Greenlee County, Arizona
Annual Financial Report
Year Ended June 30, 2016

GREENLEE COUNTY, ARIZONA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2016

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INDEPENDENT AUDITORS' REPORT

The Auditor General of the State of Arizona

The 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 as of and for the year ended June 30, 2016, 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.

Auditor's 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.

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 Greenlee County, Arizona, as of June 30, 2016, 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 5 through 17, the Budgetary Comparison Schedules on pages 72 through 75, Schedule of the Proportionate Share of the Net Pension Liability – Cost Sharing Pension Plans on pages 76 through 78, Schedule of Pension Contributions on pages 79 through 80, the Schedule of Funding Progress – Public Safety Personnel Retirement System Other Postemployment Benefits on page 81, and the Schedule of Changes in the Net Pension Liability and Related Ratios – Agent Pension Plan on page 82 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 use highway user revenue fund monies the County received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues the County received solely for the authorized transportation purposes, insofar as they relate to accounting matters. 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 use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they related 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 March 22, 2017, 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 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 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.

Fester & Chapman P.C.

March 22, 2017

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 June 30, 2016. Please read it in conjunction with the County's basic financial statements, which begin on page 20.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the County exceeded its liabilities and deferred outflows at the close of the most recent fiscal year by $2.9 million (*net position*).

- The County's total net position decreased $1.8 million, which represents a 38 percent decrease from the prior fiscal year, primarily due to increased expenses over the prior year in general government and public safety.

- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of $13.7 million, an increase of $880,353 in comparison with the prior year. Approximately 77 percent of this amount ($10.6 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 $11.1 million, or approximately 91 percent of total General Fund expenditures.

- The County's total outstanding long-term debt increased by $1.7 million during the current fiscal year primarily due to an increase 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.

Government-wide Financial Statements. 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.

OVERVIEW OF 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.

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 20 and 21 of this report.

Fund Financial Statements. 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.*

OVERVIEW OF FINANCIAL STATEMENTS

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 Airport Improvement, 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 22 through 28 of this report.

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 29 and 30 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 OVERALL FINANCIAL ANALYSIS

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 $2.9 million at the close of the most recent fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents a summary of the County's net position for the fiscal years ended June 30, 2016 and 2015.

	As of June 30, 2016	As of June 30, 2015
Current assets	$ 14,265,924	$ 13,718,240
Capital assets, net	7,791,362	9,078,246
Total assets	22,057,286	22,796,486
Deferred outflow of resources – pension plan items	3,617,893	3,807,204
Long-term liabilities outstanding	21,291,179	19,598,363
Other liabilities	463,157	768,061
Total liabilities	21,754,336	20,366,424
Deferred inflow of resources – pension plan items	1,045,935	1,579,359
Net position:		
Net investment in capital assets	6,322,866	7,039,163
Restricted	958,823	906,992
Unrestricted	(4,406,781)	(3,288,248)
Total net position	$ 2,874,908	$ 4,657,907

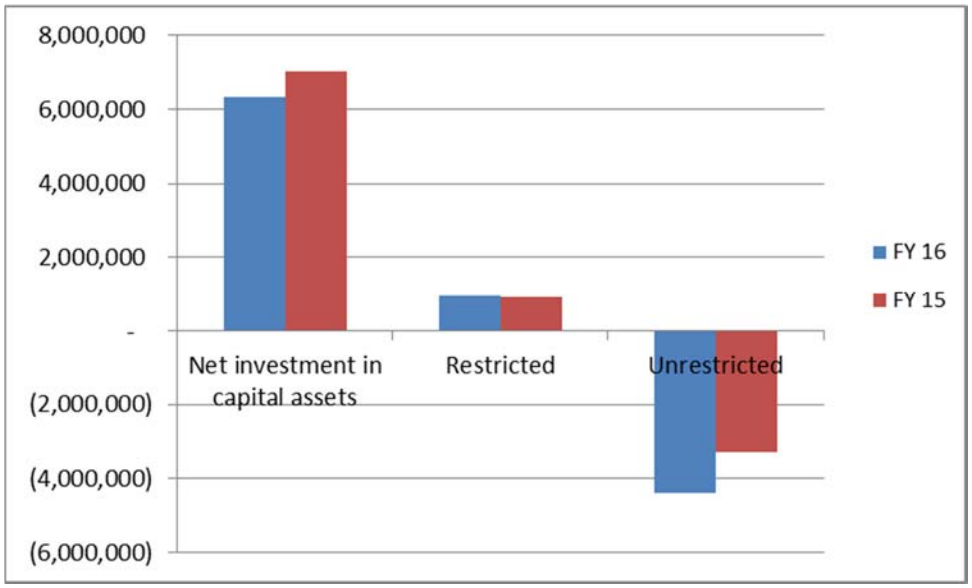
The largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, improvements, machinery, equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide 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, waste tire program, fair and racing program and roads and schools.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 $4.4 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.

Net Position
June 30, 2016 and 2015



During the current fiscal year, net position decreased $1.8 million from the prior fiscal year for an ending balance of $2.9 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, 2016.

- The principal retirement of $865,381 of capital leases.
- The inception of $294,794 of capital leases.
- The addition of $2.2 million of pension liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position. The County's total revenues for the fiscal year ended June 30, 2016 were $19.8 million. The total cost of all programs and services was $21.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and 2015.

	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015
Revenues:		
Program revenues:		
Charges for services	$ 918,454	$ 991,367
Operating grants and contributions	5,548,324	5,364,846
General revenues:		
Property taxes	3,955,523	3,768,467
County sales taxes for general purposes	1,082,154	1,491,594
Other taxes	14,400	14,400
Share of state sales taxes	5,254,023	5,537,400
Share of state vehicle license tax	524,258	519,328
Grants and contributions not restricted to specific programs	2,173,144	1,974,382
Other	323,294	536,876
Total revenues	19,793,574	20,198,660
Expenses:		
General government	9,815,405	9,322,760
Public safety	6,071,747	5,712,039
Highways and streets	2,374,538	2,482,273
Sanitation	326,744	387,858
Health and welfare	2,118,346	1,939,135
Culture and recreation	385,663	304,429
Education	300,882	634,124
Economic development	129,573	82,305
Interest on long-term debt	53,675	112,321
Total expenses	21,576,573	20,977,244
Changes in net position	(1,782,999)	(778,584)
Net position, beginning	4,657,907	5,436,491
Net position, ending	$ 2,874,908	$ 4,657,907

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following are significant transactions that have had an impact on the change in net position during the fiscal year ended June 30, 2016.

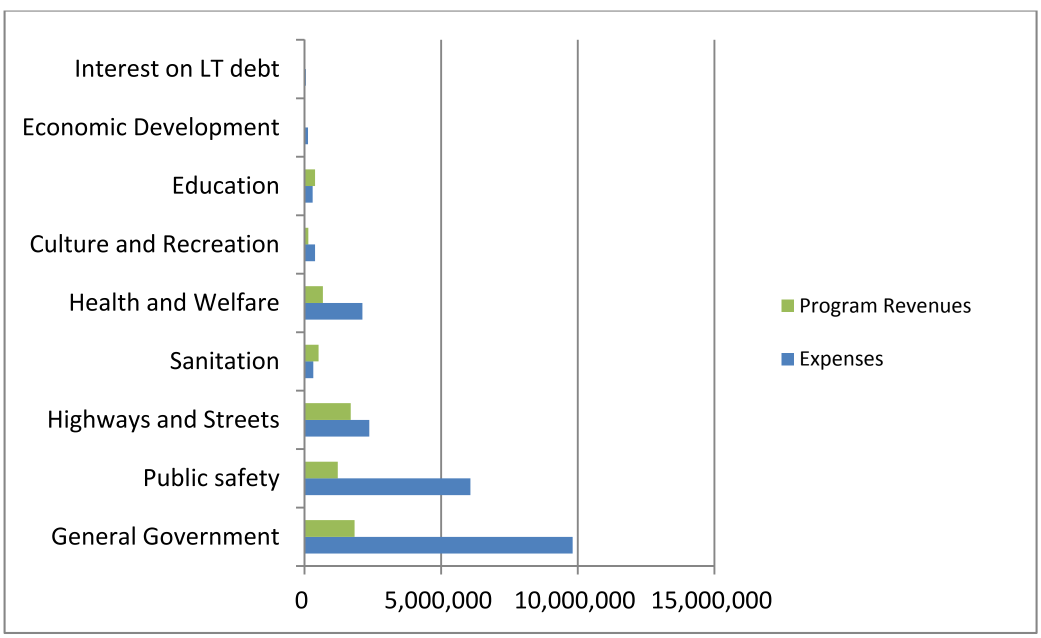
- Charges for services decreased $72,913 primarily due to a decrease in sanitation from the prior year.
- Operating grants and contributions increased $183,478 primarily due to an increase in health related grant revenue.
- Property taxes increased by $187,056 due to an increase in the overall property tax levy.
- County sales taxes for general purposes decreased by $409,440 due to decreased spending from mining operations in the County.
- State shared sales tax decreased by $283,377 due to the drop in copper prices which results in a major decline in severance tax.
- Grants and contributions not restricted to specific programs increased $198,762 primarily due to an increase in funding from the Department of the Interior.
- General government expenses increased $599,329 primarily due to increased pension expenses.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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.

