Greenlee County, Arizona

Annual Financial Report

June 30, 2019

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Greenlee County, Arizona

ANNUAL FINANCIAL REPORT

Year ended June 30, 2019

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Independent Auditors' Report

The Auditor General of the State of Arizona

Honorable Board of Supervisors of
Greenlee County, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greenlee County, Arizona ("County") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the County's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the County as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 18, the Budgetary Comparison Schedules on pages 66 through 69, Schedule of the County's Proportionate Share of the Net Pension/OPEB Liability—Cost-Sharing Plans on pages 70 through 71, Schedule of County Pension/OPEB Contributions – All Plans on pages 72 through 73, Schedule of Changes in the County's Net Pension/OPEB Liability and Related Ratios—Public Safety Personnel Retirement System on pages 74 through 75, and Notes to Required Supplementary Information on pages 76 through 79 be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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.

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 Auditor General of the State of Arizona, the Board of Supervisors, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated July 2, 2020, 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.

Walker & Armstrong, LLP

Phoenix, Arizona
July 2, 2020

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MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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As management of Greenlee County, Arizona (the 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 2019. Please read it in conjunction with the County's basic financial statements, which begin on page 21.

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 most recent fiscal year by $4.0 million (*net position*).

- The County's total net position increased $3,622,191, which represents a 977 percent increase from the prior fiscal year, primarily due to pension expenses changes over the prior year charged to general government and public safety.

- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of $15.9 million, an increase of $1,475,615 in comparison with the prior year. Approximately 69 percent of this amount **(**$10.9 million**)** is available for spending at the County's discretion (*unassigned fund balance*).

- At the end of the current fiscal year, unrestricted fund balance (the total of the assigned and unassigned components of fund balance) for the General Fund was $11.7 million, or approximately 81 percent of total General Fund expenditures.

- The County's total outstanding long-term debt decreased by $(4.6) million during the current fiscal year primarily due to an decrease in the liability for pensions.

OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes required supplementary information intended to furnish additional detail to support the basic financial statements themselves.

<u>Government-wide financial statements</u> - The 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 accrual basis of accounting is used for government-wide financial statements.

The *Statement of Net Position* presents information on all of the County's assets, liabilities, and deferred inflows/outflows of resources with the difference 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.

OVERVIEW OF FINANCIAL STATEMENTS - Continued

The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported in the fiscal year the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements outline functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the County include general government, public safety, highways and streets, sanitation, health and welfare, culture and recreation, education, economic development, and interest on long-term debt.

The government-wide financial statements can be found on pages 21 and 22 of this report.

<u>Fund financial statements</u> - A *fund* is a grouping of related accounts that is 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 compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental 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, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial 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 County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The County maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Health Services, and Fair fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 23 through 26 of this report.

OVERVIEW OF FINANCIAL STATEMENTS - Continued

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. 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 programs.

The County maintains two different types of fiduciary funds. The Investment Trust Fund is used to account for pooled assets the County Treasurer holds and invests on behalf of other governmental entities. The Agency Fund reports resources held by the County in a custodial capacity for other parties.

The fiduciary fund financial statements can be found on pages 27 and 28 of this report.

Notes to the financial statements - The notes 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 immediately following the basic financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budget process, pension plans and its progress in funding its obligation to provide retirement benefits to its employees. The County adopts an annual budget for all governmental funds. Budgetary comparison schedules have been provided for the General and major Special Revenue Funds as required supplementary information. Schedules for the pension plans have been provided as required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by $4.0 million at the close of the most recent fiscal year.

The following table presents a summary of the County's net position for the fiscal years ended June 30, 2019 and 2018.

	2019	2018
Current and other assets	$ 16,690,713	$ 14,936,115
Capital assets, net	10,834,950	10,844,822
Total assets, net	27,525,663	25,780,937
Deferred outflows of resources	5,080,353	3,711,090
Long-term liabilities outstanding	22,948,868	27,554,314
Other liabilities	738,845	533,982
Total liabilities	23,687,713	28,088,296
Deferred inflows of resources	4,925,554	1,033,173
Net investment in capital assets	9,562,357	9,905,574
Restricted	4,367,484	2,224,939
Unrestricted	(9,937,092)	(11,759,955)
Total net position	$ 3,992,749	$ 370,558

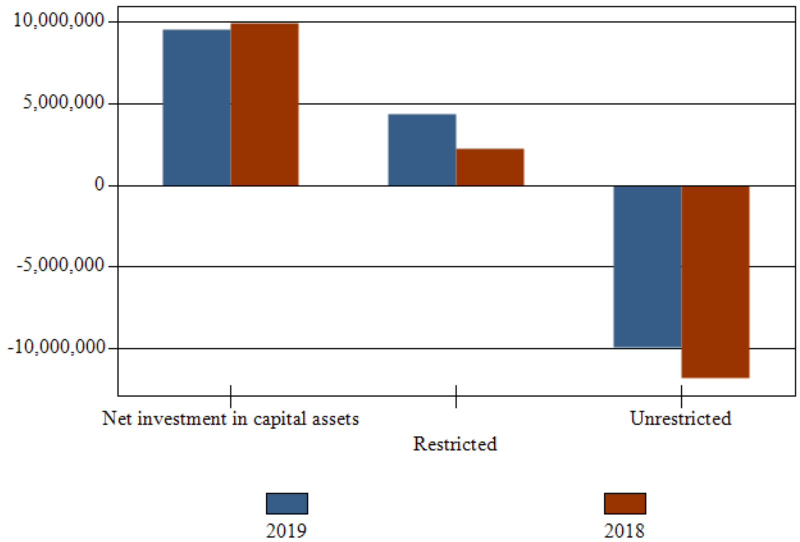
The largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, improvements, machinery, equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to its citizens. Accordingly, 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, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position represents resources that are subject to external restrictions on how they may be used. These resources are restricted for the following purposes: information systems, judicial activities, law enforcement activities, jail facilities and operations, public health services, waste tire program, fair and racing program, airport improvements and roads and schools.

At the end of the current fiscal year the County reported positive balances in two categories of net position. Unrestricted net position, which is normally used to meet the County's mission reported a deficit of $9.9 million. The deficit is due to the reporting of pension liabilities in the financial statements. The same situation held true for the prior fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Net Position - Comparison
June 30, 2019 and 2018



During the current fiscal year, net position increased $3.6 million from the prior fiscal year for an ending balance of $4.0 million.

The County's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant transactions that have had an impact on the Statement of Net Position for the fiscal year ended June 30, 2019

- The principal retirement of $408,370 of capital leases.
- The inception of $741,715 of capital leases.
- The reduction of $5 million of pension liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Changes in net position - The County's total revenues for the fiscal year ended June 30, 2019 were $21.5 million. The total cost of all programs and services was $17.8 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2019 and 2018.

Statement of Activities - Governmental Activities

	Year Ended June 30, 2019	2018
Revenues:		
Program revenues:		
Charges for services	$ 755,024	$ 809,461
Operating grants and contributions	5,702,564	5,612,625
Capital grants and contributions		1,155,795
General revenues:		
Property taxes	4,320,390	4,068,774
County sales taxes for general purposes	1,470,064	1,331,143
Other taxes	14,400	14,400
Share of state sales taxes	5,575,349	6,311,813
Share of state vehicle license tax	429,368	397,779
Grants and contributions not restricted to specific programs	2,929,551	3,142,898
Other	261,531	327,274
Total revenues	21,458,241	23,171,962
Expenses:		
General government	5,478,881	11,905,954
Public safety	5,987,602	6,132,831
Highways and streets	2,387,240	2,296,538
Sanitation	393,671	420,149
Health and welfare	2,195,378	2,088,644
Culture and recreation	421,615	435,718
Education	748,788	975,315
Economic development	139,681	119,125
Interest on long-term debt	83,194	38,398
Total expenses	17,836,050	24,412,672
Change in net position	3,622,191	(1,240,710)
Net position, beginning	370,558	1,611,268
Net position, ending	$ 3,992,749	$ 370,558

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

The following are significant transactions that have had an impact on the change in net position during the fiscal year ended June 30, 2019.

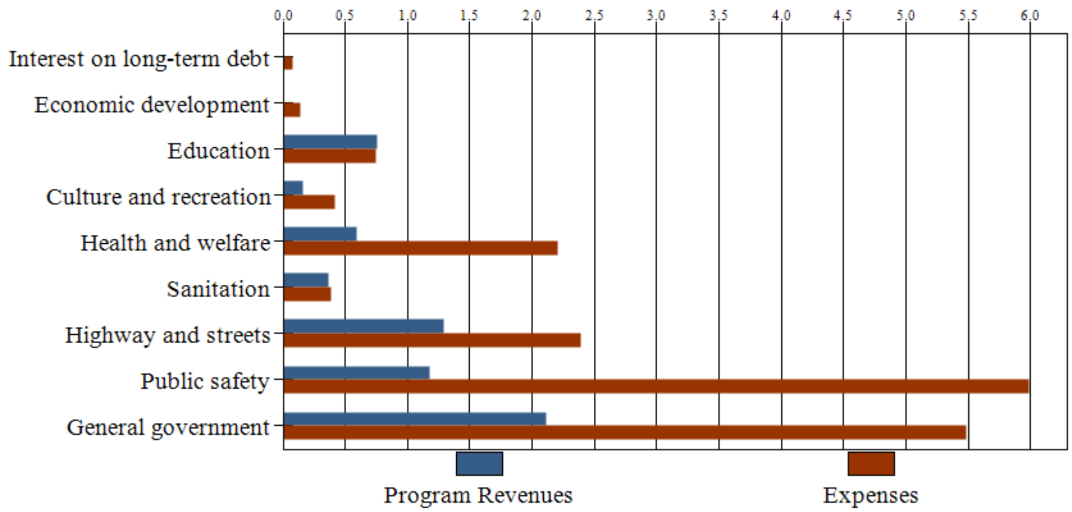
- Capital grants and contributions decreased by $1,155,795 due to the amount received from the Arizona Department of Transportation during the fiscal year ended 2018 did not occur in 2019.
- Property taxes increased by $251,616 due to increase in the overall property tax levy.
- County sales taxes for general purposes increased by $138,921 due to increased mining operations in the County.
- State shared sales tax decreased by $736,464 due to a decrease in the price of copper.
- Grants and contributions not restricted for specific programs decreased $213,347 primarily due to a decrease in Payment In Lieu of Taxes from federal government.
- General government expenses decreased $6.4 million primarily due to pension expenses changes.
- The increase of $106,734 in the health and welfare was mainly due to the ambulance subsidy.
- The decrease of $226,527 in the education was mainly due to decreased federal funding available.

