elected officials by immediately requesting, through required forms, the financial institution to remove access upon employee termination and periodically reviewing and recertifying access to only authorized employees is an essential part of internal control standards, such as *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States, and integral to ensuring monies are not fraudulently or mistakenly misused.[5]

Recommendations—The County should:

1. Restrict bank account access to only authorized employees and elected officials to safeguard public monies, including immediately removing access for the terminated employees and former elected official we identified.
2. Review current and prior years bank account records and investigate whether any confidential banking actions, such as signing checks and withdrawing funds from the bank accounts, were inappropriately authorized by terminated employees or the former elected official.
3. Develop and implement policies and procedures to:
    a. Periodically review and recertify access to bank accounts, limiting the ability to perform confidential banking actions to only authorized employees and elected officials.
    b. Immediately complete required forms to request financial institutions to remove all access for terminated employees and former elected officials, including the ability to be an authorized signer.
    c. Review financial institutions' access listings immediately after requesting the institution to remove access to verify that only authorized users remain.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

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[1] For the remaining 3 bank accounts, the County did not immediately remove 11 terminated employees' access to bank accounts with balances ranging from $0 to $90,767 as of June 30, 2024.

[2] This bank account totaling $7.1 million is the same bank account that both the former County Treasurer, former finance director, and former recycling and land management manager had access to.

[3] Arizona Revised Statutes §§11-491 and 11-493.

[4] Gila County. Board of Supervisors Policy Number BOS-FIN-108 - Cash. Retrieved 3/2/2025 from https://cms3.revize.com/revize/gilaaz/government/board_of_supervisors/policies/BOS-FIN-108.pdf

[5] U.S. Government Accountability Office (GAO). (2014). Standards for internal control in the federal government. Retrieved 3/2/2025 from https://www.gao.gov/assets/670/665712.pdf

2024-02

The County did not ensure $31,108 of public monies its employees spent on food and beverages and other purchasing card expenditures were for authorized County business purposes, resulting in risk of misuse of public monies and possible violation of the Arizona Constitution

Condition—Contrary to its policies, the County did not ensure $31,108 of public monies its employees spent on food and beverages and other purchasing card expenditures were for authorized purposes necessary for official County business for 8 of 25 fiscal year 2024 purchasing card transactions we tested, including the items shown in Table 1.

Table 1
Summary of the $31,108 of public monies the County did not ensure its employees spent for authorized purposes necessary for official County business.
Fiscal year 2024

Purchase type	Details	Total purchase amount
Other costs	**County department supervisors did not review and approve purchasing card transactions prior to the County paying the purchasing card, including:** • $20,610 for new air conditioning system and service kits for a County building. • $525 for an Arizona Courts Association membership for a County employee.	$21,135
Food and beverages (non travel)	**The County paid for food and beverages at events without documenting the public purpose and reasonability of the average attendee cost, including:** • $6,841 for a catered employee barbeque lunch for County employees to complete their open enrollment paperwork and ask questions to benefit counselors. The County provided lunch to an estimated 438 employees in Globe and Payson, Arizona, for $3,726 and $3,115, respectively, for an average attendee cost of $16 per meal. • $2,327 for a dinner to host the County Supervisors Association's monthly meeting for 14 county employees and 36 participants from other Arizona counties, for an average attendee cost of $46 per meal.	$9,168
Food and beverages and air fare (travel)	**The County manager allowed exceptions to its policies for all Board of Supervisors and staff members on travel status during fiscal year 2024, resulting in 1 Supervisor and 1 staff member exceeding standard allowable per diem travel rates by $277 and exceeding the lowest air fare available by $279 with a purchasing card, including:** [1] • $277 more than the County's allowable rates for $545 of meals while on travel status for meetings in Washington, DC and a conference in Austin, Texas. The cost per meal ranged from $26 to $91, including a dinner at Ruth Chris Steakhouse in Austin, Texas, for $182, or $91 per person. • $279 charge to update an air fare reservation because of an error in the original $755 booking for travel to a conference in Austin, Texas.	$556

Purchase type	Details	Total purchase amount
Food and beverages (travel)	**County department supervisors did not review and approve purchasing card transactions prior to the County paying the purchasing card, and the cardholder did not obtain required preapproval to exceed standard allowable per diem travel rates, including:** • $249 for a meal plan purchased for an employee attending a conference for all meals over 4 days, or over $62 per day, which exceeds the allowable rate of $50 per day by a total of $49, without obtaining required preapproval.	$249
Total		**$31,108**

Effect—The County put public monies at risk of being misspent or being misused through purchasing card expenditures, which could also be a possible violation of the Arizona Constitution's ban on gifts or loans of public monies. Further, when public monies are misspent or misused, less monies are available for uses that benefit the County and its residents, such as for public safety and health and welfare programs.