	Year Ended June 30, 2016		Year Ended June 30, 2015	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
General government	$ 9,815,405	$ (7,978,236)	$ 9,322,760	$ (7,396,884)
Public safety	6,071,747	(4,853,760)	5,712,039	(4,381,829)
Highways and streets	2,374,538	(682,643)	2,482,273	(692,379)
Sanitation	326,744	189,147	387,858	125,592
Health and welfare	2,118,346	(1,444,998)	1,939,135	(1,323,982)
Culture and recreation	385,663	(242,880)	304,429	(200,368)
Education	300,882	86,823	634,124	(556,555)
Economic development	129,573	(129,573)	82,305	(82,305)
Interest on long-term debt	53,675	(53,675)	112,321	(112,321)
Total	$ 21,576,573	$ (15,109,795)	$20,977,244	$ (14,621,031)

Expenses and Program Revenues



GOVERNMENT-WIDE FINANCIAL ANALYSIS

- The cost of all governmental activities this year was $21.6 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 $15.1 million was financed by general revenues, which are made up primarily of taxes of $5.1 million, shared state tax revenues of $5.8 million, and grants and contributions not restricted to specific programs of $2.2 million.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

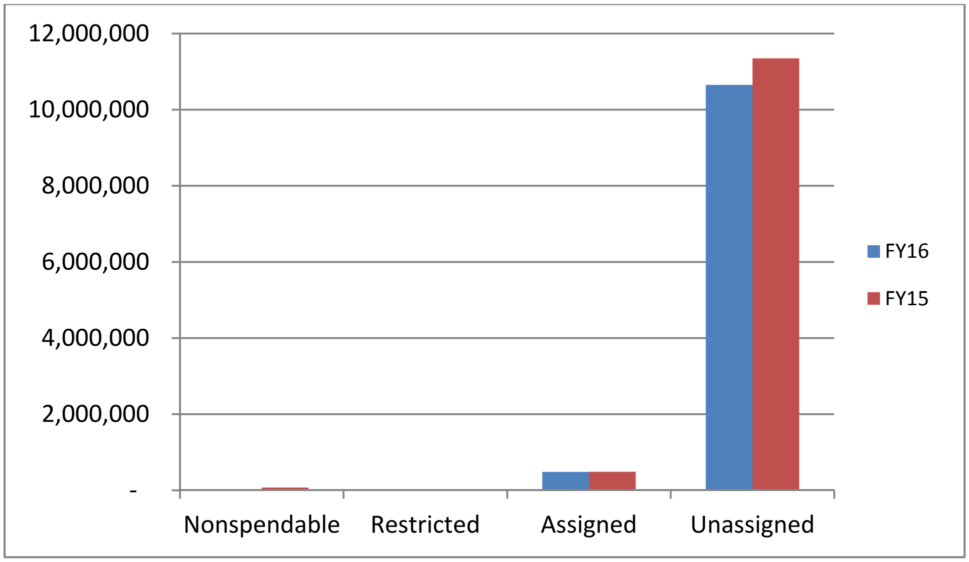
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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.

At June 30, 2016, the County's governmental funds reported a combined fund balance of $13.7 million, an increase of $880,353 in comparison with the prior year. Approximately 77 percent of this amount ($10.5 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 ($958,823) or 2) assigned for particular purposes ($2,202,146).

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Components of Fund Balance – General Fund

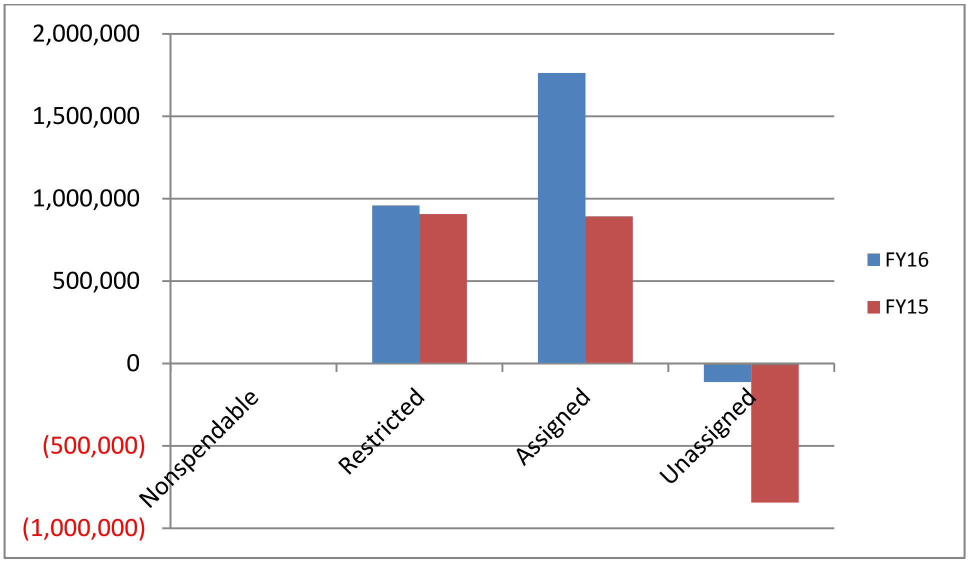


The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $10.7 million, while total fund balance decreased to $11.1 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 87 percent of total General Fund expenditures, while total fund balance represents approximately 91 percent of that same amount.

The fund balance of the County's General Fund decreased $772,815 during the current fiscal year. The decrease was due primarily to a decrease in sales tax revenues.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Components of Fund Balance
Other Governmental Funds



The Health Services Fund, major fund, had an increase in fund balance during the current year of $1.1 million to bring the year end fund balance to $759,212. The Health Services Fund revenues increased by $255,876, and expenditures increased $61,620. The increase in revenues can be attributed to an increase in property taxes and intergovernmental revenues. In addition, the increase in fund balance is also attributed to an increase in the amount of funds transferred in from the General fund.

The Airport Improvement Fund, another major fund, experienced a decrease in fund balance of $83,723 to a deficit of $(44,379) at year end. This can be attributed to expenditures exceeding revenues during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Tax revenues were below estimates by $173,053 due to the decline in sales tax revenues that can attributed to the decline in the copper market.

- Ground and maintenance expenditures were $188,456 less than budgeted, data processing expenditures were $224,231 less than budgeted, public safety – probation expenditures were $370,000 less than budgeted, and public safety – sheriff expenditures were $181,027 less than budgeted. This can be attributed to a decline in the copper market. If the decline appears to be a longer term issue, the County has a policy in place to immediately re-evaluate any upcoming capital expenditures, potentially freeze hiring, and considers if there are future expenditures that could be delayed. Additionally, during industry declines, the County experiences a lower crime rate and decline in area population resulting in a decreased number of cases handled by the departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's investment in capital assets as of June 30, 2016 amounts to $7.8 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 14 percent.