The following table presents the cost of the County's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid and contributions provided for specific programs). The net cost shows the financial burden that was placed on the state and County's taxpayers by each of these functions.

	2019		2018	
Governmental Activities	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
General government	$ 5,478,881	$ (3,365,359)	$ 11,905,954	$ (9,833,873)
Public safety	5,987,602	(4,803,431)	6,132,831	(4,942,081)
Highway and streets	2,387,240	(1,099,303)	2,296,538	44,173
Sanitation	393,671	(35,879)	420,149	(120,544)
Health and welfare	2,195,378	(1,601,971)	2,088,644	(1,334,487)
Culture and recreation	421,615	(263,674)	435,718	(269,316)
Education	748,788	14,030	975,315	(221,140)
Economic development	139,681	(139,681)	119,125	(119,125)
Interest on long-term debt	83,194	(83,194)	38,398	(38,398)
Total	$ 17,836,050	$ (11,378,462)	$ 24,412,672	$ (16,834,791)

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Expenses and Program Revenues - by category (in millions)
Year ended June 30, 2019



- The cost of all governmental activities this year was $17.8 million.

- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of $6.5 million.

- Net cost of governmental activities of $11.4 million was financed by general revenues, which are made up primarily of taxes of $5.8 million, shared state tax revenues of $6.0 million, and grants and contributions not restricted to specific programs of $2.9 million.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

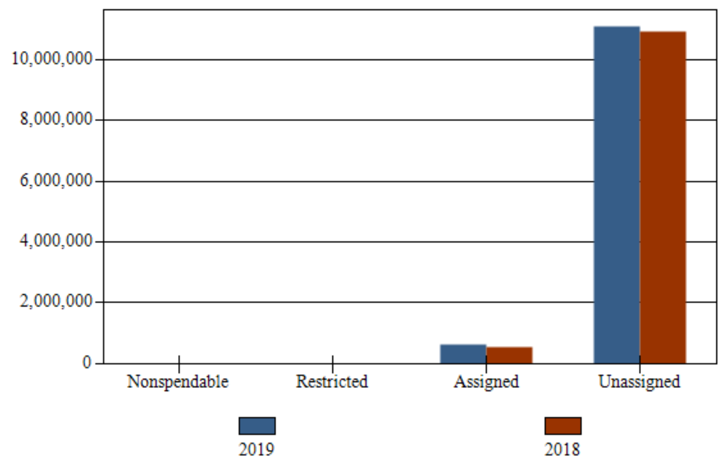
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the County's Board.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS - Continued

At June 30, 2019, the County's governmental funds reported a combined fund balance of $15.9 million, an increase of $1,475,615 in comparison with the prior year. Approximately 69 percent of this amount ($10.9 million) constitutes *unassigned fund balance*, which is available for spending at the County's discretion. The remainder of the fund balance is either restricted or assigned to indicate that it is (1) restricted for particular purposes ($4,367,484) or (2) assigned for particular purposes ($622,419).

Components of Fund Balance - General Fund
June 30, 2019 and 2018

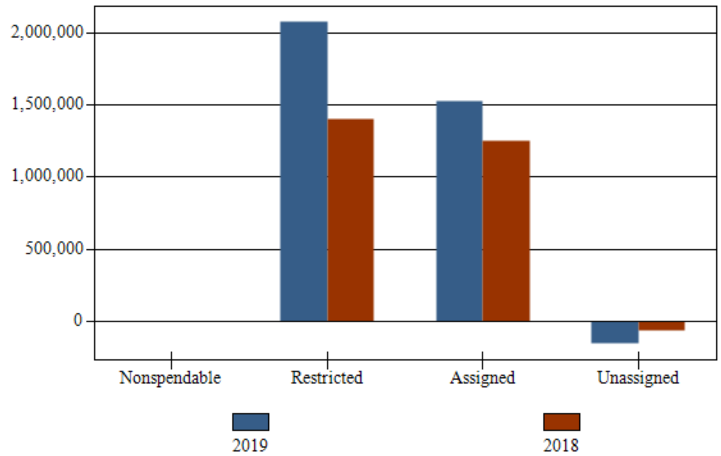


The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $11.1 million, while total fund balance increased to $11.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 77 percent of total General Fund expenditures, while total fund balance represents approximately 81 percent of that same amount.

The fund balance of the County's General Fund increased $679,235 during the current fiscal year. The increase was due primarily to decreased capital outlay expenditures and debt payments.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS - Continued

Components of Fund Balance - Other Governmental Funds
June 30, 2019 and 2018



The Health Services Fund, a major fund, had an increase in fund balance during the current year of $16,527 to bring the year end fund balance to $799,523. The Health Services Fund revenues increased by $85,906, and expenditures increased $79,149. The increase in revenues can be attributed to an increase in property taxes.

The Fair Fund, a major fund, had a decrease in fund balance during the current year of $62,073 to bring the year end fund balance to a deficit of $130,563. This change was mainly due to the increase in fair entertainment costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The significant difference between estimated revenues and expenditures and actual revenues and expenditures for the General Fund were as follows:

- Intergovernmental revenues exceeded estimates by $92,691 due to the EORP subsidy.
- Sales tax revenues exceeded estimates by $252,064 due to the increase in increased mining operations.
- Public safety – probation expenditures were $416,630 less than budgeted, and public safety – sheriff expenditures were $155,257 less than budgeted due to staffing vacancies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

<u>Capital assets</u> - The County's investment in capital assets as of June 30, 2019 totaled $10.8 million (net of accumulated depreciation). This investment includes land, infrastructure, buildings, improvements, machinery, equipment, and construction in progress. The total decrease in capital assets for the current fiscal year was approximately 0.09 percent.

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

The following schedule presents a summary of capital asset balances (net of accumulated depreciation) as of June 30, 2019 and 2018.

	2019	2018
Land	$ 258,535	$ 258,535
Land improvements	1,050,876	1,261,594
Infrastructure	1,360,578	1,428,220
Buildings and improvements	3,971,217	2,044,404
Machinery and equipment	4,059,339	3,633,432
Construction in progress	134,405	2,218,637
Total capital assets, net	$ 10,834,950	$ 10,844,822

Major capital asset events during the current fiscal year included vehicles and equipment for the Sheriff and Public Works departments totaling $1.4 million and total depreciation expense for the year of $1.4 million.

Additional information on the County's capital assets can be found in Note 5 in the notes to the financial statements.

Long-term debt - At the end of the current fiscal year, the County had $1.3 million in capital lease long-term debt outstanding, with $341,826 due within one year. This represents a net increase of $333,345 due to the inception of $741,715 in new leases offset by the principal payments totaling $408,370.

Additional information on the County's long-term debt can be found in Note 7 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In fiscal year 2019, the General Fund budget was 8.9% higher than the previous year and the total budget decreased by 2.4% due mainly to the completion of the South Annex facility. The facility is a multi-use facility providing space for the Health Department, UA Extension services, Justice Court, Constable, Sheriff's substation and Supervisor's office. The County assessed valuation decreased by $2.7 million. The primary property tax rate increased by .0085 cents while the tax rate for the Flood Control District remained at .25 cents and the Public Health Services District tax rate increased by .05 cents. The County continued to absorb the cost shifts enacted by the State legislature without a reduction in services. The increased pension and health care costs remain as priority issues for our county. Healthcare rates increased by 9.66% and the contribution rate for Elected Officials Retirement increased to 61.5%. State shared sales/severance taxes have remained stable with the overall collections coming in higher than anticipated. The mine continues to expand operations and the price of copper has remained consistent over the past year.

The fiscal year 2020 budget was adopted at 3.99% increase in the General Fund and an overall budget increase of 5.71%. The increase in the General Fund budget was due mainly to the 5.99% increase in healthcare costs, the ongoing mandatory pension contributions, salary adjustments to ensure compliance with minimum wage law, and a proposed landfill project. The County continues to use conservative revenue projections to ensure a sustainable budget and continues to lobby the state legislature for permanent financial assistance for the Elected Officials Retirement Plan, Public Safety Retirement System sustainability, transportation funding and elimination of state imposed cost shifts.

The County's operations may be affected by the recent and ongoing outbreak of the Coronavirus disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The disruption which may be caused by the outbreak is uncertain; however, it may result in an adverse impact on the County's financial position, operations, and cash flows. Possible effects may include, but are not limited to, disruption to the County's revenue streams, absenteeism in the workforce, unavailability of services and supplies used in operations, and a decline in value of assets held by the County, including inventories, property and equipment, and marketable securities.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Greenlee County Government, Board of Supervisor's Office, 253 Fifth Street, Clifton, Arizona 85533.