Cause—The County's policies were not sufficiently detailed, and employee cardholders and department supervisors assigned to review and approve purchasing cards were not trained on them. Specifically, the County's policies do not:

- Specify the date by which County department heads are required to approve purchases. However, the County's system automatically approves all purchases on the fifth day of the month following the statement closing date so the County can pay the balance owed. Therefore, if the County department supervisor has not already approved a purchase prior to the fifth day of the month, the purchase will be automatically paid without the required department approval.
- Explain what would constitute an acceptable use of public monies, including whether public monies can be used for food and beverage purchases, or require its employees to provide documentation prior to the purchase, to demonstrate or explain the purchases' public purpose and benefit.
- Include guidelines for preapprovals allowing travel expenses to exceed the allowable per diem travel rates, such as establishing reasonable amounts per location or defining common allowable exceptions and requiring cardholders to provide documentation after the purchase to demonstrate or explain the purchases' public purpose and benefit when meals or other travel costs exceeded the allowable rates.

Further, the County had not provided any training to its employees regarding how to submit documentation for review and approval, what documentation to provide, and how to ensure procurement card purchases comply with Constitutional provisions. Finally, although the Finance Department is required to monitor departments' purchasing card usage for compliance with the policies and procedures, it did not have a process in place for doing so.

Criteria—The County's purchasing card policy restricts County employees' purchasing card use to only purchases required for authorized County business purposes and requires them to submit all applicable documentation supporting the purchase to the assigned department supervisor. Additionally, they require department supervisors to review and approve all charges prior to the County paying the purchasing card. Also, the County's purchasing card policy requires the County's Finance Department to monitor departments' compliance with the policies.[2]

Further, the County's travel policy allows maximum meal reimbursement rates of $10 for breakfast, $15 for lunch, and $25 for dinner, or $50 per day, regardless of location, and requires advance written approval by an elected official or the County manager to exceed them. This policy further requires the employee to limit air travel to the lowest fare available.[3] Finally, State law bans gifts or loans of public monies by counties to individuals, which could potentially include purchasing card expenditures that are not reviewed and approved and not authorized by County policies (Arizona Constitution, Art. IX, Sec. 7).

Recommendations—The County should:

1. Update and implement changes to its existing policies and procedures for purchasing card expenditures to:
    a. Require department supervisors to review and approve purchasing card transactions within a specific time frame.
    b. Require cardholders to maintain supporting documentation if an authorized County business purpose is not evident from the invoice, receipt, or other support.
    c. Specify penalties for purchasing cardholders who violate County policies.
    d. Indicate whether purchasing cards can be used to purchase food and beverages and, if so, under what circumstances these purchases would be an acceptable use of public monies, such that they would serve a public purpose and benefit the County and its residents. Also, specify and define how much per person is allowed to be spent or maximum amounts that may be spent on each type of activity or event, if such purchases are allowed.
    e. Indicate when preapprovals allowing travel expenses to exceed the allowable per diem travel rates are acceptable and what documentation should be retained after the purchase to demonstrate or explain the purchases' public purpose and benefit when meals or other travel costs exceeded the allowable rates or lowest costs available. Also, consider establishing per diem travel rates for specific locations and defining common allowable exceptions.
2. Require department supervisors responsible for reviewing and approving purchasing card transactions, including those for travel expenses, to:
    a. Approve only those transactions that are supported by documentation that evidence purchases are for an authorized County business purpose and to do so prior to the County's paying for them.
    b. Review travel expenditures that exceed the allowable per diem limit for reasonableness and require cardholders to reimburse the County for unreasonable expenses.
3. Require its Finance Department to develop and implement a process to monitor County departments' compliance with the County's purchasing card policies and procedures to help ensure that the County does not pay for purchases that do not have the required invoices, travel claims, receipts, or other documentation supporting that they are for authorized County business.
4. Train all County employees who are purchasing cardholders and department supervisors on its policies and procedures for using purchasing cards. Training should address detailed instructions for how to submit documentation for review and approval, what documentation to provide, and how to ensure procurement card purchases comply with Constitutional provisions.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2023-02 and was initially reported in fiscal year 2017.

[1] On July 1, 2023, the County manager approved a per diem allowance travel exception for fiscal year 2024 allowing Board of Supervisors and staff members to exceed the financial provisions of the travel policy when conducting business on the County's behalf. Further, the approval states that the Board of Supervisors and staff members should take into consideration the costs associated with the situation and alternatives to determine the most economical and efficient action while following required flexibility to accomplish the objectives and public purpose of their roles as staff and elected officials directing the County's affairs.

[2] Gila County. (2018). Gila County Credit Card Usage Policy. Retrieved 3/3/2025 from BOS-FIN-114.pdf.