The following schedule presents a summary of capital asset balances (net of accumulated depreciation) as of June 30, 2016 and 2015.

	As of June 30, 2016	As of June 30, 2015
Land	$ 233,654	$ 233,654
Infrastructure	241,973	250,512
Land improvements	1,406,224	1,622,485
Buildings and improvements	1,580,262	1,860,811
Machinery and equipment	3,888,549	4,794,479
Construction in progress	440,700	316,305
Total	$ 7,791,362	$ 9,078,246

Major capital asset events during the current fiscal year included the following:

- Election equipment, phone equipment and server purchases totaling $150,568.
- Total depreciation expense for the year of $1.7 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

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 $1.5 million in capital lease long-term debt outstanding, $687,685 due within one year. This represents a net decrease of $570,587 due to the inception of $294,794 in new leases, and the principal retirement of $865,381.

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

The fiscal year 2015-16 General Fund budget was 7 percent higher than the previous year, and the total budget exceeded the previous year's budget by 13 percent. The County assessed valuation increased by $7.1 million. The primary property tax rate increased by $.0126 while the tax rates for the flood control district increased by $.02 and public health services increased by $.06. The County continued to absorb the cost shifts enacted by the legislature without a reduction in services. State shared sales/severance tax was below the budgeted amount due to decreased spending at the mine.

For fiscal year 2016-17, the County adopted a budget that reflects was virtually unchanged in the General Fund and a 1.0 percent overall increase. The County continues to use conservative revenue projections to ensure a sustainable budget.

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.

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BASIC FINANCIAL STATEMENTS

GREENLEE COUNTY, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	$ 13,024,862
Property taxes receivable	19,042
Accounts receivable	28,758
Due from governmental entities	955,460
Other assets	237,802
Total current assets	14,265,924
Noncurrent assets:	
Capital assets, non-depreciable	674,354
Capital assets, depreciable (net)	7,117,008
Total noncurrent assets	7,791,362
Total assets	22,057,286
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	3,617,893
LIABILITIES	
Current liabilities:	
Accounts payable	292,715
Accrued payroll and employee benefits	170,442
Current portion of long-term obligations	1,072,311
Total current liabilities	1,535,468
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	20,218,868
Total noncurrent liabilities	20,218,868
Total liabilities	21,754,336
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,045,935
NET POSITION	
Net investment in capital assets	6,322,866
Restricted for:	
Information systems	46,563
Judicial activities	623,983
Law enforcement activities	327
Jail facilities and operations	48,475
Waste tire program	200,097
Fair and racing program	39,301
Roads and schools	77
Unrestricted	(4,406,781)
Total net position	$ 2,874,908

The notes to the basic financial statements are an integral part of this statement.

GREENLEE COUNTY, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:				
General government	$ 9,815,405	$ 233,944	$ 1,603,225	$ (7,978,236)
Public safety	6,071,747	43,863	1,174,124	(4,853,760)
Highways and streets	2,374,538		1,691,895	(682,643)
Sanitation	326,744	514,071	1,820	189,147
Health and welfare	2,118,346	11,160	662,188	(1,444,998)
Culture and recreation	385,663	79,783	63,000	(242,880)
Education	300,882	35,633	352,072	86,823
Economic development	129,573			(129,573)
Interest on long-term debt	53,675			(53,675)
Total governmental activities	$ 21,576,573	$ 918,454	$ 5,548,324	(15,109,795)

General revenues:	
Taxes:	
Property taxes, levied for general purposes	2,661,770
Property taxes, levied for public health services	1,153,632
Property taxes, levied for flood control	140,121
County sales taxes for general purposes	1,082,154
Other taxes	14,400
Share of state sales tax	5,254,023
Share of state vehicle license tax	524,258
Grants and contributions not restricted to specific programs	2,173,144
Investment earnings	16,942
Miscellaneous	306,352
Total general revenues	13,326,796
Changes in net position	(1,782,999)
Net position, beginning of year	4,657,907
Net position, end of year	$ 2,874,908

The notes to the basic financial statements are an integral part of this statement.

GREENLEE COUNTY, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General	Health Services	Airport Improvement
ASSETS			
Cash and cash equivalents	$ 10,493,821	$ 643,992	$ 731
Property taxes receivable	11,582	4,685	
Accounts receivable	28,758		
Due from governmental entities	604,444	158,658	49,435
Other assets	237,802		
Total assets	$ 11,376,407	$ 807,335	$ 50,166
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 123,956	$ 25,577	$ 45,110
Accrued payroll and employee benefits	113,959	18,916	
Total liabilities	237,915	44,493	45,110
Deferred inflows of resources:			
Unavailable revenues - property taxes	3,051	3,630	
Unavailable revenues - intergovernmental			49,435
Total deferred inflows of resources	3,051	3,630	49,435
Fund balances (deficits):			
Restricted			
Assigned	483,680	759,212	
Unassigned	10,651,761		(44,379)
Total fund balances	11,135,441	759,212	(44,379)
Total liabilities, deferred inflows of resources and fund balances	$ 11,376,407	$ 807,335	$ 50,166

The notes to the basic financial statements are an integral part of this statement.

Non-Major Governmental Funds	Total Governmental Funds
$ 1,886,318	$ 13,024,862
2,775	19,042
	28,758
142,923	955,460
	237,802
$ 2,032,016	$ 14,265,924
$ 98,072	$ 292,715
37,567	170,442
135,639	463,157
1,930	8,611
	49,435
1,930	58,046
958,823	958,823
959,254	2,202,146
(23,630)	10,583,752
1,894,447	13,744,721
$ 2,032,016	$ 14,265,924

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GREENLEE COUNTY, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2016

Fund balances - total governmental funds		$13,744,721
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	$ 27,023,015	
Accumulated depreciation	(19,231,653)	7,791,362
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		58,046
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	3,617,893	
Deferred inflows of resources related to pensions	(1,045,935)	2,571,958
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital leases payable	(1,468,496)	
Net pension liability	(18,192,874)	
Compensated absences payable	(467,405)	
Landfill closure and postclosure care costs payable	(1,162,404)	(21,291,179)
Net position of governmental activities		$ 2,874,908

The notes to the financial statements are an integral part of this statement.

GREENLEE COUNTY, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	General	Health Services	Airport Improvement
Revenues:			
Taxes	$ 3,715,079	$ 1,157,005	$
Licenses and permits	3,867		
Intergovernmental	7,933,155	703,095	97,534
Charges for services	438,701	11,775	
Fines and forfeits	104,371		
Investment income	13,902	431	4
Contributions	1,201,820		
Rents	1,229		
Miscellaneous	158,493	31,204	
Total revenues	13,570,617	1,903,510	97,538
Expenditures:			
Current -			
General government	6,045,019		5,936
Public safety	3,744,698	112,850	
Highways and streets	25,121		
Sanitation	285,972		
Health and welfare	350,035	1,694,028	
Culture and recreation	66,013		
Education	246,821		
Economic development	129,125		
Capital outlay	503,569	13,139	198,134
Debt service -			
Principal retirement	810,164	55,217	
Interest and fiscal charges	51,837	1,838	
Total expenditures	12,258,374	1,877,072	204,070
Excess (deficiency) of revenues over expenditures	1,312,243	26,438	(106,532)
Other financing sources (uses):			
Transfers in		1,045,332	22,809
Transfers out	(2,386,377)		
Capital lease agreements	294,794		
Proceeds from sale of capital assets	6,525	6,300	
Total other financing sources (uses):	(2,085,058)	1,051,632	22,809
Changes in fund balances	(772,815)	1,078,070	(83,723)
Fund balances (deficits), beginning of year	11,908,256	(318,858)	39,344
Fund balances (deficits), end of year	$ 11,135,441	$ 759,212	$ (44,379)

The notes to the basic financial statements are an integral part of this statement.