BASIC FINANCIAL STATEMENTS

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Greenlee County, Arizona

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 15,624,156
Property taxes receivable	18,846
Due from governmental entities	794,242
Other assets	253,469
Capital assets, non-depreciable	392,940
Capital assets, depreciable (net)	10,442,010
Total assets	27,525,663
Deferred outflows of resources	
Deferred outflows related to pensions and other postemployment benefits	5,080,353
LIABILITIES	
Accounts payable	393,367
Accrued payroll and employee benefits	345,478
Noncurrent liabilities	
Due within 1 year	762,346
Due in more than 1 year	22,186,522
Total liabilities	23,687,713
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions and other postemployment benefits	4,925,554
NET POSITION	
Net investment in capital assets	9,562,357
Restricted for:	
Information systems	181,528
Judicial activities	1,142,602
Law enforcement activities	202,142
Jail facilities and operations	154,132
Public health services	890,215
Waste tire program	116,649
Fair and racing program	30,311
Airport improvements	141,623
Roads and schools	1,250,310
Flood control	255,614
Environmental programs	370
Election	1,988
Unrestricted (deficit)	(9,937,092)
Total net position	$ 3,992,749

See accompanying notes to financial statements.

Greenlee County, Arizona

STATEMENT OF ACTIVITIES

Year ended June 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
General government	$ 5,478,881	$ 215,525	$ 1,897,997		$ (3,365,359)
Public safety	5,987,602	106,480	1,077,691		(4,803,431)
Highways and streets	2,387,240		1,287,937		(1,099,303)
Sanitation	393,671	357,792			(35,879)
Health and welfare	2,195,378	16,729	576,678		(1,601,971)
Culture and recreation	421,615	58,498	99,443		(263,674)
Education	748,788		762,818		14,030
Economic development	139,681				(139,681)
Interest on long-term debt	83,194				(83,194)
Total governmental activities	$ 17,836,050	$ 755,024	$ 5,702,564		(11,378,462)

General revenues:	
Taxes:	
Property taxes, levied for general purposes	3,106,286
Property taxes, levied for public health services	1,094,822
Property taxes, levied for flood control	119,282
County sales taxes for general purposes	1,470,064
Other taxes	14,400
State shared sales tax	5,575,349
State shared vehicle license tax	429,368
Grants and contributions not restricted to specific programs	2,929,551
Investment earnings	91,863
Miscellaneous	169,668
Total general revenues	15,000,653
Change in net position	3,622,191
Net position, July 1, 2018	370,558
Net position, June 30, 2019	$ 3,992,749

See accompanying notes to financial statements.

Greenlee County, Arizona

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2019

	General Fund	Health Services Fund	Fair Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 11,224,130	$ 886,646	$ 21,435	$ 3,491,945	$ 15,624,156
Property taxes receivable	12,395	4,312		2,139	18,846
Due from governmental entities	415,780	65,653	1,000	311,809	794,242
Due from other funds	284,911	36,231			321,142
Other assets	253,469				253,469
Total assets	$ 12,190,685	$ 992,842	$ 22,435	$ 3,805,893	$ 17,011,855
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 146,209	$ 164,412	$ 8,040	$ 74,706	$ 393,367
Accrued payroll and employee benefits	272,842	25,318	1,968	45,350	345,478
Due to other funds			142,990	178,152	321,142
Total liabilities	419,051	189,730	152,998	298,208	1,059,987
Deferred inflows of resources:					
Unavailable revenues - property taxes	10,238	3,589		1,633	15,460
Unavailable revenues - intergovernmental	24,111			51,099	75,210
Total deferred inflows of resources	34,349	3,589		52,732	90,670
Fund balances (deficit):					
Restricted		799,523		3,567,961	4,367,484
Assigned	622,419				622,419
Unassigned	11,114,866		(130,563)	(113,008)	10,871,295
Total fund balances (deficits)	11,737,285	799,523	(130,563)	3,454,953	15,861,198
Total liabilities, deferred inflows of resources, and fund balances	$ 12,190,685	$ 992,842	$ 22,435	$ 3,805,893	$ 17,011,855

See accompanying notes to financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2019

Fund balances - total governmental funds		$ 15,861,198
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.		
Governmental capital assets	$ 33,350,130	
Less accumulated depreciation	(22,515,180)	10,834,950
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	5,080,353	
Deferred inflows of resources related to pensions	(4,925,554)	154,799
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the funds		90,670
Some liabilities, including capital leases, compensated absences, and net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital leases payable	(1,272,593)	
Compensated absences payable	(416,655)	
Landfill closure and postclosure care costs payable	(1,401,286)	
Net pension and OPEB liability	(19,858,334)	(22,948,868)
Net position of governmental activities		$ 3,992,749

See accompanying notes to financial statements.

Greenlee County, Arizona
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year ended June 30, 2019

	General Fund	Health Services Fund	Fair Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 3,106,286	$ 1,094,822		$ 119,282	$ 4,320,390
Taxes	1,470,064			14,400	1,484,464
Licenses and permits	2,740				2,740
Intergovernmental	8,612,032	576,678	$ 40,000	3,369,193	12,597,903
Charges for services	461,916	10,540	58,498	102,572	633,526
Fines and forfeits	118,671			95	118,766
Investment income	69,854	2,795	80	19,134	91,863
Contributions	1,801,890			146,361	1,948,251
Miscellaneous	72,180	30,627	8,695	58,166	169,668
Total revenues	15,715,633	1,715,462	107,273	3,829,203	21,367,571
EXPENDITURES					
Current:					
General government	7,457,271			159,150	7,616,421
Public safety	4,302,659	182,386		1,200,892	5,685,937
Highways and streets	3,405			1,684,532	1,687,937
Sanitation	307,785				307,785
Health and welfare	256,795	1,852,760		10,000	2,119,555
Culture and recreation	93,401		289,346	30,808	413,555
Education	295,182			455,219	750,401
Economic development	139,681				139,681
Capital outlay	1,143,909	22,489		267,442	1,433,840
Debt service:					
Principal retirement	408,370				408,370
Interest and fiscal charges	83,194				83,194
Total expenditures	14,491,652	2,057,635	289,346	3,808,043	20,646,676
Excess (deficiency) of revenues over (under) expenditures	1,223,981	(342,173)	(182,073)	21,160	720,895
OTHER FINANCING SOURCES (USES)					
Capital lease agreements	741,715				741,715
Proceeds from sale of capital assets	10,305	2,700			13,005
Transfers in		356,000	120,000	820,766	1,296,766
Transfers out	(1,296,766)				(1,296,766)
Total other financing sources (uses)	(544,746)	358,700	120,000	820,766	754,720
Net change in fund balances	679,235	16,527	(62,073)	841,926	1,475,615
Fund balances (deficit), beginning of year	11,058,050	782,996	(68,490)	2,613,027	14,385,583
Fund balances (deficit), end of year	$ 11,737,285	$ 799,523	$ (130,563)	$ 3,454,953	$ 15,861,198

See accompanying notes to financial statements.

Greenlee County, Arizona

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, 2019

Net change in fund balances - total governmental funds		$ 1,475,615
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 expense.		
Capital outlay	$ 1,433,840	
Depreciation expense	(1,430,720)	3,120
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		74,119
In the statement of activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets.		(12,992)
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 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 pension/OPEB, is reported in the Statement of Activities.		
Pension/OPEB expense	1,003,510	
Pension/OPEB contributions	1,516,143	2,519,653
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal of long-term debt consumes the current financial resources of governmental funds. However, these payments reduce long-term liabilities in the Statement of Net Position. This amount is the effect of the difference in the treatment of repayments of long-term debt and related items.		
Principal repaid	408,370	
Capital leases	(741,715)	(333,345)
Under the modified accrual basis 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	(18,093)	
Increase in landfill closure and postclosure care costs	(85,886)	(103,979)
Change in net position of governmental activities		$ 3,622,191

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2019

	Investment Trust	Agency
ASSETS		
Cash and cash equivalents	$ 6,446,597	$ 35,085
Total assets	6,446,597	35,085
LIABILITIES		
Deposits held for others		35,085
Total liabilities		$ 35,085
NET POSITION		
Held in trust for investment trust participants	$ 6,446,597	

See accompanying notes to financial statements.

Greenlee County, Arizona

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year ended June 30, 2019

	Investment Trust
ADDITIONS:	
Contributions	$ 28,792,878
Total additions	28,792,878
DEDUCTIONS:	
Distributions to participants	27,130,811
Total deductions	27,130,811
Change in net position	1,662,067
Net position, beginning of year	4,784,530
Net position, end of year	$ 6,446,597

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Greenlee County, Arizona's accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

The County's significant accounting policies are described below.

A. Reporting Entity

The County is a general-purpose local government that a separately elected board of three County supervisors governs. 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 are 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 that they are legally separate from the County. Each blended component unit discussed below has a June 30 year-end. The County has no discretely presented component units.

The following table describes the County's component units:

Component Unit	Description; Criteria for Inclusion	Reporting Method	For Separate Financial Statements
Greenlee County Flood Control District	A tax-levying district that provides flood control systems; the County's Board of Supervisors serves as the board of directors, and County management has operational responsibility for the district.	Blended	Not available
Greenlee County Public Health Services District	A tax-levying district that provides public health services; the County's Board of Supervisors serves as the board of directors, and County management has operational responsibility for the district.	Blended	Not available

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Component Unit	Description; Criteria for Inclusion	Reporting Method	For Separate Financial Statements
Greenlee County Municipal Property Corporation (MPC)	A nonprofit corporation that assists in the acquisition of tangible real and personal property; the County's Board of Supervisors appoints all members of the governing board, is able to impose its will on the MPC, the MPC exists only to serve the County, and County management has operational responsibility for the MPC.	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 usefulness of the information.