[3] Gila County. (2018). Gila County Travel Policy. Retrieved 3/3/2025 from BOS-FIN-112.pdf.

2024-03

The County awarded $30,500 to 4 organizations without ensuring that the monies were used only for economic development that benefited the public, resulting in an increased risk of misuse of County monies

Condition—During fiscal year 2024, the County's Board of Supervisors awarded 41 community projects totaling $275,759 of Constituent Funds discretionary monies to 35 community nonprofit and governmental organizations for economic development, but for 4 of 41 awards totaling $30,500, County management did not ensure these monies were spent to provide authorized services and activities that benefited the public.

Effect—The County put $30,500 of its Constituent Funds discretionary spending monies at an increased risk of misuse because it did not ensure the awarded monies were used for intended and authorized purposes to support economic development.

Cause—The County's policies and procedures for awarding Constituent Funds discretionary monies for economic development lacked monitoring procedures to ensure awarded monies were used for intended and authorized purposes. Specifically, the County had an informal process to request awarded entities to certify how monies were spent, but it did not have a process to followup with entities that failed to respond. As a result, the County did not followup with 4 award recipients that failed to respond to County requests.

Criteria—County policy requires a signed written agreement, memorandum of understanding, or contract between the County and the awarded organizations any time the Board of Supervisors awards Constituent Funds for economic development (Gila County Community Agency and Economic Development Funding Policy, BOS-FIN-016). Additionally, the Arizona Constitution, Art. IX, Sec. 7, bans gifts of public monies by counties to individuals and organizations. Consequently, if the County determines that it is appropriate to provide economic development awards to individuals or organizations, it must assess and document how each award serves a public purpose and benefits the County, and the value received by the public did not far exceed the consideration being paid by the public.

Further, developing and documenting the policies and procedures of internal control responsibilities, such as monitoring procedures for the County's economic development award objectives, to respond to related risks of misusing monies is an essential part of internal control standards, such as the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States, and integral to ensuring public monies are not fraudulently or mistakenly misused.[1]

Recommendations—County management should:

1. Ensure Constituent Funds discretionary monies used for economic development are spent to provide authorized services and activities that benefit the public, by improving its policies and procedures to:

a. Require awarded entities to certify how monies were spent. This certification should be required periodically or at least once the specified and approved time frame for expending the monies has occurred.
b. Specify followup procedures when awarded organizations do not respond to the County's request to certify how monies were spent.

2. Followup with awarded entities that did not certify how monies were spent, including those 4 awarded entities we identified, and determine whether monies were used for intended and authorized purposes to support economic development. If deficiencies are found, determine what corrective actions should be taken, such as requiring awarded entities to return any unexpended or misspent monies and/or limiting future awards of discretionary monies.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2023-01 and was initially reported in fiscal year 2017.

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[1] U.S. Government Accountability Office (GAO). (2014). Standards for internal control in the federal government. Retrieved 2/28/25 from https://www.gao.gov/assets/670/665712.pdf

2024-04

The County's deficiencies in its process for managing and documenting its risks may put its operations and IT systems and data at unintended and unnecessary risk of potential harm

Condition—The County's process for managing and documenting its risks did not include an overall risk-assessment process that included identifying, analyzing, and responding to the County-wide information technology (IT) risks, such as potential harm from unauthorized access, use, disclosure, disruption, modification, or destruction of IT systems and data. Also, it did not include identifying, classifying, and inventorying sensitive information that might need stronger access and security controls.

Effect—The County's administration and IT management may put the County's operations and IT systems and data at unintended and unnecessary risk of potential harm.

Cause—The County's administration and IT management reported that, during fiscal year 2024, they developed new risk-assessment processes requiring the IT Department to assist each department in completing a risk assessment and data classification evaluation but were unable to implement the new processes before fiscal year-end.

Criteria—Establishing a process for managing risk that follows a credible industry source, such as the National Institute of Standards and Technology, helps the County to effectively manage risk related to IT systems and data. Effectively managing risk includes an entity-wide risk-assessment process that involves members of the County's administration and IT management. An effective risk-assessment process helps the County determine the risks it faces as the County seeks to achieve its objectives to not only report accurate financial information and protect its IT systems and data but to also carry out its overall mission and compliance and service objectives. Additionally, an effective risk-management process provides the County the basis for developing appropriate responses based on identified risk tolerances and specific potential risks to which it might be subjected. To help ensure the County's objectives can be met, an effective annual risk assessment considers and identifies IT risk in the County's operating environment, analyzes and prioritizes each identified risk, and develops a plan to respond to each risk within the context of the County's defined objectives and risk tolerances. Finally, effectively managing risk includes the County's process for classifying and inventorying sensitive information that might need stronger access and security controls to address the risk of unauthorized access and use, modification, or loss of that sensitive information.