Non-Major Governmental Funds	Total Governmental Funds
$ 156,650	$ 5,028,734
	3,867
3,182,775	11,916,559
219,351	669,827
8,353	112,724
2,621	16,958
175	1,201,995
4,487	5,716
116,655	306,352
3,691,067	19,262,732
618,768	6,669,723
1,586,426	5,443,974
1,763,802	1,788,923
	285,972
3,500	2,047,563
300,332	366,345
46,768	293,589
	129,125
40,898	755,740
	865,381
	53,675
4,360,494	18,700,010
(669,427)	562,722
1,618,236	2,686,377
(300,000)	(2,686,377)
	294,794
10,012	22,837
1,328,248	317,631
658,821	880,353
1,235,626	12,864,368
$ 1,894,447	$ 13,744,721

GREENLEE COUNTY, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds		$880,353
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report the portion of capital outlay for capitalized assets 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.		
Expenditures for capitalized assets	$ 382,105	
Current year depreciation	(1,664,047)	(1,281,942)
Collections of revenues in the governmental funds were more than revenues reported in the statement of activities.		(27,765)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Debt issued or incurred	(294,794)	
Principal repaid	865,381	570,587
Loss on disposal of capital assets		(4,942)
Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred pension items, is reported as pension expense in the Statement of Activities.		
Pension expense	(2,854,231)	
Current year pension contributions	1,046,297	(1,807,934)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.		
Increase in compensated absences	(78,602)	
Increase in landfill closure and postclosure care costs	(32,754)	(111,356)
Change in net position in governmental activities		$ (1,782,999)

The notes to the basic financial statements are an integral part of this statement.

GREENLEE COUNTY, ARIZONA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Investment Trust	Agency
ASSETS		
Cash and cash equivalents	$ 6,928,039	$ 87,373
Total assets	6,928,039	$ 87,373
LIABILITIES		
Deposits held for others		$ 87,373
Total liabilities		$ 87,373
NET POSITION		
Held in trust	$ 6,928,039	

The notes to the basic financial statements are an integral part of this statement.

GREENLEE COUNTY, ARIZONA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2016

	Investment Trust
Additions:	
Investment income	$ 25,855
Contributions from participants	31,804,998
Total additions	31,830,853
Deductions:	
Distributions to participants	32,025,517
Total deductions	32,025,517
Changes in net position	(194,664)
Net position, beginning of year	7,122,703
Net position, end of year	$ 6,928,039

The notes to the basic financial statements are an integral part of this statement.

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 more significant of the County's 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 govern. The accompanying financial statements present the activities of the County (the primary government) and its component units.

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. 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
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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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:

- charges to customers or applicants for goods, services, or privileges provided;
- operating grants and contributions; and
- capital grants and contributions.

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

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund financial statements – Provide information about the County's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County reports the following major governmental funds:

- The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- The *Health Services 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.

- The Airport Improvement Fund accounts for monies available from the Federal Aviation Administration to be used for aeronautical purposes (generally airports) which are collected from airline travelers.

The County also reports the following fiduciary fund types:

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

The *Agency 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 reported in the government-wide statements 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. Fund Balance Classifications

The governmental fund's fund balances are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations.

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors approved, which is the highest level of decision-making authority within the County. Only the Board can remove or change the constraints placed on committed fund balance by majority vote or resolution.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

H. Investment Earnings

Investment earnings is composed of interest, dividends, and net changes in the fair value of applicable investments.

I. Compensated Absences

Compensated absences consist 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 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

J. 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.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period so will not be recognized as an expense/expenditure until then.

In addition to liabilities, the statement of net position and balance sheet may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as revenue until that time.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the pension plan’s fiduciary net position and additions to/deductions from the plan’s 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.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances – At June 30, 2016, the following major and non-major funds reported deficits in fund balance:

Fund	Deficit
Major Governmental Fund:	
Airport Improvement Fund	$ 44,379
Non-Major Governmental Funds:	
Victim's Rights and Assistance	515
Greenlee Graham Field Trainer	9,462
Probation General Fund	3,550
State AID Enhancement	2,548
Juvenile Standard Probation	880
Diversion Consequences	140
Adult Int Probation Supervision	4,224
Judicial Collection Enhancement Fund	2,311

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

Expenditures in Excess of Appropriations – For the fiscal year ended June 30, 2016, expenditures exceeded final budget amounts in the General Fund at the department level (the legal level of budgetary control) as follows:

Department	Excess
Justice of the peace no. 2	$ 77
Public fiduciary	2,626

The County will more closely monitor 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; however, the County's total expenditures on a budgetary basis did not exceed budgeted appropriations. The County uses conservative budgeting practices and encourages departments to stay within their adopted budget amounts. Each year, the County bases the adopted budget amounts on these conservative current and budget year projections and past historical trends. Any excesses of appropriations are discussed with department heads to determine whether or not adjustments will be made in future budgets. In addition, the County requires all budgeted capital expenditures to be brought back to the Board for approval regardless of whether they were included in the budget or not. This allows the County to continually review the availability of funds for all purchases throughout the year.

NOTE 3 – DEPOSITS AND INVESTMENTS

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, 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 or District of Columbia.

Credit Risk
Statutes have the following requirements for credit risk:

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

2. 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.

NOTE 3 – DEPOSITS AND INVESTMENTS

Foreign Currency Risk
Statutes do not allow foreign investments, unless the investment is denominated in United States dollars.

Deposits – At June 30, 2016, the carrying amount of the County's deposits was $19,707,386 and the bank balance was $20,231,619. The County does not have a formal policy regarding custodial credit risk.

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	$ 332,888
Amount of deposits	19,707,386
Total	$ 20,040,274
Statements of Net Position	
Governmental activities	$ 13,024,862
Investment Trust Fund	6,928,039
Agency Fund	87,373
Total	$ 20,040,274

NOTE 4 – RECEIVABLES

Amounts due from governmental entities at June 30, 2016, as reported in the Statement of Net Position, include $82,045 in Highway User Revenues, $22,753 in state shared auto lieu taxes, $109,179 in County sales tax, $456,168 in state shared sales tax, $11,782 in County jail tax and $273,533 in grants and assistance.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016 was as follows.

Governmental Activities	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets not being depreciated:				
Land	$ 233,654	$	$	$ 233,654
Construction in progress	316,305	223,104	(98,709)	440,700
Total capital assets not being depreciated	549,959	223,104	(98,709)	674,354
Capital assets being depreciated:				
Land improvements	5,337,750	22,422	(42,172)	5,318,000
Infrastructure	262,266			262,266
Buildings and improvements	8,734,117	84,720		8,818,837
Machinery and equipment	12,066,426	150,568	(267,436)	11,949,558
Total	26,400,559	257,710	(309,608)	26,348,661
Less accumulated depreciation for:				
Land improvements	(3,715,265)	(238,683)	42,172	(3,911,776)
Infrastructure	(11,754)	(8,539)		(20,293)
Buildings and improvements	(6,873,306)	(365,269)		(7,238,575)
Machinery and equipment	(7,271,947)	(1,051,556)	262,494	(8,061,009)
Total	(17,872,272)	(1,664,047)	304,666	(19,231,653)
Total capital assets being depreciated, net	8,528,287	(1,406,337)	(4,942)	7,117,008
Governmental activities capital assets, net	$ 9,078,246	$(1,183,233)	$(103,651)	$ 7,791,362

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 799,997
Public safety	334,242
Highways and streets	487,522
Sanitation	804
Health and welfare	21,716
Culture and recreation	19,318
Economic development	448
Total governmental activities depreciation expense	$ 1,664,047

NOTE 6 – LINE OF CREDIT

The County maintains a revolving line of credit with Zions First National Bank to cover cash flow needs. This line of credit has a $2,500,000 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. 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, 2016. The interest rate is at a rate per annum equal to sixty 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, 2016.

	Beginning Balance	Drawdowns	Principal Payments	Ending Balance	Interest Payments
Governmental activities	$	$ 246,407	$ 246,407	$	$ 510
Investment Trust Fund		3,965,512	3,965,512		16,733
Total	$	$ 4,211,919	$ 4,211,919	$	$ 17,243

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, 2016.