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. Governmental activities generally are financed through taxes and intergovernmental revenues.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental 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 (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the County levies and imposes, are reported as general revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 and fiduciary fund categories. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. Fiduciary funds are aggregated and reported by fund type.

The County reports the following major governmental funds:

General Fund **-** This fund accounts for all financial resources of the County, except those required to be accounted for in other funds.

Health Services - This fund accounts for the activity of the Greenlee County Public Health Services District, including the receipt and expenditure of property taxes, public health grants, environmental safety programs, home health programs, inmate health care, animal control, and ambulance services.

Fair Fund - This fund accounts for monies available from the grants and charges to be used for the Greenlee County Fair and other events at the County Fairgrounds.

Additionally, the County reports the following fiduciary funds:

Investment Trust Fund - This fund accounts for pooled assets the County Treasurer holds and invests on behalf of other governmental entities.

Agency Fund - This fund accounts for assets the County holds as an agent for other parties.

C. Basis of Accounting

The government-wide and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Agency Funds are custodial in nature and do not have a measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 except where matching requirements exist.

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 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 capital lease agreements are reported as other financing sources.

D. Cash and Investments

All investments are stated at fair value.

E. 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.

F. Capital Assets

Capital assets are recorded at actual cost or estimated historical cost if historical records are not available. Donated assets are recorded at acquisition value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	$5,000		
Land improvements	$5,000	Straight Line	10-40 years
Infrastructure	$5,000	Straight Line	50 years
Buildings and improvements	$5,000	Straight Line	3-50 years
Machinery and equipment (including intangibles)	$5,000	Straight Line	3-20 years

G. Deferred Outflows and Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods that will be recognized as a revenue in future periods.

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 plan. 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 sub-classifications.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 balance by majority vote or resolution.

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 reserves the authority to make these assignments of resources based on its adopted policy.

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 accrued compensatory time earned by employees based on services already rendered.

Employees may accumulate up to 160 hours of vacation depending on years of service, but any vacation hours in excess of the maximum amount that are unused at calendar year-end are forfeited. Upon terminating employment, all unused and unforfeited vacation benefits are paid to employees.

Employees may accumulate compensatory time up to 240 hours for Sheriff deputies and jailors and up to 120 hours for other employees and is payable at termination. An eligible employee who had 120 hours, 240 hours for Sheriff deputies and jailors, of compensatory time accrued is

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

not eligible to accrue any additional compensatory time and is to be paid for future authorized overtime worked. If compensatory time is accrued, it cannot be converted back to pay except as provided in the termination policy or with the approval of the Board of Supervisors.

Accordingly, vacation benefits and compensatory time are accrued as a liability in the government-wide 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.

Employees may accumulate up to 1,920 hours of sick leave depending on years of service, but any sick leave hours in excess of the maximum amount that are unused at calendar year-end are forfeited. 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.

L. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances - At June 30, 2019, the following non-major funds reported deficits in fund balance:

Fund	Deficit
Emergency Management	$ 44,948
Drug gang & violent crime	12,289
Greenlee Graham Field Trainer	9,461
Superior court clerk	32
Flood disaster Fund	987
Sheriff - GOHS Selective Traffic Enforcement	125
Library - Rain Stem Grant	5,000
Probation - Juvenile standard probation	703
Probation - Judicial collection enhancement fund	18,895

These deficits resulted from operations during the current year and prior year but are expected to be corrected through normal operations or transfers from the General Fund in future years.

NOTE 3 - CASH AND CASH EQUIVALENTS

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, 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-ended and close- ended 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.

Credit Risk - Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.

2. Specified Bonds, debentures, notes and other evidences of indebtedness that are denominated in the United States dollars must be rated "A" or better, at the time of purchase by at least two nationally recognized rating agencies.

3. Fixed income securities must carry one of the two highest ratings by Moody's investor's service and Standard and Poor's rating service. If only one of the above-mentioned 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 not covered by federal depository insurance.

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 five 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.

NOTE 3 - CASH AND CASH EQUIVALENTS - Continued

Deposits - At June 30, 2019, the carrying amount of the County's deposits was $22,096,338 and the bank balance was $22,885,442.

Statutes require a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable deposit insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

A reconciliation of cash and deposits to amounts shown on the Statements of Net Position follows:

Cash and Deposits	
Cash on hand	$ 9,500
Amount of deposits	22,096,338
Total	$ 22,105,838
Statements of Net Position	
Governmental activities	$ 15,624,156
Investment Trust Fund	6,446,597
Agency Fund	35,085
Total	$ 22,105,838

NOTE 4 - RECEIVABLES

Amounts due from governmental entities at June 30, 2019, as reported in the Statement of Net Position, include $108,654 in Highway User Revenues, $20,369 in state shared auto lieu taxes, $116,561 in County sales tax, $245,351 in state shared sales tax, $11,502 in County jail tax and $291,805 in grants and assistance.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

Governmental activities:	July 1, 2018	Increases	Decreases	June 30, 2019
Capital assets not being depreciated:				
Land	$ 258,535			$ 258,535
Construction in progress	2,218,637		$ (2,084,232)	134,405
Total capital assets not being depreciated	2,477,172		(2,084,232)	392,940
Capital assets being depreciated:				
Land improvements	5,733,704		(13,452)	5,720,252
Infrastructure	1,486,387			1,486,387
Buildings and improvements	9,671,285	$ 2,104,232		11,775,517
Machinery and equipment	12,830,088	1,413,840	(268,894)	13,975,034
Total	29,721,464	3,518,072	(282,346)	32,957,190
Less accumulated depreciation for:				
Land improvements	(4,472,110)	(197,266)		(4,669,376)
Infrastructure	(58,167)	(67,642)		(125,809)
Buildings and improvements	(7,626,881)	(177,419)		(7,804,300)
Machinery and equipment	(9,196,656)	(988,393)	269,354	(9,915,695)
Total	(21,353,814)	(1,430,720)	269,354	(22,515,180)
Total capital assets being depreciated, net	8,367,650	2,087,352	(12,992)	10,442,010
Governmental activities capital assets, net	$ 10,844,822	$ 2,087,352	$ (2,097,224)	$ 10,834,950

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 415,002
Public safety	245,795
Highways and streets	696,038
Health and welfare	65,825
Culture and recreation	8,060
Total	$ 1,430,720

NOTE 6 - LINE OF CREDIT

The County maintains a revolving line of credit with Zions First National Bank, dba National Bank of Arizona to cover cash flow needs. This line of credit has a $3,500,000 limit with interest payable at the same time as principal, which is contingent on the County's receipt of "nonrestricted operating revenues" as defined by A.R.S. §11-604.01(7). The credit line is secured by "nonrestricted operating revenues" received by the County Treasurer. Any unpaid principal and interest became due on the maturity date of June 30, 2019. The interest rate is at a rate per annum equal to sixty five percent of the bank's prime rate provided that in no event shall the interest rate exceed ten percent per annum. The schedule presented below is a summation of the activity related to the line of credit during the fiscal year ended June 30, 2019:

	Beginning Balance	Drawdowns	Principal Payments	Ending Balance	Interest Payments
Investment Trust Fund	$ -	$ 6,762,477	$ 6,762,477	$ -	$ 30,999
Total	$ -	$ 6,762,477	$ 6,762,477	$ -	$ 30,999

NOTE 7 - LONG-TERM LIABILITIES

The following schedule details the County's long-term liability and obligation activity for the fiscal year ended June 30, 2019:

	Balance at July 1, 2018	Additions	Reductions	Balance at June 30, 2019	Due Within One Year
Governmental activities:					
Capital leases payable	$ 939,248	$ 741,715	$ 408,370	$ 1,272,593	$ 341,826
Compensated absences payable	398,562	429,802	411,709	416,655	416,655
Landfill closure and postclosure care costs payable	1,315,400	85,886		1,401,286	3,865
Net pension and other postemployment benefits liability	24,901,104		5,042,770	19,858,334	
Total	$ 27,554,314	$ 1,257,403	$ 5,862,849	$ 22,948,868	$ 762,346

NOTE 7 - LONG-TERM LIABILITIES - Continued

Capital Leases - The County has acquired machinery and equipment under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option or a transfer of ownership by the end of the lease term.

The assets acquired through capital leases are as follows:

Assets:	
Vehicles, furniture, and equipment	$ 5,078,826
Less accumulated depreciation	(2,836,722)
Carrying value	$ 2,242,104

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2019, were as follows:

Year ending June 30:	
2020	$ 390,388
2021	364,559
2022	272,864
2023	171,342
2024	96,845
2025	108,728
Total minimum payments required	1,404,726
Less amount representing interest	(132,133)
Present value of minimum lease payments	$ 1,272,593

Capital lease debt service payments are paid out of the General Fund.

Landfill Closure and Postclosure Care Costs - State and federal laws and regulations require the County to place a final cover on its three 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 the government wide financial statements in each period that the County operates the landfill. These costs will be paid from the Landfill Fund.

NOTE 7 - LONG-TERM LIABILITIES - Continued

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The $1,401,286 reported as landfill closure and postclosure care liability at June 30, 2019, represents the cumulative amount reported to date based on the use of 82.43% of the estimated capacity of the landfills less expenditures already paid as follows:

Landfill	Estimated Capacity Used to Date
Blue	100%
Loma Linda	88%
Loma Linda Construction and Demolition	73%

The County will recognize the remaining estimated cost of closure and post closure care of $301,351 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 2019. The County expects to close the Loma Linda Landfill in or after the year 2025 and expects to close the Loma Linda Construction and Demolition Landfill in or after the year 2025. The actual costs differ due to landfill expansions, inflation, changes in technology, or changes in regulations. The estimated remaining service life for each is 8 years. The Blue Landfill was closed in March 2006.