Recommendations—The County's administration and IT management should:

1. Plan for where to allocate resources and where to implement critical controls.
2. Perform an annual entity-wide IT risk-assessment process that includes evaluating and documenting risks and safeguards. Such risks may include inappropriate access that would affect financial data, system changes that could adversely impact or disrupt system operations, and inadequate or outdated system security.
3. Evaluate and manage the risks of holding sensitive information by identifying, classifying, and inventorying the information the County holds to assess where stronger access and security controls may be needed to protect data in accordance with State statutes and federal regulations.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2023-03 and was initially reported in fiscal year 2014.

2024-05

The County's control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data

Condition—The County's control procedures for restricting access were not sufficiently implemented to consistently help prevent or detect unauthorized or inappropriate access to its IT systems and data.

Effect—There is an increased risk that the County may not adequately protect its IT systems and data, which could result in unauthorized or inappropriate access and/or the loss of confidentiality or integrity of systems and data.

Cause—The County's administration and IT management reported that they did not fully implement the IT access policies and procedures because of staff turnover.

Criteria—Implementing effective internal controls that follow a credible industry source, such as the National Institute of Standards and Technology, help the County to protect its IT systems and ensure the integrity and accuracy of the data it maintains as it seeks to achieve its financial reporting, compliance, and operational objectives. Effective internal controls include restricting access through logical controls to help ensure systems and data are accessed by users who have a need, systems and data access granted is appropriate, and key systems and data access is monitored and reviewed.

Recommendations—The County should:

1. Implement comprehensive IT policies and procedures and immediately develop a process to ensure the procedures are being consistently followed.

2. Immediately remove terminated employees' access to IT systems and data.
3. Routinely review all other account access to ensure it remains appropriate and necessary.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2023-04 and was initially reported in fiscal year 2014.

Federal award findings and questioned costs

2024-101

Assistance Listings number and name:	21.027 **COVID-19 Coronavirus State and Local Fiscal Recovery Funds**
Award number and year:	SLFRP0665, March 3, 2021 through December 31, 2026
Federal agency:	**U.S. Department of the Treasury**
Compliance requirement:	Suspension and debarment
Questioned costs:	None

Condition—Contrary to federal regulations, the County did not maintain documentation that it had verified 5 of 9 vendors we tested were not suspended or debarred from doing business with the federal government prior to making the purchases. The vendors were paid program monies totaling $740,467, or 49 percent of the program's total federal award expenditures of $1.5 million.

Effect—As the County could not demonstrate that at the time of the purchases it obtained services from vendors that had not been suspended or debarred from doing business with the federal government, the County was at increased risk that it could have paid federal program monies to unallowable vendors. Subsequently, we performed additional audit procedures and verified the vendors had not been suspended or debarred by the federal government. Finally, the County is at risk that this finding applies to other federal programs it administers.

Cause—The County had informal procedures that were not consistently applied and lacked policies and procedures to verify that vendors, including those procured by the State of Arizona or through cooperative agreements, were not suspended or debarred from doing business with the federal government each year and to maintain documentation of this verification within the procurement files.

Criteria—Federal regulations require the County to verify that vendors being paid more than $25,000 in federal program monies have not been suspended or debarred by either checking their suspension and debarment status, obtaining the vendor's certification stating they are not suspended or debarred, and/or adding a condition regarding suspension and debarment to the purchase contract with the vendor (2 CFR §180.300). Also, federal regulation requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that the federal program is being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations—The County should:

1. Verify and maintain documentation that a vendor being paid more than $25,000 in federal program monies has not been suspended or debarred from doing business with the federal government.

2. Develop policies and procedures and train staff to:
   a. Verify the vendor's suspension and debarment status prior to making purchases by examining the federal government's sam.gov website, obtaining certification from the vendor, or adding a condition in the vendor contract.
   b. Maintain documentation of this verification within the procurement files.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