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Governmental activities:					
Capital leases payable	$ 2,039,083	$ 294,794	$ 865,381	$ 1,468,496	$ 687,685
Compensated absences payable	388,803	540,275	461,673	467,405	381,119
Landfill closure and postclosure care costs payable	1,129,650	32,754		1,162,404	3,507
Net pension liability	16,040,827	2,182,135	30,088	18,192,874	
Total governmental activities long-term liabilities	$ 19,598,363	$ 3,049,958	$1,357,142	$ 21,291,179	$ 1,072,311

NOTE 7 – LONG-TERM LIABILITIES

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:

	Governmental Activities
Asset:	
Vehicles, furniture and equipment	$ 4,249,862
Less: accumulated depreciation	(1,515,252)
Carrying value	$ 2,734,610

The following schedule details debt service requirements to maturity for the County's capital leases payable at June 30, 2016:

Year Ending June 30:	Governmental Activities
2017	$ 717,310
2018	623,503
2019	127,496
2020	36,318
2021-2025	10,088
Total minimum lease payments	1,514,715
Less: amount representing interest	(46,219)
Present value of net minimum lease payments	$ 1,468,496

Capital lease debt service payments are paid out of the General and Health Services Funds.

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

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The $1,162,404 reported as landfill closure and postclosure care liability at June 30, 2016, represents the cumulative amount reported to date based on the use of 73.69% of the estimated capacity of the landfills less expenditures already paid as follows:

Landfill	Estimated Capacity Used to Date
Blue	100%
Loma Linda	82
Loma Linda Construction and Demolition	59

The County will recognize the remaining estimated cost of closure and post closure care of $415,100 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 2016. 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 9 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 2016, the County paid for compensated absences as follows: 65 percent from the general fund, 10 percent from major funds, and 25 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, 2016, were as follows:

	General Fund	Health Services Fund	Airport Improvement Fund	Non-Major Governmental Funds	Total
Fund balances (deficits):					
Restricted for:					
Information systems	$	$	$	$ 46,563	$ 46,563
Judicial activities				623,983	623,983
Law enforcement				327	327
Jail facilities and operations				48,475	48,475
Waste tire program				200,097	200,097
Fair and racing program				39,301	39,301
Roads and schools				77	77
Total restricted				958,823	958,823
Assigned to:					
Information systems	293			61.581	61,581
Judicial activities	129,809			145,038	274,847
Law enforcement	2,642			28,670	31,312
Jail facilities and operations				339	339
Public health services	129	759,212		99,273	858,614
Landfill closure/development	328,175				328,175
Highways and streets				503,046	503,046
Wellness program	22,632				22,632
Flood control				106,168	106,168
Waste tire program				14,783	14,783
Environmental programs				356	356
Total assigned	483,680	759,212		959,254	2,202,146
Unassigned	10,651,761		(44,379)	(23,630)	10,583,752
Total fund balances (deficits)	$ 11,376,407	$ 759,212	$ (44,379)	$ 1,894,447	$ 13,744,721

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, are described below.

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 counties. The pool provides member entities with health, prescription, dental, vision, life, short term disability and accidental death benefits for the counties' employees and their dependents. The County is responsible for paying a premium based on enrolled employees and 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.

NOTE 9 – RISK MANAGEMENT

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

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

At June 30, 2016, Greenlee County, Arizona reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities		
Net pension liabilities	$	18,192,874
Deferred outflows of resources		3,617,893
Deferred inflows of resources		1,045,935
Pension expense		2,854,231

The County's accrued payroll and employee benefits includes $16,982 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2016.

Greenlee County, Arizona reported $1,046,297 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

A. Arizona State Retirement System

Plan Description. Greenlee County, Arizona employees 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, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) 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.

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Benefits Provided. The ASRS provides retirement, health insurance premium supplement, long-term disability, 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:

	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 current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.47 percent (11.35 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and statute requires the County to contribute at the actuarially determined rate of 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. Greenlee County, Arizona's contributions to the pension plan for the year ended June 30, 2016 were $576,320.

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Greenlee County, Arizona's contributions for the current and two preceding years for the Arizona State Retirement System OPEB, all of which were equal to the required contributions, were as follows:

	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:		
2016	$ 26,559	$ 6,374
2015	28,259	5,748
2014	27,042	10,817

During fiscal year 2016, the County paid for ASRS pension and OPEB contributions as follows: 58 percent from the General Fund, 14 percent from major funds, and 28 percent from other funds.

Pension Liability. At June 30, 2016, Greenlee County, Arizona reported a liability of $8.5 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. Greenlee County, Arizona's proportion of the net pension liability was based on Greenlee County, Arizona's actual contributions to the plan relative to the total of all participating employers' contributions. At June 30, 2015, Greenlee County, Arizona's proportion was 0.05 percent, which was the same proportion as in the prior year.

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2016, Greenlee County, Arizona recognized pension expense for ASRS of $874,461 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 230,633	$ 442,887
Net difference between projected and actual earnings on pension plan investments		270,864
Changes in proportion and differences between county contributions and proportionate share of contributions	453,948	366
Contributions subsequent to the measurement date	576,320	
Total	$ 1,260,901	$ 714,117

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The 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 a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ending June 30:		
	2017	$ 64,657
	2018	(124,295)
	2019	(165,247)
	2020	195,529

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

Actuarial valuation date	June 30, 2014
Actuarial roll forward date	June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 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

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

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Equity	58%	6.79%
Fixed income	25	3.70
Real estate	10	4.25
Multi-asset class	5	3.41
Commodities	2	3.93
Total	100%	

Discount Rate. The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents Greenlee County, Arizona's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

ASRS	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Proportionate share of the net pension liability	$11,074,847	$ 8,451,877	$6,654,282

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

B. Public Safety Personnel Retirement System and Corrections Officer Retirement Plan

Plan Descriptions. Greenlee County, Arizona Sheriff employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan. A seven-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.

Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP). The CORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan (cost-sharing plans). 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 issue publicly available financial reports that include financial statements and required supplementary information for the PSPRS and CORP plans. The reports are 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

Public Safety Personnel Retirement System:

	Retirement 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 15 years, age 62	25 years, 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%	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 - 100% of retired member's pension benefit	
Active members	80 - 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Corrections Officer Retirement Plan:

	Retirement 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	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% of 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.	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. In addition, from and after December 31, 2015, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increases effect on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Employees Covered by Benefit Terms. At June 30, 2016, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS – Sheriff
Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	4
Active employees	16
Total	25

Contributions and Annual OPEB Cost. 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, 2016, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS – Sheriff	CORP AOC
Active members – pension	11.65%	8.41%
Greenlee County, Arizona:		
Pension	23.55	19.10
Health insurance		.85

For the agent plan, the contributions to the pension plan and annual OPEB cost for the year ended June 30, 2016 were:

	PSPRS – Sheriff
Pension:	
Contributions made	$ 238,095

Contributions to the CORP AOC pension plan for the year ended June 30, 2016 were $55,647. The County's contributions for the current and two preceding years for the CORP AOC OPEB, all of which were equal to the required contributions, were as follows:

CORP AOC	**Health Insurance Fund**
Year ended June 30:	
2016	$ 681
2015	2,163
2014	2,293

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

During the fiscal year 2016, the County paid for PSPRS and CORP pension and OPEB contributions as follows: 60 percent from the General Fund, 0 percent from major funds, and 40 percent from other funds.

Pension Liability. At June 30, 2016, Greenlee County, Arizona reported the following net pension liabilities:

PSPRS – Sheriff	$ 1,809,275
CORP - AOC	620,393

The net pension liabilities were measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2015, reflects changes of benefit terms and actuarial assumptions for a court ruling for funding permanent benefit increases and a decrease in the wage growth assumption.

- In May 2016, voters approved Proposition 124 that authorized certain statutory adjustments to PSPRS' automatic cost of living adjustments. The statutory adjustments change the basis for future cost of living adjustments from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent. The change in the County's net pension liability as a result of the statutory adjustments is not known.