According to state and federal laws and regulations, the County must comply with the local government financial test requirements that ensure the County can meet the costs of landfill closure, postclosure, and corrective action when needed. The County is in compliance with these requirements.

Compensated Absences **-** Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2019, the County paid for compensated absences as follows: 68 percent from the general fund, 19 percent from major funds, and 13 percent from other funds.

NOTE 8 - FUND BALANCE CLASSIFICATIONS OF THE GOVERNMENTAL FUNDS

The fund balance classifications of the governmental funds as of June 30, 2019, were as follows:

	General Fund	Health Services Fund	Fair Fund	Non-Major Governmental Funds	Total
Fund balances (deficit):					
Restricted for:					
Information systems				$ 181,528	$ 181,528
Judicial activities				1,142,602	1,142,602
Law enforcement				202,142	202,142
Jail facilities and operations				154,132	154,132
Waste tire program				116,649	116,649
Fair and racing program				30,311	30,311
Airport improvement				141,623	141,623
Public health services		$ 799,523		90,692	890,215
Roads and schools				1,250,310	1,250,310
Flood control				255,614	255,614
Environmental programs				370	370
Election				1,988	1,988
Total restricted		799,523		3,567,961	4,367,484
Assigned to:					
Information systems	$ 2,076				2,076
Judicial activities	127,884				127,884
Law enforcement	14,010				14,010
Jail facilities and operations	684				684
Public health services	5,443				5,443
Landfill closure and development	396,756				396,756
Highways and streets					
Wellness program	75,566				75,566
Total assigned	622,419				622,419
Unassigned	11,114,866		$ (130,563)	(113,008)	10,871,295
Total fund balances (deficits)	$ 11,737,285	$ 799,523	$ (130,563)	$ 3,454,953	$ 15,861,198

NOTE 9 - 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 three 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 12 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; 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 $5,000 per occurrence for property claims and $1,500 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 three years after becoming a member; however, it may withdraw after the initial three-year period.

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 12 member counties. The pool provides member counties with workers' compensation coverage, as the 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 nine member entities. The pool provides member entities with health, prescription, dental, vision, life, short term disability and accidental death benefits for the entities' employees and their dependents. The County is responsible for paying a premium based on enrolled employees and dependents and requires its employees to contribute a portion of that premium.

The Arizona Counties Property and Casualty Pool, the Arizona Local Government Employee Benefit Trust and the Arizona Counties Workers' Compensation Pool receive independent audits annually and an audit by the Arizona Department of Insurance every five 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.

The County purchases commercial insurance for other miscellaneous risks of loss. Settled claims resulting from these risks have not exceeded this commercial insurance coverage in any of the past three fiscal years.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The County contributes to the plans described below. The plans are component units of the State of Arizona.

At June 30, 2019, the County reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of Net Position and Statement of Activities	
Net pension and OPEB liability/(asset)	$ 19,858,334
Deferred outflows of resources related to pensions and OPEB	5,080,353
Deferred inflows of resources related to pensions and OPEB	4,925,554
Pension and OPEB expense	(614,944)

The County’s accrued payroll and employee benefits includes $331,510 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2019.

The County reported $1,516,143 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

The ASRS pension, CORP-AOC pension, PSPRS - Sheriff pension and OPEB, and EORP pension and OPEB plans are described below. The PSPRS County Investigators pension and OPEB, ASRS OPEB and CORP-AOC OPEB plans are not described due to their relative insignificance to the County’s financial statements.

A. Arizona State Retirement System

Plan Description - The County's employees that are not covered by the other pension plans described after this section 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, Articles 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 the ASRS 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:

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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, 2019, statutes required active ASRS members to contribute at the actuarially determined rate of 11.8 percent (11.64 percent for retirement and 0.16 percent for long-term disability) of the members’ annual covered payroll and statutes required the County to contribute at the actuarially determined rate of 11.18 percent of the active members’ annual covered payroll. The County's contributions to the pension plan for the year ended June 30, 2019, was $677,044.

During fiscal year 2019, the County paid for ASRS pension contributions as follows: 62 percent from the General Fund, 16 percent from major funds, and 22 percent from other funds.

Liability - At June 30, 2019, the County reported $8,294,942 in liabilities for its proportionate share of ASRS' net pension asset or liability.

The net asset and net liabilities were measured as of June 30, 2018. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total liabilities as of June 30, 2018, reflects changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the discount rate from 8 percent to 7.5 percent, changing the projected salary increases from 3-6.75 percent to 2.7-7.2 percent, decreasing the inflation rate from 3

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

percent to 2.3 percent, and changing the mortality rates.

The County's proportion of the net asset or 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, 2018. The County's proportion measured as of June 30, 2018 was 0.05819 percent, which was an increase of 0.00166 percent from the prior year.

Expense - For the year ended June 30, 2019, the County recognized $458,452 in pension expense for ASRS.

Deferred Outflows/Inflows of Resources - For the year ended June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 229,057	$ 65,771
Changes of assumptions or other inputs	267,977	734,633
Net difference between projected and actual earnings on pension plan investments		245,754
Changes in proportion and differences between County contributions and proportionate share of contributions	274,010	3,215
County contributions subsequent to the measurement date	677,044	
Total	$ 1,448,088	$ 1,049,373

The amounts reported as deferred outflows of resources related to ASRS pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an increase of the net asset or a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as expenses as follows:

Year ending June 30,	Pension
2020	$ 228,321
2021	(115,074)
2022	(310,498)
2023	(87,534)
2024	3,988
Thereafter	2,468

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

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

ASRS	
Actuarial valuation date	June 30, 2017
Actuarial roll forward date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2% for pensions
Inflation	2.3%
Permanent benefit increase	Included for pensions
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 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 and by adding expected inflation.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The target allocation and best estimates of geometric real rates of return for each major asset class of ASRS are summarized in the following table:

ASRS Asset Class	Target Allocation	Long-Term expected Geometric Real Rate of Return
Equity	50%	5.50%
Fixed income	30%	3.83%
Real Estate	20%	5.85%
Total	100%	

Discount Rate - At June 30, 2018 the discount rate used to measure the ASRS total pension liability was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. 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 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 Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension (asset) liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability	$ 11,923,717	$ 8,294,942	$ 5,260,990

Plan Fiduciary Net Position - Detailed information about the plans' 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 - The County's 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 plan and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-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, and Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the County's financial statements.

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 a cost-sharing multiple-employer defined benefit pension plan (cost-sharing plans). 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. 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 publicly available financial reports that include 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, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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	
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
Retirement and Disability:		
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years, any age 10 years, age 62	25 years, age 52.5 10 years, age 62
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%	
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.	

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from $100 per month to $260 per month depending on the age of the member and dependents.

Employees Covered by Benefit Terms - At June 30, 2019, the following employees were covered by the agent plans' benefit terms:

	PSPRS - Sheriff	
	Pension	OPEB
Inactive employees or beneficiaries currently receiving benefits	7	7
Inactive employees entitled to but not yet receiving benefits	6	0
Active employees	14	14
Total	27	21

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 and health insurance premium 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. Contributions rates for the year ended June 30, 2019, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member - pension	County - pension	County - health
PSPRS - Sheriff	7.65%	39.25%	0%
CORP - AOC	8.41%	32.43%	0.55%

For the agent plan, the contributions to the pension plans for the year ended June 30, 2019 were:

	Pension	Health
PSPRS - Sheriff	$ 412,129	$ -
CORP - AOC	64,349	-

During the fiscal year 2019, the County paid for PSPRS pension and OPEB and CORP pension contributions as follows: 84.5 percent from the General Fund, and 15.5 percent from other non-major funds.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Liability - At June 30, 2019, Greenlee County, Arizona reported the following assets and liabilities:

	Net pension (asset) liability	Net OPEB (asset) liability
PSPRS - Sheriff	$ 3,059,530	$ (138,984)
CORP - AOC	840,552	12,060

The net assets and liabilities were measured as of June 30, 2018, and the total liability used to calculate the net assets or liability was determined by an actuarial valuation as of that date. The total CORP pension liabilities as of June 30, 2018, reflect statutory changes in benefit terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustments was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

Actuarial Assumptions - The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

PSPRS and CORP	
Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.4%
Wage inflation	3.5% for pension/not applicable for OPEB
Price inflation	2.5% for pension/not applicable for OPEB
Cost-of-living adjustment	Included for pension/not applicable for OPEB
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 for all pension plans are summarized in the following table:

PSPRS and CORP Asset Class	Target Allocation	Long-term expected geometric real rate of return
Short term investments	2%	0.25%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTS	12%	3.96%
Private credit	16%	6.75%
Real estate	10%	3.75%
Private equity	12%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	16%	7.60%
Total	100%	

Discount Rates - At June 30, 2018, the discount rate used to measure the PSPRS and CORP total pension/OPEB liabilities was 7.4 percent, which was the same as the discount rate used as of June 30, 2017. The projection of cash flows used to determine the 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 rates and the member rate. 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/OPEB liability.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Changes in the Net Pension/OPEB Liability -