COUNTY SECTION

GILA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2023 - 6/30/2024

Federal Awarding Agency/Program Title	*Assistance Listings Number*	*Additional Award Identification (Optional)*	*Name of Grantor Pass-Through Entity*	*Identifying Number Assigned By Grantor Pass-Through Entity*	*Federal Expenditures*	*Federal Program Total*	*Cluster Name*	*Cluster Total*
DEPARTMENT OF AGRICULTURE								
WIC SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	*10.557*		*ARIZONA DEPARTMENT OF HEALTH SERVICES*	*CTR043241, CTR067227*	*$262,273*	*$262,273*	*N/A*	*$0*
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	*10.561*		*ARIZONA DEPARTMENT OF HEALTH SERVICES*	*216AZ011Q3903*	*$228,752*	*$228,752*	*SNAP CLUSTER*	*$228,752*
SCHOOLS AND ROADS - GRANTS TO STATES	10.665				$1,211,543	$1,211,543	FOREST SERVICE SCHOOLS AND ROADS CLUSTER	$1,211,543
TOTAL DEPARTMENT OF AGRICULTURE					$1,702,568			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII	*14.228*		*ARIZONA DEPARTMENT OF HOUSING*	*127-23, 100-23*	*$156,567*	*$156,567*	*N/A*	*$0*
CONTINUUM OF CARE PROGRAM	*14.267*		*ARIZONA DEPARTMENT OF HOUSING*	*519-22*	*$55,886*	*$55,886*	*N/A*	*$0*
SECTION 8 HOUSING CHOICE VOUCHERS	14.871				$448,141	$448,141	HOUSING VOUCHER CLUSTER	$565,462
COVID-19 - SECTION 8 EMERGENCY HOUSING FUNDS	14.871	COVID-19			$117,321	$117,321	HOUSING VOUCHER CLUSTER	$565,462
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					$777,915			
DEPARTMENT OF JUSTICE								
CRIME VICTIM ASSISTANCE	*16.575*		*ARIZONA DEPARTMENT OF PUBLIC SAFETY*	*2018-V2-GX-0012*	*$88,957*	*$88,957*	*N/A*	*$0*
CRIME VICTIM COMPENSATION	*16.576*		*ARIZONA CRIMINAL JUSTICE COMMISSION*	*VC-24-004*	*$35,628*	*$35,628*	*N/A*	*$0*
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	*16.738*		*ARIZONA CRIMINAL JUSTICE COMMISSION*	*DC-24-004*	*$120,887*	*$120,887*	*N/A*	*$0*
COMPREHENSIVE OPIOID, STIMULANT, AND OTHER SUBSTANCES USE PROGRAM	16.838				$357,227	$357,227	N/A	$0
TOTAL DEPARTMENT OF JUSTICE					$602,699			
DEPARTMENT OF TRANSPORTATION								
STATE AND COMMUNITY HIGHWAY SAFETY	*20.600*		*GOVERNOR'S OFFICE OF HIGHWAY SAFETY*	*2022-PTS-026, 2023-PTS-023*	*$15,268*	*$15,268*	*HIGHWAY SAFETY CLUSTER*	*$15,268*
TOTAL DEPARTMENT OF TRANSPORTATION					$15,268			
DEPARTMENT OF TREASURY								
COVID-19 - STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19			$1,510,588	$1,510,588	N/A	$0
TOTAL DEPARTMENT OF TREASURY					$1,510,588			
ENVIRONMENTAL PROTECTION AGENCY								
BROWNFIELDS MULTIPURPOSE, ASSESSMENT, REVOLVING LOAN FUND, AND CLEANUP COOOPERATIVE AGREEMENTS	66.818				$347,649	$347,649	N/A	$0
TOTAL ENVIRONMENTAL PROTECTION AGENCY					$347,649			
DEPARTMENT OF ENERGY								
WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	*81.042*		*ARIZONA DEPARTMENT OF HOUSING*	*213-22*	*$297,816*	*$297,816*	*N/A*	*$0*
TOTAL DEPARTMENT OF ENERGY					$297,816			
DEPARTMENT OF EDUCATION								
ADULT EDUCATION - BASIC GRANTS TO STATES	*84.002*		*ARIZONA DEPARTMENT OF EDUCATION*	*24FABASC-413181-01A, 24FIELCC-413181-01A, 24FIETCO-413181-01A, 24FPRLEC-413181-01A, 24FVILEC-413181-01A*	*$142,096*	*$142,096*	*N/A*	*$0*
TOTAL DEPARTMENT OF EDUCATION					$142,096			
ELECTION ASSISTANCE COMMISSIOS								
HAVA ELECTION SECURITY GRANTS	*90.404*		*ARIZONA SECRETARY OF STATE*	*AZ20101001*	*$7,493*	*$7,493*	*N/A*	*$0*
TOTAL ELECTION ASSISTANCE COMMISSION					$7,493			
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
PUBLIC HEALTH EMERGENCY PREPAREDNESS	*93.069*		*ARIZONA DEPARTMENT OF HEALTH SERVICES*	*CTR055209*	*$188,623*	*$188,623*	*N/A*	*$0*
INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS	*93.136*		*ARIZONA DEPARTMENT OF HEALTH SERVICES*	*IGA2021-069*	*$75,769*	*$75,769*	*N/A*	*$0*
IMMUNIZATION COOPERATIVE AGREEMENTS	*93.268*		*ARIZONA DEPARTMENT OF HEALTH SERVICES*	*CTR060267, CTR060581, ADHS18-177678*	*$292,253*	*$292,253*	*N/A*	*$0*
COVID-19 - ACTIVITIES TO SUPPORT STATE, TRIBAL, LOCAL AND TERRITORIAL (STLT) HEALTH DEPARTMENT RESPONSE TO PUBLIC HEALTH OR HEALTHCARE CRISES	*93.391*	*COVID-19*	*ARIZONA DEPARTMENT OF HEALTH SERVICES*	*CTR055997*	*$275,000*	*$275,000*	*N/A*	*$0*
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	*93.558*		*ARIZONA DEPARTMENT OF ECONOMIC SECURITY*	*DI20-002263*	*$152,810*	*$152,810*	*N/A*	*$0*
CHILD SUPPORT SERVICES	*93.563*		*ARIZONA DEPARTMENT OF ECONOMIC SECURITY*	*KR18-0573*	*$79,963*	*$79,963*	*N/A*	*$0*
LOW-INCOME HOME ENERGY ASSISTANCE	*93.568*		*ARIZONA DEPARTMENT OF ECONOMIC SECURITY*	*DI20-002263*	*$72,880*	*$650,569*	*N/A*	*$0*
COVID-19 - LOW-INCOME HOME ENERGY ASSISTANCE	*93.568*	*COVID-19*	*ARIZONA DEPARTMENT OF ECONOMIC SECURITY*	*DI20-002263*	*$21,477*	*$650,569*	*N/A*	*$0*
LOW-INCOME HOME ENERGY ASSISTANCE	*93.568*		*ARIZONA DEPARTMENT OF HOUSING*	*203-24*	*$556,212*	*$650,569*	*N/A*	*$0*
COMMUNITY SERVICES BLOCK GRANT	*93.569*		*ARIZONA DEPARTMENT OF ECONOMIC SECURITY*	*DI20-002263*	*$213,110*	*$213,110*	*N/A*	*$0*
GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS	*93.597*		*ARIZONA DEPARTMENT OF ECONOMIC SECURITY*	*DI16-002146*	*$71,772*	*$71,772*	*N/A*	*$0*
SOCIAL SERVICES BLOCK GRANT	*93.667*		*ARIZONA DEPARTMENT OF ECONOMIC SECURITY*	*DI20-002263*	*$3,084*	*$3,084*	*N/A*	*$0*
HIV CARE FORMULA GRANTS	*93.917*		*ARIZONA DEPARTMENT OF HEALTH SERVICES*	*ADHS18-193949*	*$182,627*	*$182,627*	*N/A*	*$0*
HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED	*93.940*		*ARIZONA DEPARTMENT OF HEALTH SERVICES*	*ADHS18-188825 CTR066160*	*$3,118*	*$3,118*	*N/A*	*$0*
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	*93.994*		*ARIZONA DEPARTMENT OF HEALTH SERVICES*	*CTR055258*	*$75,435*	*$75,435*	*N/A*	*$0*
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					$2,264,133			