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

	PSPRS	CORP AOC
Actuarial valuation date	June 30, 2015	June 30, 2015
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	7.85%	7.85%
Projected salary increases	4.0 - 8.0%	4.0-7.25%
Inflation	4.0%	4.0%
Permanent benefit increase	Included	Included
Mortality rates	RP-2000 mortality table, adjusted by 105% for both males and females	RP-2000 mortality table, adjusted by 105% for both males and females

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.85 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 for all pension plans are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Short-term investments	2%	.75%
Absolute return	5	4.11
Risk parity	4	5.13
Fixed income	7	2.92
Real assets	8	4.77
GTAA	10	4.38
Private equity	11	9.50
Real estate	10	4.48
Credit opportunities	13	7.08
Non-U.S. equity	14	8.25
U.S. equity	16	6.23
Total	100%	

Pension Discount Rates. The following discount rates were used to measure the total pension liabilities:

	PSPRS – Sheriff	CORP - AOC
Discount rates	7.85%	7.85%

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The projection of cash flows used to determine the PSPRS and CORP discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Agent Plans Net Pension Liability: PSPRS – Sheriff

	Increase/Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2015	$ 4,982,058	$ 3,236,268	$ 1,745,790
Changes for the year:			
Service cost	170,932		170,932
Interest on the total pension liability	391,023		391,023
Differences between expected and actual experience in the measurement of the pension liability	(114,998)		(114,998)
Contributions – employer		165,012	(165,012)
Contributions – employee		103,877	(103,877)
Net investment income		120,579	(120,579)
Benefit payments, including refunds of employee contributions	(172,679)	(172,679)	
Other		(2,680)	2,680
Administrative expense		(3,316)	3,316
Net changes	274,278	210,793	63,485
Balances at June 30, 2016	$ 5,256,336	$ 3,447,061	$ 1,809,275

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, 2015. The County's proportion measured as of June 30, 2015, was .26 percent, which was a decrease of .03 from its proportion measured as of June 30, 2014.

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents Greenlee County, Arizona's net pension liabilities calculated using the discount rates noted above, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
PSPRS – Sheriff:			
Rate	6.85%	7.85%	8.85%
Net pension liability	$ 2,444,004	$ 1,809,275	$ 1,278,876
CORP - AOC			
Rate	6.85%	7.85%	8.85%
Net pension liability	$ 811,168	$ 620,393	$ 461,620

Pension Plan Fiduciary Net Position. Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS and CORP financial reports. The reports are available on the PSPRS website at www.psprs.com.

Pension Expense. For the year ended June 30, 2016, Greenlee County, Arizona's recognized the following pension expense:

	Pension Expense
PSPRS – Sheriff	$ 271,905
CORP - AOC	70,483

Pension Deferred Outflows/Inflows of Resources. At June 30, 2016, Greenlee County, Arizona reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS – Sheriff:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 11,456	$ 96,737
Changes of assumptions or other inputs	371,245	
Net difference between projected and actual earnings on pension plan investments	109,607	95,566
Contributions subsequent to the measurement date	238,095	
Total	$ 730,403	$ 192,303

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

CORP AOC:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 21,246	$ 3,502
Net difference between projected and actual investment earnings on pension plan investments	3,411	
Changes in the proportion and differences between County contributions and proportionate share of contributions		54,612
Changes of assumptions or other inputs	65,758	
Contributions subsequent to the measurement date	55,647	
Total	$ 146,062	$ 58,114

The amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	PSPRS – Sheriff	CORP - AOC
2017	$ 65,821	$ 9,881
2018	65,821	9,881
2019	65,823	9,881
2020	97,676	7,588
2021	10,296	(4,930)
Thereafter	(5,432)	

Agent Plan OPEB Trend Information. The table below presents the annual OPEB cost information for the health insurance premium benefit for the current and two preceding years:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS – Sheriff:			
June 30, 2016	$ 0	100%	$ 0
June 30, 2015	12,381	100	0
June 30, 2014	11,028	100	0

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Agent Plan OPEB Actuarial Assumptions. The health insurance premium benefit contribution requirements for the year ended June 30, 2016, were established by the June 30, 2014, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions. Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plans as understood by Greenlee County, Arizona and plan's members and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between Greenlee County, Arizona and plan's members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The significant actuarial methods and assumptions used to establish the fiscal year 2016 contribution requirements, are as follows:

	PSPRS
PSPRS – OPEB contribution requirements	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases wage	4-8%
growth at	4%

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Agent Plan OPEB Funded Status. The following table presents the funded status of the health insurance premium benefit plans as of the most recent valuation date, June 30, 2016.

	PSPRS – Sheriff
Actuarial value of assets	$ 260,979
Actuarial accrued liability	102,763
Unfunded actuarial accrued liability (funding excess)	(158,216)
Funded ratio	254.0%
Annual covered payroll	899,577
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	0.0%

The health insurance premium benefit plan's funded status as of the most recent actuarial valuation date, June 30, 2016, was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

	PSPRS
Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	20 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	4-8%
includes inflation at	4%

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. This plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes its 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

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:

	Initial Membership Date:	
	Before January 1, 2012	On or After January 1, 2012
Retirement and Disability:		
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 5 years, any age* Any years and age if disabled	10 years, age 62 5 years, age 65 Any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit Percent:		
Normal retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
Survivor Benefit:		
Retired members	75% of retired member's benefit	50% of retired member's benefit
Active members and other inactive members	75% of disability retirement benefit	50% of disability retirement benefit

*With reduced benefits of 0.25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30%.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. In addition, from and after December 31, 2015, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effect on the plan.

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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, 2016, statute required active EORP members to contribute 13 percent of the members' annual covered payroll and the County to contribute 23.5 percent of active EORP members' annual covered payroll. Statute required the County to contribute 23.5 percent of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the EORP would typically fill. Contributions to the pension plan for the year ended June 30, 2016 were $176,235. During fiscal year 2016, the County's General fund paid the EORP and OPEB contributions. The County's contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

	Health Benefit Supplement Fund
Year ending June 30:	
2016	$ 0
2015	0
2014	12,736

During fiscal year 2016, the County paid all EORP pension contributions from the General Fund.

Pension Liability. At June 30, 2016, the County reported a liability for its proportionate share of the net pension liability of the EORP 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	$ 7,311,329
State's proportionate share of the EORP net pension liability associated with the county	2,279,368
Total	$ 9,590,697

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's actual contributions to the plan relative to the total of all participating employers actual contributions for the year ended June 30, 2015 and was .94 percent, an increase of .01 from the prior year.

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2016, the County recognized pension expense for EORP of $1,637,382 and revenue of $613,294 for the County's proportionate share of the State's appropriation to EORP. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 11,691	$ 81,401
Changes of assumptions or other inputs	1,225,073	
Changes in proportion and differences between County contributions and proportionate share of contributions	23,185	
Net difference between projected and actual earnings on pension plan investments	44,343	
Contributions made subsequent to measurement date	176,235	
Total	$ 1,480,527	$ 81,401

The $176,235 reported as deferred outflows of resources related to EORP pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2017	$ 1,023,120
2018	162,730
2019	3,652
2020	33,389

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	7.85%
Projected salary increases	4.25%
Payroll growth	4.00%
Permanent benefit increases	Included
Mortality rates	RP-2000 mortality table projected to 2025 using projection scale AA

Actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the 5 year period ended June 30, 2011.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.85 percent using a building block method in which best estimate ranges of expected real rates of return (expected returns, net of pension plan investment expense) are developed for each major class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Short Term Investments	2%	.75%
Absolute Return	5	4.11
Risk Parity	4	5.13
Fixed Income	7	2.92
Real Assets	8	4.77
GTAA	10	4.38
Private Equity	11	9.50
Real Estate	10	4.48
Credit Opportunities	13	7.08
Non U.S. Equity	14	8.25
U.S. Equity	16	6.23
Total	100%	

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Discount Rate. At June 30, 2015, the discount rate used to measure the EORP total pension liability was 4.86 percent which was a decrease of .81 from the discount rate used as of June 30, 2014. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the statutorily set rates and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, to determine the total pension liability for this plan, the long-term expected rate of return on pension plan investments of 7.85 percent was applied to periods of projected benefit payments through the year ended June 30, 2028. A municipal bond rate of 3.80 percent obtained from the 20-year Bond Buyer Index as published by the Federal Reserve, as of June 25, 2015 was applied to periods of projected benefit payments after June 30, 2028.