PSPRS - Sheriff:	Pension Increase (Decrease)			OPEB Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) – (b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) – (b)
Balances at June 30, 2018	$ 6,862,007	$ 4,151,942	$ 2,710,065	$ 109,825	$ 267,101	$ (157,276)
Changes for the year:						
Service cost	166,566		166,566	3,461		3,461
Interest on the total pension liability	500,806		500,806	8,125		8,125
Changes of benefit terms						
Differences between expected and actual experience in the measurement of the pension liability	147,053		147,053	24,965		24,965
Changes of assumptions or other inputs						
Contributions—employer		238,915	(238,915)		(39)	39
Contributions—employee		76,777	(76,777)			
Net investment income		281,707	(281,707)		18,582	(18,582)
Benefit payments, including refunds of employee contributions	(355,289)	(355,289)		(3,522)	(3,522)	
Hall/Parker Settlement		(127,506)	127,506			
Administrative expense		(4,988)	4,988		(283)	283
Other changes		55	(55)		(1)	1
Net changes	459,136	109,671	349,465	33,029	14,737	18,292
Balances at June 30, 2019	$ 7,321,143	$ 4,261,613	$ 3,059,530	$ 142,854	$ 281,838	$ (138,984)

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 participating counties' actual contributions for the year ended June 30, 2018. The County's proportion measured as of June 30, 2018, was .233504 percent, which was a decrease of .052544 percent from its proportion measured as of June 30, 2017.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Sensitivity of the Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate - The following table presents the County's net pension liabilities calculated using the discount rate of 7.4 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.4 percent) or 1-percentage-point higher (8.4 percent) than the current rate:

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PSPRS - Sheriff:			
Net pension liability	$ 4,032,030	$ 3,059,530	$ 2,266,931
Net OPEB (asset) liability	$ (121,566)	$ (138,984)	$ (153,480)
CORP - AOC:			
County's proportionate share of net pension liability	$ 1,116,175	$ 852,612	$ 638,637

Plan Fiduciary Net Position - Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS and CORP financial reports.

Expense - For the year ended June 30, 2019, the County recognized the following pension and OPEB expense:

	Pension expense	OPEB expense
PSPRS - Sheriff	$ 570,560	$ (5,692)
CORP - AOC	(26,365)	-

Deferred Outflows/Inflows of Resources - At June 30, 2019, Greenlee County, Arizona reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

PSPRS - Sheriff	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 576,469	$ 194,859
Changes of assumptions or other inputs	376,589	-
Net difference between projected and actual earnings on pension plan investments	56,172	
County contributions subsequent to the measurement date	412,129	-
Total	$ 1,421,359	$ 194,859

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

PSPRS - Sheriff	Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 22,692	
Changes of assumptions or other inputs		$ 3,504
Net difference between projected and actual earnings on pension plan investments		5,346
Total	$ 22,692	$ 8,850

CORP - AOC	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,148	$ 45,360
Changes of assumptions or other inputs	55,751	4,318
Net difference between projected and actual earnings on pension plan investments	15,205	361
Changes in proportion and differences between County contributions and proportionate share of contributions	41,121	174,903
County contributions subsequent to the measurement date	64,349	
Total	$ 179,574	$ 224,942

The amounts reported as deferred outflows of resources related to pension and OPEB resulting from contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending	PSPRS - Sheriff		CORP - AOC
June 30,	Pension	Health	Pension/OPEB
2020	$ 293,694	$ 2,022	$ (11,889)
2021	206,313	2,022	(22,682)
2022	139,860	2,020	(33,397)
2023	172,468	4,082	(41,065)
2024	2,036	3,848	(684)
Thereafter		(152)	

PSPDCRP Plan - County sheriff employees, County detention officers 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.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

For the year ended June 30, 2019, active PSPDCRP members were required by statute to contribute at least 9 percent (County sheriff employees) or 5 percent (County detention officers 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 of 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, 2019, the County recognized pension expense of $1,584.

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 and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. The EORP pension and OPEB plans were 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.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Benefits Provided - The EORP provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits 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 actuarially 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 effect on the plan.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 8 or more years of service, benefits range from $100 per month to $260 per month depending on the age of the member and dependents. For members with 5 to 7 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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, 2019, 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 61.5 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 49.86 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 55.5 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. The County's contributions to the pension and health insurance premium benefit plans for the year ended June 30, 2019, were $362,621 and $0, respectively. During fiscal year 2019, the County's general fund paid for EORP pension contributions.

Liability - At June 30, 2019, 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	$ 7,943,505
State's proportionate share of the EORP net pension liability associated with the County	1,361,068
Total	$ 9,304,573

The County also reported an asset of $153,272 for its proportionate share of EORP's net OPEB asset.

The net asset and net liability were measured as of June 30, 2018, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2018, reflect statutory changes in benefit terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustments was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The County's proportion of net pension liability was based on the County's required contributions to the pension plan relative to the total of all participating employers' required contributions for the year ended June 30, 2018. The County's proportion of the net OPEB asset was based on the County's present value of benefits relative to the total of all participating employer's present value of benefits for the year ended June 30, 2018. The County's proportion measured as of June 30, 2018 , and the change from its proportions measured as of June 30, 2017 were:

	Proportion June 30, 2018	Increase (decrease) from June 30, 2017
Pension	1.26%	0.25%
Health insurance premium benefit	1.48%	0.03%

Expense - For the year ended June 30, 2019, the Country recognized the pension and OPEB expense for EORP of $(1,613,483) and $0, respectively, and revenue of $(386,982) for the County's proportionate share of the State's appropriation to EORP and the designated court fees.

Deferred Outflows/Inflows of Resources - At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

EORP	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 123,891
Changes of assumptions or other inputs	49,494	3,306,942
Net difference between projected and actual earnings on pension plan investments	68,931	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,525,229	-
County contributions subsequent to the measurement date	362,621	-
Total	$ 2,006,275	$ 3,430,833

EORP	Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,844	$ 7,161
Changes of assumptions or other inputs	521	-
Net difference between projected and actual earnings on pension plan investments	-	8,294
Changes in proportion and differences between County contributions and proportionate share of contributions	-	1,242
Total	$ 2,365	$ 16,697

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The amounts reported as deferred outflows of resources related to EORP pensions and OPEB resulting from county contributions subsequent to the measurement date will be recognized as an increase of the net asset or reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions and OPEB will be recognized as expenses as follows:

Year ending June 30,	Pension	Health
2020	$ (1,648,324)	$ (7,068)
2021	(110,756)	(4,548)
2022	(29,243)	(2,789)
2023	1,144	73

Actuarial Assumptions - The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

EORP	
Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.4%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	Included for pensions/not applicable for OPEB
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience.
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The long-term expected rate of return on EORP plan investments was determined to be 7.4 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
Short term investments	2%	0.25%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTS	12%	3.96%
Private credit	16%	6.75%
Real estate	10%	3.75%
Private equity	12%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	16%	7.60%
Total	100%	

Discount Rate - At June 30, 2018, the discount rate used to measure the EORP total pension and total OPEB liability was 7.4 percent which was an increase of 3.49 for pension and no change for OPEB from the discount rates used as of June 30, 2017. 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 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 plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the County's Proportionate Share of the EORP Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rates of 7.4 percent noted above, as well as what the County's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate:

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

EORP	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
County's proportionate share of the net pension liability	$9,120,990	$7,943,505	$6,942,607
County's proportionate share of the net OPEB (asset)	$(136,243)	$(153,272)	$(167,990)

Plan fiduciary net position - Detailed information about the 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 and the Elected Officials Defined Contribution Retirement System Disability Program (EODCDP). The EODCRS is a defined contribution pension plan. The EODCDP is a cost-sharing multiple-employer defined benefit disability (OPEB) plan for EODCRS members. The PSPRS Board of Trustees governs the EODCRS and EODCDP according to the provisions of A.R.S. Title 38, Chapter 5, Articles 3.1 and 3.2. Benefit terms, including contribution requirements, are established by State statute. The EODCDP is not further disclosed because of its relative insignificance to the County's financial statements.

For the year ended June 30, 2019, active EODCRS members were required by statute to contribute 8 percent of the members' annual covered payroll, and the County was required by statue 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, 2019, the County recognized pension expense of $19,441.

NOTE 11 - INTERFUND BALANCES AND ACTIVITY

Interfund transfers - Interfund transfers for the year ended June 30, 2019 were as follows:

Transfers to	Transfers from General Fund
Health Fund	$ 356,000
Fair Fund	120,000
Non-Major Governmental Funds	820,766
Total	$ 1,296,766

NOTE 11 - INTERFUND BALANCES AND ACTIVITY - Continued

The majority of interfund transfers result from interfund billing for services, products, or shared expenses. The General Fund also makes transfers to other funds to provide support for such items as matching funds for grants or to make up the shortfall of grant-funded programs that the County deems important.

Interfund receivables and payables - Interfund balances for the year ended June 30, 2019 were as follows:

	Due to		
Due from	Fair Fund	Non-Major Governmental Fund	Total
General Fund	$ 142,990	$ 141,921	$ 284,911
Health Fund		36,231	36,231
Total	$ 142,990	$ 178,152	$ 321,142

NOTE 12 - 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, 2019.

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 deposits held by the County are included in the County Treasurer's investment pool, except for $129,033 of deposits. Therefore, the deposit risks of the Treasurer's investment pool are substantially the same as the County's deposit risks. See Note 3 for disclosure of the County's deposit risks.