DEPARTMENT OF HOMELAND SECURITY							
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	*97.042*	*ARIZONA DEPARTMENT OF MILITARY AND EMERGENCY AFFAIRS*	*EMF-2021-EP-00016-S01*	*$209,693*	*$209,693*	*N/A*	*$0*
TOTAL DEPARTMENT OF HOMELAND SECURITY				$209,693			
TOTAL EXPENDITURE OF FEDERAL AWARDS				$7,877,918			

Please Note:

Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

GILA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2023 - 6/30/2024

Significant Accounting Policies Used in Preparing the SEFA

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

10% De Minimis Cost Rate

The County elected to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

Basis of presentation

The accompanying schedule of expenditures of federal awards (schedule) includes Gila County's federal grant activity for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

Federal Assistance Listings number

The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantor or the 2024 *Federal Assistance Listings.*

COUNTY RESPONSE

Gila County Finance Department
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Maryn Belling
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March 26, 2025

Lindsey A. Perry
Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in *Government Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for each finding, we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the Anticipated completion date.

Sincerely,

Maryn Belling

Maryn Belling, Finance Director

Financial Statement Findings

2024-01
The County did not restrict access to 10 bank accounts to only authorized employees and elected officials, increasing the risk of fraud and misuse of public monies.
Contact: Maryn Belling, Finance Director
Anticipated completion date: June 30, 2025

Corrective Action Plan: The County will ensure that signature authority for transactional accounts is limited to current, authorized employees and elected officials.

a. Weekly updates to changes in staffing will be shared with the Gila County Treasurer (effective March 24, 2025).
b. Internal Audit program is being developed and will collaborate with Finance and Treasury to ensure best practice controls are in place.
c. County Policies will be updated to ensure current Treasurer & Finance Director have duly authorized access to signatory information on accounts to conduct periodic reviews.
d. Monthly bank statement inventory spreadsheet responsibility will be reassigned & staffing reallocated to ensure effective maintenance of effort.
e. Continue Gila County's annual signer audit by the primary banking service provider.
f. Continue monthly account reconciliations by current, authorized staff.
g. Continue annual authorized signer updates from each department for internal transaction authority.