Sensitivity of the County's Proportionate Share of the EORP Net Pension Liability to Changes in the Discount Rate. The following table presents the county's proportionate share of the net pension liability calculated using the discount rate 4.86 percent, as well as what the county's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
County's proportionate share of the net pension liability	$ 8,511,309	$ 7,311,329	$ 6,302,208

Pension plan fiduciary net position – Detailed information about the plan's fiduciary net position is available in the separately issued EORP financial report.

NOTE 11 – INTERFUND BALANCES AND ACTIVITY

Interfund transfers – Interfund transfers for the year ended June 30, 2016 were as follows:

	Transfer to			
Transfer from	Health Services Fund	Airport Improvement Fund	Non-Major Governmental Funds	Total
General Fund	$ 1,045,332	$ 22,809	$ 1,318,236	$ 2,386,377
Non-Major Governmental Funds			300,000	300,000
Total	$ 1,045,332	$ 22,809	$ 1,618,236	$ 2,686,377

NOTE 11 – INTERFUND BALANCES AND ACTIVITY

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.

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.

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 $194,573 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

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

Statement of Net Position		
Assets	$	19,845,701
Liabilities		
Net position		19,845,701
Net position held in trust for:		
Internal participants		12,917,662
External participants		6,928,039
Total net position held in trust		19,845,701
Statement of Changes in Net Position		
Total additions		56,123,540
Total deductions		55,468,095
Net increase		655,445
Net position held in trust:		
July 1, 2015		19,190,256
June 30, 2016	$	19,845,701

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

GREENLEE COUNTY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts Original & Final	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	$ 4,034,093	$ 3,861,040	$ (173,053)
Licenses and permits	39,500	3,867	(35,633)
Intergovernmental	7,717,000	7,731,501	14,501
Charges for services	115,775	258,823	143,048
Fines and forfeits	83,500	103,883	20,383
Investment income	10,006	8,632	(1,374)
Contributions	1,303,393	1,200,000	(103,393)
Rents		1,229	1,229
Miscellaneous	185,000	72,058	(112,942)
Total revenues	13,488,267	13,241,033	(247,234)
Expenditures:			
General government			
Board of supervisors	429,175	413,202	15,973
Airport	16,950	8,240	8,710
Assessor	359,468	327,124	32,344
Attorney	569,445	443,642	125,803
Constable no. 1	29,731	26,044	3,687
Constable no. 2	31,532	26,086	5,446
Contingency	100,000	-	100,000
County administration	463,446	445,666	17,780
Data processing	712,396	488,165	224,231
Elections	92,505	77,873	14,632
Fleet	282,566	241,960	40,606
General services	1,471,964	1,344,742	127,222
Ground and maintenance	711,944	523,488	188,456
Justice of the peace no. 1	237,537	195,692	41,845
Justice of the peace no. 2	198,939	199,016	(77)
Planning and zoning	61,500	9,144	52,356
Public fiduciary	64,275	66,901	(2,626)
Recorder	222,576	213,434	9,142
Superior court	876,022	748,520	127,502
Treasurer	220,023	208,904	11,119
Voter registration	23,000	15,994	7,006
Total general government	7,174,994	6,023,837	1,151,157
Public safety			
Emergency services	193,452	190,691	2,761
Probation	370,000	-	370,000
Sheriff	3,860,696	3,679,669	181,027
Total public safety	4,424,148	3,870,360	553,788

See accompanying notes to this schedule

GREENLEE COUNTY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2016
(Concluded)

	Budgeted Amounts Original & Final	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Health and welfare - AHCCCS/ALTCS payments	298,200	266,467	31,733
Culture and recreation			
County library	31,552	31,240	312
Parks and recreation	91,246	32,144	59,102
Total culture and recreation	122,798	63,384	59,414
Education			
School superintendent	234,796	224,514	10,282
U of A extension services	22,307	22,307	
Total education	257,103	246,821	10,282
Economic development	150,000	129,125	20,875
Capital outlay		103,272	(103,272)
Total expenditures	12,427,243	10,703,266	1,723,977
Excess (deficiency) of revenues over expenditures	1,061,024	2,537,767	1,476,743
Other financing sources (uses):			
Transfers in	320,000		(320,000)
Transfers out	(3,683,733)	(3,127,753)	555,980
Proceeds from sale of capital assets	5,000		(5,000)
Total other financing sources (uses):	(3,358,733)	(3,127,753)	230,980
Changes in fund balances	(2,297,709)	(589,986)	1,707,723
Fund balances, beginning of year	(1,583,327)	7,445,042	9,028,369
Fund balances (deficits), end of year	$ (3,881,036)	$ 6,855,056	$ 10,736,092

See accompanying notes to this schedule

GREENLEE COUNTY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HEALTH SERVICES
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	$ 1,163,834	$ 1,157,005	$ (6,829)
Intergovernmental	458,605	703,095	244,490
Charges for services	165,788	11,775	(154,013)
Investment income	413	431	18
Miscellaneous	30,061	31,204	1,143
Total revenues	1,818,701	1,903,510	84,809
Expenditures:			
Current -			
Public safety	125,264	112,850	12,414
Health and welfare	1,880,372	1,694,028	186,344
Capital outlay		13,139	(13,139)
Debt service -			
Principal retirement		55,217	(55,217)
Interest and fiscal charges		1,838	(1,838)
Total expenditures	2,005,636	1,877,072	128,564
Excess (deficiency) of revenues over expenditures	(186,935)	26,438	213,373
Other financing sources (uses):			
Transfers in	356,000	1,045,332	689,332
Proceeds from sale of capital assets		6,300	6,300
Total other financing sources (uses):	356,000	1,051,632	695,632
Changes in fund balances	169,065	1,078,070	909,005
Fund balances (deficits), beginning of year		(318,858)	(318,858)
Fund balances, end of year	$ 169,065	$ 759,212	$ 590,147

See accompanying notes to this schedule.

GREENLEE COUNTY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
AIRPORT IMPROVEMENT
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	$ 435,000	$ 97,534	$ (337,466)
Investment income		4	4
Total revenues	435,000	97,538	(337,462)
Expenditures:			
Current -			
General government	10,000	5,936	4,064
Capital outlay	425,000	198,134	226,866
Total expenditures	435,000	204,070	230,930
Excess (deficiency) of revenues over expenditures		(106,532)	(106,532)
Other financing sources (uses):			
Transfers in		22,809	22,809
Total other financing sources (uses):		22,809	22,809
Changes in fund balances		(83,723)	(83,723)
Fund balances, beginning of year		39,344	39,344
Fund balances (deficits), end of year	$	$ (44,379)	$ (44,379)

See accompanying notes to this schedule.

GREENLEE COUNTY, ARIZONA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2016

	Reporting Fiscal Year (Measurement Date)		
	2016 (2015)	**2015 (2014)**	**2014 through 2007**
Greenlee County's proportion of the net pension liability	0.05%	0.05%	Information not available
Greenlee County's proportionate share of the net pension liability	$ 8,451,877	$ 7,421,858	
Greenlee County's covered payroll	$ 4,839,651	$ 4,521,505	
Greenlee County's proportionate share of the net pension liability as a percentage of its covered payroll	174.64%	164.15%	
Plan fiduciary net position as a percentage of the total pension liability	68.35%	69.49%	

See accompanying notes to this schedule.

GREENLEE COUNTY, ARIZONA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CORRECTION OFFICERS RETIREMENT PLAN
YEAR ENDED JUNE 30, 2016

	Reporting Fiscal Year (Measurement Date)		
	2016 (2015)	**2015 (2014)**	**2014 through 2007**
Greenlee County's proportion of the net pension liability	0.26%	0.29%	Information not available
Greenlee County's proportionate share of the net pension liability	$ 620,393	$ 650,481	
Greenlee County's covered payroll	$ 285,739	$ 311,381	
Greenlee County's proportionate share of the net pension liability as a percentage of its covered payroll	217.12%	208.90%	
Plan fiduciary net position as a percentage of the total pension liability	57.90%	58.59%	

See accompanying notes to this schedule.