NOTE 12 - COUNTY TREASURER'S INVESTMENT POOL - Continued

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

Statement of Net Position		
Assets	$	21,976,805
Liabilities		-
Net Position	$	21,976,805
Net position held in trust for:		
Internal participants	$	15,530,208
External participants		6,446,597
Total net position held in trust	$	21,976,805
Statement of Changes in Net Position		
Total additions	$	54,235,829
Total deductions		(50,827,990)
Net increase		3,407,839
Net position held in trust		
July 1, 2018		18,568,966
June 30, 2019	$	21,976,805

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

Greenlee County, Arizona

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year ended June 30, 2019

	Original and Final Budget Amounts	Non-GAAP Actual Amounts	Variance Positive (Negative)
Revenues:			
Property taxes	$ 3,080,334	$ 3,106,286	$ 25,952
Taxes	1,218,000	1,470,064	252,064
License and permits	40,500	2,740	(37,760)
Intergovernmental revenue	8,519,341	8,612,032	92,691
Charges for services	109,500	104,124	(5,376)
Fines and forfeits	88,000	118,671	30,671
Investment income	3,000	69,854	66,854
Contributions	1,800,000	1,801,890	1,890
Miscellaneous	150,000	72,180	(77,820)
Total revenues	15,008,675	15,357,841	349,166
Expenditures			
General government			
Board of supervisors	522,269	483,555	38,714
Airport	16,950	6,070	10,880
Assessor	451,393	314,342	137,051
Attorney	670,543	529,063	141,480
Constable no. 1	37,247	34,776	2,471
Constable no. 2	43,734	42,905	829
Contingency	100,000	70,000	30,000
County administration	504,577	443,877	60,700
Elections	129,678	136,582	(6,904)
Fleet	358,656	373,759	(15,103)
Information systems	894,722	745,213	149,509
General services	1,582,783	1,476,184	106,599
Ground and maintenance	776,183	534,482	241,701
Justice of the peace no. 1	264,219	218,756	45,463
Justice of the peace no. 2	251,833	231,299	20,534
Planning and zoning	61,500	2,205	59,295
Public fiduciary	74,734	64,104	10,630
Recorder	259,500	251,619	7,881
Superior court	941,744	842,435	99,309
Treasurer	269,249	265,316	3,933
Voter registration	23,000	9,206	13,794
Total general government	8,234,514	7,075,748	1,158,766

See the accompanying notes to this schedule.

Greenlee County, Arizona

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year ended June 30, 2019

	Original and Final Budget Amounts	Non-GAAP Actual Amounts	Variance Positive (Negative)
(continued)			
Public safety			
Emergency services	$ 205,765	$ 212,585	$ (6,820)
Probation	417,000	370	416,630
Sheriff	4,244,967	4,089,710	155,257
Total public safety	4,867,732	4,302,665	565,067
Health and welfare - AHCCCS/ALTCS payments	256,800	256,795	5
Culture and recreation			
County library	34,472	50,636	(16,164)
Parks and recreation	96,713	42,765	53,948
Total culture and recreation	131,185	93,401	37,784
Education			
School superintendent	271,501	267,600	3,901
U of A extension service	27,582	27,582	
Total education	299,083	295,182	3,901
Economic development	210,000	139,681	70,319
Capital outlay	1,000,000	226,026	773,974
Total expenditures	14,999,314	12,389,498	2,609,816
Excess (deficiency) of revenues over (under) expenditures	9,361	2,968,343	2,958,982
OTHER FINANCING SOURCES (USES)			
Transfer in	375,000		(375,000)
Transfer out	(1,816,486)	(1,296,766)	519,720
Total other financing uses	(1,441,486)	(1,296,766)	144,720
Net changes in fund balance	(1,432,125)	1,671,577	3,103,702
Fund balance, July 1, 2018	10,274,593	10,274,593	
Fund balance, June 30, 2019	$ 8,842,468	$ 11,946,170	$ 3,103,702

See the accompanying notes to this schedule.

Greenlee County, Arizona

BUDGETARY COMPARISON SCHEDULE – HEALTH SERVICES

Year ended June 30, 2019

	Original and Final Budget Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Property taxes	$ 1,096,048	$ 1,094,822	$ (1,226)
Intergovernmental revenue	686,334	576,678	(109,656)
Charges for services		10,540	10,540
Investment income		2,795	2,795
Rents		30,627	30,627
Total revenues	1,782,382	1,715,462	(66,920)
Expenditures			
Current:			
Public safety		182,386	(182,386)
Health and welfare	2,323,023	1,852,760	470,263
Capital outlay		22,489	(22,489)
Total expenditures	2,323,023	2,057,635	265,388
Excess (deficiency) of revenues over (under) expenditures	(540,641)	(342,173)	198,468
Other financing sources (uses)			
Proceeds from sale of capital assets		2,700	2,700
Transfer in	356,000	356,000	
Total other financing sources (uses)	356,000	358,700	2,700
Net changes in fund balance	(184,641)	16,527	201,168
Fund balance, July 1, 2018	782,996	782,996	
Fund balance, June 30, 2019	$ 598,355	$ 799,523	$ 201,168

See the accompanying notes to this schedule.

Greenlee County, Arizona

BUDGETARY COMPARISON SCHEDULE – FAIR FUND

Year ended June 30, 2019

	Original and Final Budget Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Intergovernmental revenue	$ 150,000	$ 40,000	$ (110,000)
Charges for services		58,498	58,498
Investment income		80	80
Miscellaneous		8,695	8,695
Total revenues	150,000	107,273	(42,727)
Expenditures:			
Current:			
Culture and recreation	270,000	289,346	(19,346)
Total expenditures	270,000	289,346	(19,346)
Excess (deficiency) of revenues over (under) expenditures	(120,000)	(182,073)	(62,073)
Other financing sources (uses)			
Transfer in	120,000	120,000	
Total other financing uses	120,000	120,000	
Net changes in fund balance		(62,073)	(62,073)
Fund balance, July 1, 2018	(68,490)	(68,490)	
Fund balance, June 30, 2019	$ (68,490)	$ (130,563)	$ (62,073)

See the accompanying notes to this schedule.

Greenlee County, Arizona

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION/OPEB LIABILITY - COST-SHARING PENSION PLANS

June 30, 2019

ASRS

	Reporting Fiscal Year (Measurement Date)					
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2010
County's proportion of the net pension liability	0.05%	0.05%	0.05%	0.05%	0.05%	
County's proportionate share of the net pension liability	$ 8,294,942	$ 8,983,928	$ 9,127,738	$ 8,451,877	$ 7,421,858	Information not available
County's covered payroll	$ 6,307,981	$ 5,812,078	$ 5,311,705	$ 4,839,651	$ 4,521,505	
County's proportionate share of the net pension liability as a percentage of its covered payroll	131.50%	154.57%	171.84%	174.64%	164.15%	
Plan fiduciary net position as a percentage of the total pension liability	73.40%	69.92%	67.06%	68.35%	69.49%	

CORP - AOC

	Reporting Fiscal Year (Measurement Date)					
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2010
County's proportion of the net pension liability	0.23%	0.29%	0.26%	0.26%	0.29%	
County's proportionate share of the net pension liability	$ 852,612	$ 1,164,581	$ 728,597	$ 620,393	$ 650,481	Information not available
County's covered payroll	$ 279,932	$ 362,136	$ 291,346	$ 285,739	$ 311,381	
County's proportionate share of the net pension liability as a percentage of its covered payroll	304.58%	321.59%	250.08%	217.12%	208.90%	
Plan fiduciary net position as a percentage of the total pension liability	53.72%	49.21%	54.81%	57.89%	58.59%	

See the accompanying notes to this schedule.

Greenlee County, Arizona

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION/OPEB LIABILITY - COST-SHARING PENSION PLANS

June 30, 2019

EORP

	Reporting Fiscal Year (Measurement Date)					
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2010
County's proportion of the net pension liability	1.26%	1.01%	0.99%	0.94%	0.93%	Information not available
County's proportionate share of the net pension liability	$ 7,943,505	$ 12,199,806	$ 9,409,348	$ 7,311,329	$ 6,222,698	
State's proportionate share of the net pension liability associated with the County	1,361,068	2,559,564	1,942,787	2,279,368	1,907,937	
Total	$ 9,304,573	$ 14,759,370	$ 11,352,135	$ 9,590,697	$ 8,130,635	
County's covered payroll	$ 1,008,209	$ 799,934	$ 749,936	$ 758,591	$ 841,387	
County's proportionate share of the net pension liability as a percentage of its covered payroll	787.88%	1,525.10%	1,254.69%	963.80%	739.58%	
Plan fiduciary net position as a percentage of the total pension liability	30.36%	19.66%	23.42%	28.32%	31.91%	

EORP

	Reporting Fiscal Year (Measurement Date)		
	2019 (2018)	2018 (2017)	2017 through 2010
County's proportion of the net OPEB asset	1.48%	1.46%	Information not available
County's proportionate share of the net OPEB asset	$ 153,272	$ 132,786	
County's covered payroll	$ 1,008,209	$ 799,934	
County's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	15.20%	16.60%	
Plan fiduciary net position as a percentage of the total OPEB liability	177.16%	164.84%	

See the accompanying notes to this schedule.

Greenlee County, Arizona

SCHEDULE OF COUNTY PENSION/OPEB CONTRIBUTIONS - ALL PENSION PLANS

June 30, 2019

ASRS

	2019	2018	2017	2016	2015	2014	2013 through 2010
Statutorily required contribution	$ 677,044	$ 687,570	$ 626,542	$ 576,320	$ 527,038	$ 483,801	
Contribution in relation to the statutorily required contribution	677,044	687,570	626,542	576,320	527,038	483,801	Information not available
Contribution deficiency (excess)	$	$	$	$	$	$	
County's covered payroll	$ 5,737,661	$ 6,307,981	$ 5,812,078	$ 5,311,705	$ 4,839,651	$ 4,521,505	
Contributions as a percentage of covered payroll	11.80%	10.90%	10.78%	10.85%	10.89%	10.70%	

PSPRS - Pension

	2019	2018	2017	2016	2015	2014	2013 through 2010
Actuarially required contribution	$ 412,129	$ 253,165	$ 253,830	$ 238,095	$ 165,012	$ 160,337	
Contribution in relation to the actuarially required contribution	412,129	125,659	253,830	238,095	165,012	160,337	Information not available
Contribution deficiency (excess)	$	$ 127,506	$	$	$	$	
County's covered payroll	$ 1,072,318	$ 936,772	$ 1,054,988	$ 1,011,019	$ 940,239	$ 846,389	
Contributions as a percentage of covered payroll	38.43%	13.41%	24.06%	23.55%	17.55%	18.94%	

PSPRS - Health insurance premium benefit

	2019	2018	2017	2016 through 2010
Actuarially required contribution	$ -	$ -	$ -	
Contribution in relation to the actuarially required contribution	-	-	-	Information not available
Contribution deficiency (excess)	$	$	$	
County's covered payroll	$ 1,072,318	$ 936,772	$ 1,054,988	
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	

See the accompanying notes to this schedule.