2024-02
The County did not ensure $31,108 of public monies its employees spent on food and beverages and other purchasing card expenditures were for authorized County business purposes, resulting in risk of misuse of public monies and possible violation of the Arizona Constitution
Contact: Maryn Belling, Finance Director
Anticipated completion date: June 30, 2025

Corrective Action Plan: Transactions not Approved by Approvers or Signed-Off by Accountholders are no longer being Swept on the 7th of the subsequent month. Transactions are not swept into New World until the Cardholder's Sign-Off and Approver's Approval are in place.

The Finance Department has implemented additional training to all Elected Officials and Department Directors and staff on the travel policy, credit card policy, and procurement policy. The audit findings, specifically regarding credit card purchases and travel documentation will be discussed with Department Heads and Elected Officials on April 2, 2025.

In addition, Gila County Finance will work with Management and Elected officials to improve existing policies & procedures to address areas where additional information, training, and clarity are needed.

The Finance staff will provide additional training to County employees on the Procurement, Travel, and Credit Card policies and will continue to monitor and audit expenditures monthly to ensure compliance with policies.

2024-03
The County awarded $30,500 to 4 organizations without ensuring that the monies were used only for economic development that benefitted the public, resulting in an increased risk of misuse of County monies.

Contact: Maryn Belling, Finance Director
Anticipated completion date: June 30, 2025

Corrective Action Plan:
To more closely comply with policy BOS-FIN-016 *Community Agency & Economic Development Funding (3/19/2024),* Gila County's Economic Development Grant Recipient agencies will be required to verify the appropriate use of funds at the end of the fiscal-quarter in which they received the grant (instead of at fiscal-year-end). In addition, the County will require certification of grant-funds use consistent with the Economic Development Agreement from other governmental agencies (not just nonprofit entities). This requirement is consistent with item II.b.xviii et seq in the procedural document *Community Agency & Economic Development Funding Policy Procedure referencing Policy Number BOS-FIN-016.* We will follow up with all recipients that do not respond to the request and verify the monies were spent appropriately.

2024-04
The County's deficiencies in its process for managing and documenting its risks may put its operations and IT systems and data at unintended and unnecessary risk of potential harm.
Contact: Maryn Belling, Finance Director
Anticipated completion date: June 30, 2025

Corrective Action Plan: To help improve its risk-analysis for information and technology security the County IT Department will train staff on the Security Risk Assessment Policy BOS-IT-003 that was adopted by the Board of Supervisors on June 25, 2019, to ensure compliance. IT has developed additional procedures to perform multiple IT risk-assessment processes. Gila County contracted a 3rd party vendor to conduct an IT risk assessment that was completed in June 2024 and will be updated for all departments by June 30, 2025. IT Director and staff will provide appropriate training on the policy requirements and will lead in developing procedures detailing how to conduct an entity-wide risk assessment and document findings and corrective actions, anticipated completion June 30, 2025.

2024-05
The County's control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data.
Contact: Maryn Belling, Finance Director
Anticipated completion date: June 30, 2025

Corrective Action Plan: To help prevent and detect unauthorized access or use, manipulation, damage, or loss to its IT resources, the County has developed effective logical access policies and procedures over its IT resources and will be fully implemented by June 30, 2025.

IT staff will be reviewing permissions within systems with each department using the systems to determine the lowest level of permissions required to perform their functions. User privileges will be adjusted accordingly, and the permission changes will be documented, anticipated completion by June 30, 2025

Federal Award Findings and Questioned Costs

2024-101

Assistance Listings number and program name: 21.027 COVID-19 Corona Virus State and Local Fiscal Recovery Fund
Contact: Maryn Belling
Anticipated completion date: June 30, 2025

Corrective Action Plan: The County will maintain physical documentation that it has verified vendors are not suspended or debarred from doing business with the federal government prior to making purchases and ensure that all employees are trained to verify suspension and debarment and maintain documentation.

Gila County Finance Department
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March 27, 2025

Lindsey Perry
Auditor General
2910 North 44th Street
Suite 410
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying schedule of prior audit findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. This schedule also includes the status of audit findings reported in the prior audit's summary schedule of prior audit findings that were not corrected.