GREENLEE COUNTY, ARIZONA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ELECTED OFFICIALS RETIREMENT PLAN
YEAR ENDED JUNE 30, 2016

	Reporting Fiscal Year (Measurement Date)		
	2016 (2015)	**2015 (2014)**	**2014 through 2007**
Greenlee County's proportion of the net pension liability	0.94%	0.93%	Information not available
Greenlee County's proportionate share of the net pension liability	$ 7,311,329	$ 6,222,698	
Greenlee County's covered payroll	$ 758,591	$ 841,387	
Greenlee County's proportionate share of the net pension liability as a percentage of its covered payroll	963.80%	739.58%	
Plan fiduciary net position as a percentage of the total pension liability	28.32%	31.91%	

See accompanying notes to this schedule.

GREENLEE COUNTY, ARIZONA
SCHEDULE OF CONTRIBUTIONS
ALL PENSION PLANS
YEAR ENDED JUNE 30, 2016

	2016	2015	2014	2013 through 2007
Arizona State Retirement System:				Information not available
Statutorily required contribution	$ 576,320	$ 527,038	$ 483,801	
Contributions in relation to the statutorily required contribution	576,320	527,038	483,801	
Contribution deficiency (excess)	$	$	$	
Greenlee County's covered payroll	$ 5,311,705	$ 4,839,651	$ 4,521,505	
Contributions as a percentage of covered payroll	10.85%	10.89%	10.70%	
Public Safety Personnel Retirement Plan - Sheriff				
Actuarially determined contribution	$ 238,095	$ 165,012	$ 160,337	
Contributions in relation to the actuarially determined contribution	238,095	165,012	160,337	
Contribution deficiency (excess)	$	$	$	
Greenlee County's covered payroll	$ 1,011,019	$ 940,239	$ 846,389	
Contributions as a percentage of covered payroll	23.55%	17.55%	18.94%	

See accompanying notes to this schedule.

GREENLEE COUNTY, ARIZONA
SCHEDULE OF CONTRIBUTIONS
ALL PENSION PLANS
YEAR ENDED JUNE 30, 2016

	2016	2015	2014	2013 through 2007
Correction Officers Retirement Plan				Information not available
Statutorily required contribution	$ 55,647	$ 42,518	$ 45,088	
Contributions in relation to the statutorily required contribution	55,647	42,518	45,088	
Contribution deficiency (excess)	$	$	$	
Greenlee County's covered payroll	$ 291,346	$ 285,739	$ 311,381	
Contributions as a percentage of covered payroll	19.10%	14.88%	14.48%	
Elected Officials Retirement Plan				
Statutorily required contribution	$ 176,235	$ 178,269	$ 197,726	
Contributions in relation to the statutorily required contribution	176,235	178,269	197,726	
Contribution deficiency (excess)	$	$	$	
Greenlee County's covered payroll	$ 749,936	$ 758,591	$ 841,387	
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	

See accompanying notes to this schedule.

GREENLEE COUNTY, ARIZONA
SCHEDULE OF FUNDING PROGRESS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
OTHER POSTEMPLOYMENT BENEFITS
LAST THREE ACTUARIAL VALUATIONS

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (funding excess)	Funded Ratio	Covered Payroll	(Funding excess) as a percentage of Covered Payroll
PSPRS- Sheriff						
2016	$ 260,979	$ 102,763	$ (158,216)	254.00 %	$ 899,577	(17.59) %
2015	245,866	104,825	(141,041)	234.55	936,548	(15.06)
2014	224,063	111,785	(112,278)	200.44	936,659	(11.99)

See accompanying notes to this schedule.

GREENLEE COUNTY, ARIZONA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - SHERIFF
YEAR ENDED JUNE 30, 2016

	2016	2015
Total pension liability		
Service cost	$ 170,932	$ 140,956
Interest	391,023	315,179
Changes of benefit terms		100,080
Differences between expected and actual experience in the measurement of the pension liability	(114,998)	16,756
Changes of assumptions or other inputs		543,017
Benefit payments, including refunds of employee contributions	(172,679)	(156,937)
Net change in total pension liability	274,278	959,051
Total pension liability—beginning	4,982,058	4,023,007
Total pension liability—ending	$ 5,256,336	$ 4,982,058
Plan fiduciary net position		
Contributions—employer	$ 165,012	$ 160,337
Contributions—employee	103,877	94,828
Net investment income	120,579	389,564
Benefit payments, including refunds of employee contributions	(172,679)	(156,937)
Administrative expense	(3,316)	(3,137)
Other	(2,680)	
Net change in plan fiduciary net position	210,793	484,655
Plan fiduciary net position—beginning	3,236,268	2,751,613
Plan fiduciary net position—ending	$ 3,447,061	$ 3,236,268
Net pension liability—ending	$ 1,809,275	$ 1,745,790
Plan fiduciary net position as a percentage of the total pension liability	65.58%	64.96%
Covered payroll	$ 940,239	$ 846,389
Net pension liability as a percentage of covered payroll	192.43%	206.26%

See 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 County's General Fund budget is prepared on a basis consistent with generally accepted accounting principles, except for the following:

- Present value of net minimum capital lease payments.

- Financial activity budgeted as special revenue funds. Certain activities are reported in the General Fund in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but reported as special revenue funds in the County's adopted budget.

- Special revenue funds budgeted as General Fund activity. Certain activities are reported as special revenue funds in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but reported as activity of the General Fund in the County's adopted budget.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

The following schedule reconciles the total revenues, total expenditures, total other financing sources (uses), and fund balances as of July 1, 2015 and June 30, 2016 from the Statement of Revenues, Expenditures, and Changes in Fund Balances to the budgetary comparison schedule for the General Fund:

	Total Revenues	Total Expenditures	Total Other Financing Sources (Uses)	Fund Balances, July 1, 2015	Fund Balances, June 30, 2016
General Fund					
Statement of Revenues, Expenditures, and Changes in Fund Balances	$13,570,617	$ 12,258,374	$ (2,085,058)	$ 11,908,256	$ 11,135,441
Present value of net minimum capital lease payments		(294,794)	(294,794)		
Activity budgeted as special revenue funds	(329,584)	(1,260,314)	(747,901)	(4,463,214)	(4,280,385)
Budgetary comparison schedule	$13,241,033	$ 10,703,266	$ (3,127,753)	$ 7,445,042	$ 6,855,056

NOTE 3 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2016, expenditures exceeded final budget amounts at the department level for the General Fund as follows:

Department	**Excess**
Justice of the peace no. 2	$ 77
Public fiduciary	2,626

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; however, the County's total expenditures on a budgetary basis did not exceed budgeted appropriations. The County uses conservative budgeting practices and encourages departments to stay within their adopted budget amounts. Each year, the County bases the adopted budget amounts on these conservative current and budget year projections and past historical trends. Any excesses of appropriations are discussed with department heads to determine whether or not adjustments will be made in future budgets. In addition, the County requires all budgeted capital expenditures to be brought back to the Board for approval regardless of whether they were included in the budget or not. This allows the County to continually review the availability of funds for all purchases throughout the year.

NOTE 4 – SCHEDULE OF PSPRS OPEB

Beginning in fiscal year 2014, PSPRS established separate funds for pension benefits and health insurance premium benefits. Previously, the plan recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plan transferred prior year health insurance premium benefit contributions that exceeded benefit payments from the plan's pension fund to the new Health Insurance Fund.

NOTE 5 – ACTUARIALLY DETERMINED CONTRIBUTIONS 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 closed for unfunded actuarial liability, open for excess
Remaining amortization period as of the 2014 actuarial valuation	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7 year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0%
Wage growth	In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%
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	RP-2000 mortality table (adjusted by 105% for both males and females)

NOTE 6 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2016, the County implemented the provisions of GASB Statement No. 82, *Pension Issues*. The statement changed the measure of payroll that is required supplementary information from covered-employee payroll to covered payroll. Accordingly, payroll amounts presented in the pension plan schedules and related ratios for prior years have been restated.

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