

Gila County

Expenditure Limitation Report

Year Ended June 30, 2013



A Report to the Arizona Legislature

Debra K. Davenport
Auditor General





The Auditor General is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she 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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Audit Staff

Jay Zsorey, Director

Mike Manion, Manager and Contact Person

Contact Information

Arizona Office of the Auditor General

2910 N. 44th St.

Ste. 410

Phoenix, AZ 85018

(602) 553-0333

www.azauditor.gov



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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent accountants' report

Members of the Arizona State Legislature

The Board of Supervisors of
Gila County, Arizona

We have examined the accompanying annual expenditure limitation report of Gila County for the year ended June 30, 2013. The County's management is responsible for this report. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the annual expenditure limitation report referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

Jay Zsorey, CPA
Financial Audit Director

April 26, 2017



Gila County
Annual expenditure limitation report—part I
Year ended June 30, 2013

1. Economic Estimates Commission expenditure limitation	\$39,303,794
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>37,318,633</u>
3. Amount under the expenditure limitation	<u>\$ 1,985,161</u>

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

Signature of chief fiscal officer: _____

Name and title: W. James Menlove, CPA, Finance Director

Telephone number: (928) 402-8745 Date: April 26, 2017

See accompanying notes to report.

Gila County
Annual expenditure limitation report—part II
Year ended June 30, 2013

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 58,229,709	\$ 2,428,390	\$ 99,506,252	\$ 160,164,351
B. Less exclusions claimed:				
Debt service requirements on other long-term obligations (Note 2)	619,997			619,997
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	532,715			532,715
Trustee or custodian (Note 4)	1,413,582		99,506,252	100,919,834
Grants and aid from the federal government (Note 5)	11,426,664			11,426,664
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 6)	3,005,463			3,005,463
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	2,687,488			2,687,488
Amounts received for distribution to school districts (Notes 5 and 7)	3,653,557			3,653,557
Total exclusions claimed	<u>23,339,466</u>	<u> </u>	<u>99,506,252</u>	<u>122,845,718</u>
C. Amounts subject to the expenditure limitation	<u>\$ 34,890,243</u>	<u>\$ 2,428,390</u>	<u>\$ -</u>	<u>\$ 37,318,633</u>

See accompanying notes to report.

Gila County
Annual expenditure limitation report—reconciliation
Year ended June 30, 2013

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 61,661,462	\$ 1,851,326	\$ 99,506,252	\$ 163,019,040
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		160,394		160,394
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 8)	1,288,087			1,288,087
Long-term care contributions withheld by the State Treasurer (Note 9)	<u>2,143,666</u>			<u>2,143,666</u>
Total subtractions	<u>3,431,753</u>	<u>160,394</u>		<u>3,592,147</u>
C. Additions:				
Principal payments on long-term debt		28,265		28,265
Landfill closure and postclosure care costs paid in the current year but reported as expenses in the previous years (Note 10)		<u>709,193</u>		<u>709,193</u>
Total additions		<u>737,458</u>		<u>737,458</u>
D. Amounts reported on Part II, Line A	<u>\$ 58,229,709</u>	<u>\$ 2,428,390</u>	<u>\$ 99,506,252</u>	<u>\$ 160,164,351</u>

See accompanying notes to report.

Gila County
Notes to annual expenditure limitation report
Year ended June 30, 2013

Note 1 - Summary of significant accounting policies

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

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

Note 2

The exclusion claimed for debt service requirements on other bonded indebtedness in the governmental funds of \$619,997, consists of principle retirement and interest expenditures of \$310,000 and \$309,997, respectively.

Note 3

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$532,715 in the governmental funds includes investment earnings expended of \$101,130 and interest on delinquent taxes expended of \$431,585, which was recorded as tax revenue.

Note 4

The exclusion claimed for trustee or custodian in the governmental funds consists of \$1,413,582 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs; and in the fiduciary funds, the exclusion consists of \$99,506,252 in distributions to investment pool participants.

Note 5

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, highway user revenues, and amounts received for distribution to school districts in the Governmental Funds:

Description	
Grants and aid from the federal government	\$11,426,664
Highway user revenues in excess of those received in fiscal year 1979-80	2,687,488
Amounts received for distribution to school districts	3,653,557
Other revenues (nonexcludable)	<u>8,858,366</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$26,626,075</u>

Gila County
Notes to annual expenditure limitation report
Year ended June 30, 2013

Note 6

The \$3,005,463 exclusion claimed in the Governmental Funds for amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements consists of highways and streets expenditures for new road construction and major road reconstruction projects made from the accumulation of sales tax revenues approved by County voters, and therefore, is exempted from the expenditure limitation.

Note 7

The exclusion claimed for amounts received for distribution to school districts consists of federal, state, and county revenues recorded as education expenditures for operating an accommodation school.

Note 8

The subtraction of \$1,288,087 for separate legal entities established under A.R.S. consists of expenditures of special assessment districts included within the County's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the governmental funds category in the fund financial statements.

Culture and recreation	\$1,235,594
Highways and streets	<u>52,493</u>
Total	<u>\$1,288,087</u>

Note 9

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

Note 10

The addition of \$709,193 for landfill closure and postclosure care costs paid in the current year, but reported as expenses in previous years, consists of cash payments in the current year for those costs reported as expenses in previous years in the enterprise funds.