Greenlee County, Arizona

SCHEDULE OF COUNTY PENSION/OPEB CONTRIBUTIONS - ALL PENSION PLANS

June 30, 2019

CORP - AOC

	2019	2018	2017	2016	2015	2014	2013 through 2010
Statutorily required contribution	$ 64,349	$ 63,294	$ 72,717	$ 55,647	$ 42,518	$ 45,088	
Contribution in relation to the statutorily required contribution	64,349	63,294	72,717	55,647	42,518	45,088	Information not available
Contribution deficiency (excess)	$	$	$	$	$	$	
County's covered payroll	$ 371,104	$ 279,932	$ 362,136	$ 291,346	$ 285,739	$ 311,381	
Contributions as a percentage of covered payroll	17.34%	22.61%	20.08%	19.10%	14.88%	14.48%	

EORP

	2019	2018	2017	2016	2015	2014	2013 through 2010
Statutorily required contribution	$ 362,621	$ 193,544	$ 181,863	$ 176,235	$ 178,269	$ 197,726	
Contribution in relation to the statutorily required contribution	362,621	25,997	181,863	176,235	178,269	197,726	Information not available
Contribution deficiency (excess)	$	$ 167,547	$	$	$	$	
County's covered payroll	$ 880,090	$ 1,008,209	$ 799,934	$ 749,936	$ 758,591	$ 841,387	
Contributions as a percentage of covered payroll	41.20%	2.58%	22.73%	23.50%	23.50%	23.50%	

The County was not required and did not contribute to the EORP health insurance premium benefit plan for fiscal years 2019, 2018, or 2017. Information for fiscal years 2016 through 2010 is not available.

See the accompanying notes to this schedule.

SCHEDULE OF CHANGES IN THE COUNTY'S PENSION/OPEB LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
June 30, 2019

PSPRS - Sheriff Pension	Reporting Fiscal Year (Measurement Date)					
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2010
Total pension liability:						
Service cost	$ 166,566	$ 160,116	$ 171,279	$ 170,932	$ 140,956	Information
Interest on the total pension liability	500,806	415,416	411,203	391,023	315,179	not
Changes of benefit terms		68,497	77,036		100,080	available
Differences between expected and actual experience in the measurement of the pension liability	147,053	685,944			16,756	
			(293,002)	(114,998)		
Changes of assumptions or other inputs		234,218	204,433		543,017	
Benefit payments, including refunds of employee contributions	(355,289)	(322,025)	(207,444)	(172,679)	(156,937)	
Net change in total pension liability	459,136	1,242,166	363,505	274,278	959,051	
Total pension liability—beginning	6,862,007	5,619,841	5,256,336	4,982,058	4,023,007	
Total pension liability—ending (a)	$ 7,321,143	$ 6,862,007	$ 5,619,841	$ 5,256,336	$ 4,982,058	
Plan fiduciary net position:						
Contributions—employer	$ 238,915	$ 198,711	$ 234,075	$ 165,012	$ 160,337	
Contributions—employee	76,777	91,411	116,399	103,877	94,828	
Net investment income	281,707	420,406	20,853	120,579	389,564	
Benefit payments, including refunds of employee contributions	(355,289)	(322,025)	(207,444)	(172,679)	(156,937)	
Hall/Parker settlement	(127,506)					
Administrative expense	(4,988)	(4,120)	(3,401)	(3,316)	(3,137)	
Other changes	55	200,342	(40,326)	(2,680)	-	
Net change in plan fiduciary net position	109,671	584,725	120,156	210,793	484,655	
Plan fiduciary net position—beginning	4,151,942	3,567,217	3,447,061	3,236,268	2,751,613	
Plan fiduciary net position—ending (b)	$ 4,261,613	$ 4,151,942	$ 3,567,217	$ 3,447,061	$ 3,236,268	
County's net pension liability - ending (a) – (b)	$ 3,059,530	$ 2,710,065	$ 2,052,624	$ 1,809,275	$ 1,745,790	
Plan fiduciary net position as a percentage of the total pension liability	58.21%	60.51%	63.48%	65.58%	64.96%	
Covered payroll	$ 936,772	$ 1,054,988	$ 1,011,019	$ 940,239	$ 846,389	
County's net pension liability as a percentage of covered payroll	326.60%	256.88%	203.03%	192.43%	206.26%	

See the accompanying notes to this schedule.

SCHEDULE OF CHANGES IN THE COUNTY'S PENSION/OPEB LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
June 30, 2019

PSPRS - Sheriff OPEB

	Reporting Fiscal Year (Measurement Date)		
	2019 (2018)	2018 (2017)	2017 through 2010
Total OPEB liability:			
Service cost	$ 3,461	$ 3,079	Information not available
Interest on the total OPEB liability	8,125	7,763	
Changes of benefit terms		(3)	
Differences between expected and actual experience in the measurement of the OPEB liability	24,965	2,578	
Changes of assumptions or other inputs		(4,774)	
Benefit payments, including refunds of employee contributions	(3,522)	(1,581)	
Net change in total OPEB liability	33,029	7,062	
Total OPEB liability—beginning	109,825	102,763	
Total OPEB liability—ending (a)	$ 142,854	$ 109,825	
Plan fiduciary net position:			
Contributions—employer	$ (39)	$ -	
Contributions—employee	-	-	
Net investment income	18,582	28,277	
Benefit payments, including refunds of employee contributions	(3,522)	(1,581)	
Administrative expense	(283)	(250)	
Other changes	(1)	-	
Net change in plan fiduciary net position	14,737	26,446	
Plan fiduciary net position—beginning	267,101	240,655	
Plan fiduciary net position—ending (b)	$ 281,838	$ 267,101	
County's net OPEB (asset) liability - ending (a) – (b)	$ (138,984)	$ (157,276)	
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	197.29%	243.21%	
Covered payroll	$ 936,772	$ 1,054,988	
County's net OPEB (asset) liability as a percentage of covered payroll	(14.84)%	(14.91)%	

See the accompanying notes to this 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.

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

The following schedule reconciles the statement of revenues, expenditures, and changes in the fund balances to the budgetary comparison schedule:

General Fund	Total Revenues	Total Expenditures	Total Other Financing Sources (Uses)	Fund Balances, July 1, 2018	Fund Balances, June 30, 2019
Statement of Revenues, Expenditures, and Changes in Fund Balances	$ 15,715,633	$ 14,491,652	$ (544,746)	$ 11,058,050	$ 11,737,285
Present value of net minimum capital lease payments	-	(741,715)	(741,715)	-	-
Proceeds from sale of capital assets	-	(10,305)	(10,305)	-	-
Activity budgeted as special revenue funds	(357,792)	(1,350,134)	-	(783,457)	208,885
Budgetary comparison schedule	$ 15,357,841	$ 12,389,498	$ (1,296,766)	$ 10,274,593	$ 11,946,170

NOTE 3 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2019, the County had expenditures that exceeded the budget, however, this does not constitute a violation of any legal provisions.

Fund/Department	Excess
General fund:	
Elections	$ 6,904
Fleet	15,103
Emergency services	6,820
County library	16,164
Fair fund	19,346

The County will more closely monitor these expenditures to ensure the appropriated budget is not exceeded. The excesses were primarily the result of unexpected expenditures and expenditures made as a result of unanticipated revenue, or both. Overall, the County's total expenditures on a budgetary basis did not exceed budgeted appropriations. Each year, the County bases the adopted budget amounts on conservative current and budget year projections and past historical trends. Any excesses of appropriations are discussed with department heads to determine if adjustments will be made in future budgets. In addition, the County requires all capital expenditures to approved by the Board, regardless if of their inclusion in the budget, enabling the County to review the availability of funds for all purchases throughout the year.

NOTE 4 - ACTUARIALLY DETERMINED CONTRIBUTION RATES

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirement are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period as of the 2017 actuarial valuation	19 years
Asset valuation method	7-year smoothed market value; 80%/120% corridor
Actuarial assumptions:	
Investment rate of return	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. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS.
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 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 5 - FACTORS THAT AFFECT TRENDS

Arizona courts have ruled that provision of a 2011 law that changes the mechanism for funding permanent pension benefit increases and increased employee pension contributions 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-AOC and EORP changed benefits terms to reflect the prior mechanism for funding permanent benefit increases for those members and revise actuarial assumptions to explicitly value future permanent benefit increases. PSPRS and EORP also reduced those members' employee contribution rates. These charges 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 increased the PSPRS- 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- and CORP-AOC-required contributions beginning in fiscal year 2019 for members who retired or will retire after law's effective date. EORP-required contributions are not based on actuarial valuations, and therefore, these changes did not affect them. 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.

The fiscal year 2019 (measurement date 2018) pension liabilities for EORP 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.

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