Greenlee County, Arizona

Annual Financial Report

June 30, 2021

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Greenlee County, Arizona

ANNUAL FINANCIAL REPORT

Year ended June 30, 2021

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Independent Auditors' Report

The Arizona Auditor General
Members of the Arizona State Legislature
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 aggregate remaining fund information of Greenlee County as of and for the year ended June 30, 2021, 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 aggregate remaining fund information of the County as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2021, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 7 through 18, budgetary comparison schedules on pages 67 through 70, schedule of the County's proportionate share of the net pension/OPEB liability—cost-sharing plans on pages 71 through 72, schedule of county pension/OPEB contributions on pages 73 through 74 and the schedule of changes in the county's net pension/OPEB liability and related ratios—Public Safety Personnel Retirement System on pages 75 through 76, 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to comply with the authorized transportation purposes, insofar as they relate to accounting matters, for Highway User Revenue Fund monies it received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues it received. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the authorized transportation purposes referred to above, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Arizona Auditor General, 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 November 29, 2022, 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 at a future date. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Snyder & Brown CPAs, PLLC

Tempe, Arizona
November 29, 2022

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

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As management of Greenlee County, Arizona (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended 2021. Please read it in conjunction with the County's basic financial statements, which begin on page 21.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $11.0 million (*net position*).

- The County's total net position increased $5,117,124, which represents an 86 percent increase from the prior fiscal year, primarily due to COVID, the Board of Supervisors adopted austerity measures in which spending was cut to just necessities in order to prepare for unforeseen COVID related expenses and potential revenue losses.

- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of $20.5 million, an increase of $4,139,338 in comparison with the prior year. Approximately 69 percent of this amount **(**$14.1 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 $15.5 million, or approximately 109 percent of total General Fund expenditures.

- The County's total outstanding long-term debt increased by $3.1 million during the current fiscal year primarily due to a 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.

<u>Government-wide financial statements</u> - The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for government-wide financial statements.

The *Statement of Net Position* presents information on all of the County's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

OVERVIEW OF FINANCIAL STATEMENTS - Continued

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

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

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

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.*

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 Road fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 23 through 25 of this report.

OVERVIEW OF FINANCIAL STATEMENTS - Continued

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

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

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by $11.0 million at the close of the most recent fiscal year.

The following table presents a summary of the County's net position for the fiscal years ended June 30, 2021 and 2020.

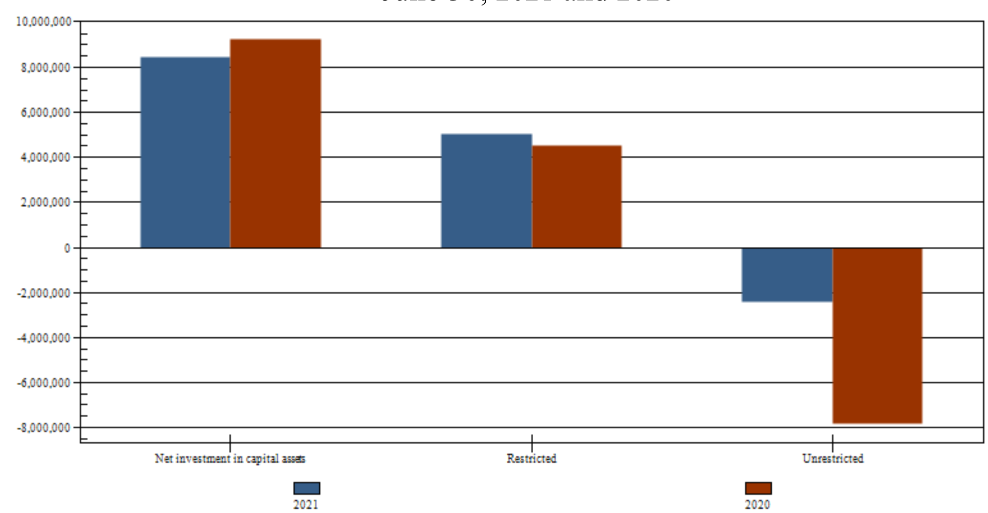
	2021	2020
Current and other assets	$ 21,643,869	$ 18,432,157
Capital assets, net	9,220,112	10,419,975
Total assets, net	30,863,981	28,852,132
Deferred outflows of resources	6,165,941	3,284,275
Long-term liabilities outstanding	24,245,904	21,099,956
Other liabilities	748,761	2,041,302
Total liabilities	24,994,665	23,141,258
Deferred inflows of resources	995,063	3,072,079
Net investment in capital assets	8,426,720	9,224,381
Restricted	5,013,217	4,499,285
Unrestricted	(2,399,743)	(7,800,596)
Total net position	$ 11,040,194	$ 5,923,070

The largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, improvements, machinery, equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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 $2.4 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 - Comparison
June 30, 2021 and 2020



During the current fiscal year, net position increased $5.1 million from a beginning balance of $5.9 million to an ending balance of $11.0 million.