Sincerely,

Maryn Belling

Maryn Belling
Finance Director

Status of financial statement findings

Finding number: 2023-01 **Status: Partially Corrected**
Explanation: *Gila County Board of Supervisors adopted Policy BOS-FIN-016 – Community Agency and Economic Development Funding on March 19.*
The County awarded $135,461 to various organizations without requiring them to provide documentation that the monies were used only for economic development that benefited the public, resulting in an elevated risk of misuse of County monies. Finding initially occurred in fiscal year 2017 (Finding 2017-01).
Contact: Maryn Belling, Finance Director
Completion Date: June 30, 2025

Corrective Action Plan: To help ensure that the County provides funding for economic development activities that are used for the intended purposes and that are constitutional the County will revise its policy and procedures to include an application process detailing the request for funding. Prior to funding, each request will be reviewed to ensure services and uses are constitutional, and that an agreement is executed by the County and requesting party and will require that the funds will be utilized as intended. Any unexpended funds will be returned to the County. The awarded entities will be required to certify that the awarded funds were used as intended. A revision of Policy BOS-FIN-016 was presented at the February 27, 2024 Gila County Board of Supervisors Work Session and was adopted on March 19, 2024. We will follow up with all recipients that do not respond to the request and verify the monies were spent appropriately.

Finding number: 2023-02 **Status: Partially Corrected**
Explanation: *Staff have implemented improvements to the internal controls for p-Card transactions and approval in addition to providing education to other departments.*
The County did not ensure $99,295 of public monies its employees spent on various purchasing card expenditures were for authorized County business purposes, resulting in risk of possible misuse of public monies and possible violation of the Arizona Constitution. Finding Initially occurred in fiscal year 2018 (Finding 2018-02)
Contact: Maryn Belling, Finance Director
Anticipated completion date: June 30, 2025

Corrective Action: Monthly the main page of Bank of America Works system is updated to include the reconciliation & approval date (6th of the following month) for all transactions by both accountholders and approvers. Transactions not in compliance with County policies are required to be reimbursed to the County. Card use is suspended when errors are identified subsequent to 6th of the month. Cash advances are prohibited countywide (corrected in FY21) County policy will be updated to reflect this default setting on p-cards.

The Finance Department has implemented additional training to all Elected Officials and Department Directors and staff on the travel policy, credit card policy, and procurement policy. The audit findings, specifically regarding credit card purchases and travel documentation were discussed with Elected Officials and County Leadership on February 15, 2023, and the handout was distributed by email to Elected Officials, Department Directors, and their staff. On March 23 and April 19, 2023, emails were distributed to all Elected Officials, Department Directors, and their staff identifying outstanding credit card charges that were not reviewed and approved for the first quarter of calendar year 2023. Staff have been providing training and updating permissions in the Works software credit card reconciliation system so that credit card charges are properly reviewed and approved. Finance continues internal auditing processes for credit card purchases and travel reconciliation to ensure that credit card purchases are properly documented, and credit cards are used for approved business purposes. The Finance staff will provide additional training to County employees on the Procurement, Travel, and Credit Card policies and will continue to monitor and audit expenditures monthly to ensure compliance with policies.

Finding Number: 2023-03 **Status: Partially Corrected**

The County's deficiencies in its process for managing and documenting its risks may put its operations and IT systems and data at unintended and unnecessary risk of potential harm.
Contact: Maryn Belling, Finance Director
Anticipated completion date: June 30, 2025

Corrective Action Plan: To help improve its risk-analysis for information and technology security the County IT Department will train staff on the Security Risk Assessment Policy BOS-IT-003 that was adopted by the Board of Supervisors on June 25, 2019, to ensure compliance. IT has developed additional procedures to perform multiple IT risk-assessment processes. Gila County contracted a 3rd party vendor to conduct an IT risk assessment that was completed in June 2024 and will be updated for all departments by June 30, 2025. IT Director and staff will provide appropriate training on the policy requirements and will lead in developing procedures detailing how to conduct an entity-wide risk assessment and document findings and corrective actions, anticipated completion by June 30, 2025.

Finding Number: 2023-04 **Status: Partially Corrected**

The County's control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data.
This finding initially occurred in fiscal year 2014 (Finding 2014-08)
Contact: Maryn Belling, Finance Director
Anticipated completion date: June 30, 2025

Corrective Action Plan: To help prevent and detect unauthorized access or use, manipulation, damage, or loss to its IT resources, the County has developed effective logical access policies and procedures over its IT resources but was not fully implemented during fiscal year 2024 due to staff turnover and will be completed by June 30, 2025.

IT staff will be reviewing permissions within systems with each department using the systems to determine the lowest level of permissions required to perform their functions. User privileges will be adjusted accordingly, and the permission changes will be documented, anticipated completion by June 30, 2025

Finding Number: 2023-05 **Status: Fully Corrected**

The County did not obtain conflict of interest statements for all elected officials and employees.
Contact: Maryn Belling, Finance Director

Status of federal award findings and questioned costs

Finding Number: 2023-101 **Status: Fully Corrected**

Assistance Listings number and program name: 21.027 COVID-19 Corona Virus State and Local Fiscal Recovery Fund
Contact: Maryn Belling

ARIZONA
Auditor General
Making a Positive Difference