The County's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant transactions that have had an impact on the Statement of Net Position for the fiscal year ended June 30, 2021:

The principal retirement of $402,202 of capital leases.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

The increase of $4 million of pension liabilities.

Changes in net position - The County's total revenues for the fiscal year ended June 30, 2021 were $24.8 million. The total cost of all programs and services was $19.7 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2021 and 2020.

Statement of Activities - Governmental Activities

	Year Ended June 30, 2021	Year Ended June 30, 2020
Revenues:		
Program revenues:		
Charges for services	$ 850,950	$ 912,079
Operating grants and contributions	6,700,874	5,823,785
General revenues:		
Property taxes	4,581,867	4,428,724
County sales taxes for general purposes	1,421,085	1,487,510
Other taxes	14,400	14,400
Share of state sales taxes	7,598,695	5,253,658
Share of state vehicle license tax	454,345	446,074
Grants and contributions not restricted to specific programs	2,830,247	3,160,165
Other	357,589	304,549
Total revenues	24,810,052	21,830,944
Expenses:		
General government	7,405,803	6,847,778
Public safety	5,983,066	6,108,288
Highways and streets	2,334,184	2,498,514
Sanitation	537,191	957,163
Health and welfare	2,254,199	2,294,776
Culture and recreation	367,367	516,658
Education	624,891	736,622
Economic development	142,271	169,651
Interest on long-term debt	43,956	57,433
Total expenses	19,692,928	20,186,883
Change in net position	5,117,124	1,644,061
Net position, beginning	5,923,070	4,279,009
Net position, ending	$ 11,040,194	$ 5,923,070

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

The following are significant transactions that have had an impact on the change in net position during the fiscal year ended June 30, 2021.

Operating grants and contributions increased $877,089 primarily due to CARES Act grant revenue in current fiscal year.

Property taxes increased by $153,143 due to increase in the overall property tax levy.

State shared sales tax increased by $2,345,037 due to improvement in economy.

Grants and contributions not restricted for specific programs decreased $(329,918) primarily due to grants and contributions received in the prior year did not repeat.

General government expenses increased $0.6 million primarily due to pension expenses changes.

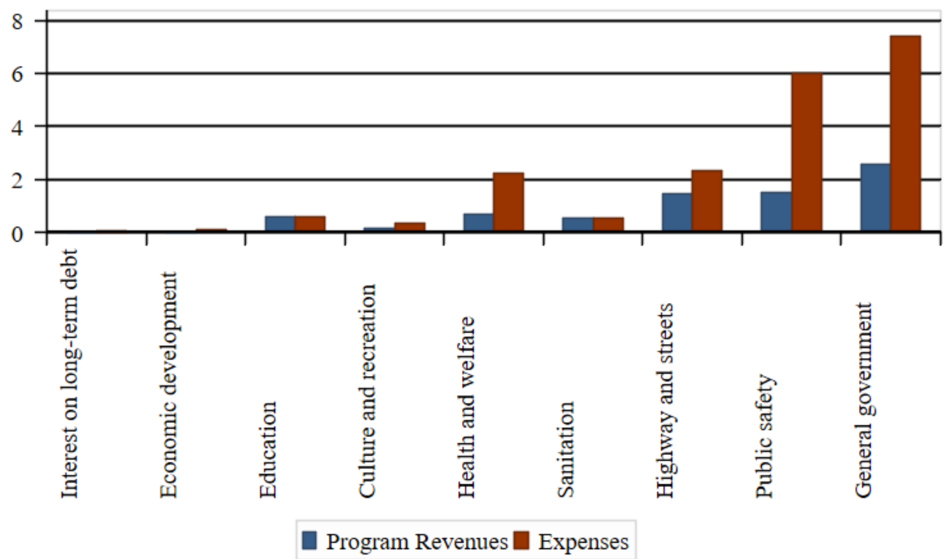
The decrease of $(419,972) in the sanitation was for the excavation of a "Construction and Demolition" cell project completed at the landfill in the prior year.

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.

	2021		2020	
Governmental Activities	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
General government	$ 7,405,803	$ (4,828,987)	$ 6,847,778	$ (4,746,181)
Public safety	5,983,066	(4,486,899)	6,108,288	(4,758,471)
Highway and streets	2,334,184	(861,669)	2,498,514	(1,206,082)
Sanitation	537,191	17,553	957,163	(465,838)
Health and welfare	2,254,199	(1,542,260)	2,294,776	(1,659,584)
Culture and recreation	367,367	(207,245)	516,658	(320,790)
Education	624,891	(45,370)	736,622	(66,989)
Economic development	142,271	(142,271)	169,651	(169,651)
Interest on long-term debt	43,956	(43,956)	57,433	(57,433)
Total	$ 19,692,928	$ (12,141,104)	$ 20,186,883	$ (13,451,019)

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Expenses and Program Revenues - by category
Year ended June 30, 2021
(in millions)



The cost of all governmental activities this year was $19.7 million.

Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of $7.6 million.

Net cost of governmental activities of $12.1 million was financed by general revenues, which are made up primarily of taxes of $6.0 million, shared state tax revenues of $8.1 million, and grants and contributions not restricted to specific programs of $2.8 million.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

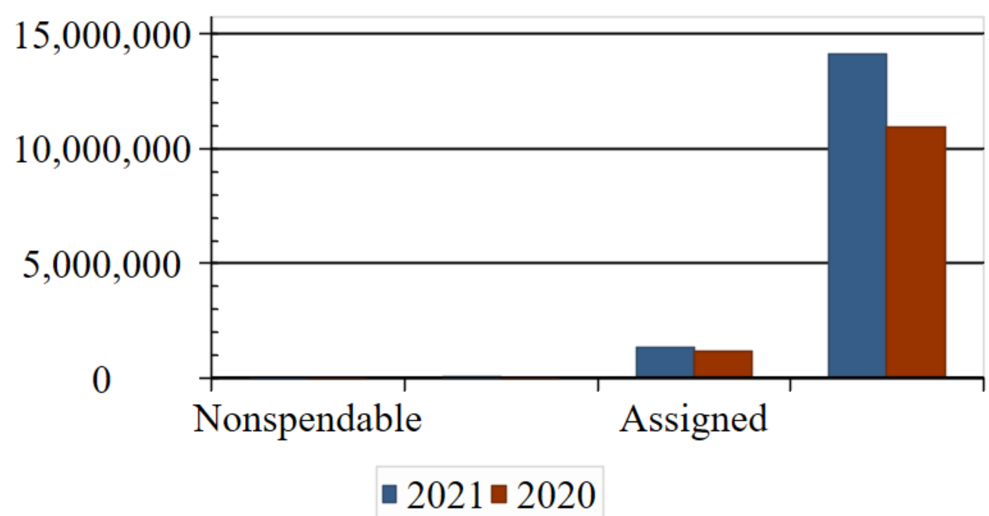
FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS - Continued

At June 30, 2021, the County's governmental funds reported a combined fund balance of $20.5 million, an increase of $4,139,338 in comparison with the prior year. Approximately 69 percent of this amount ($14.1 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 ($5,013,217) or (2) assigned for particular purposes ($1,392,916).

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 $14.1 million, while total fund balance increased to $15.5 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 99 percent of total General Fund expenditures, while total fund balance represents approximately 109 percent of that same amount.

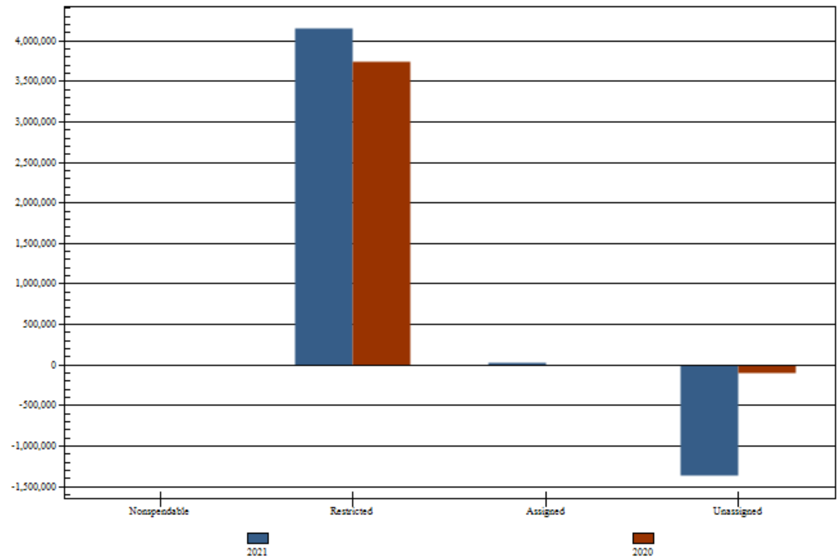
The fund balance of the County's General Fund increased $3,377,397 during the current fiscal year. The increase was due to the significant increase in sales tax revenue due to the economy and federal assistance received during the pandemic.

Components of Fund Balance - General Fund
June 30, 2021 and 2020



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS - Continued

Components of Fund Balance - Nonmajor Governmental Funds
June 30, 2021 and 2020



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS - Continued

The Health Services Fund, a major fund, had an increase in fund balance during the current year of $82,880 to bring the year end fund balance to $844,056. The change was due to the increase of grant revenues.

The Road Fund, another major fund, had an increase in fund balance during the current year of $260,950 to bring the year end fund balance to $1,351,203. The change was mostly due to an increase of state shared revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Intergovernmental revenues were $3,847,735 more than budgeted, due to primarily from State Shared Transaction Privilege Tax.
- Sales tax revenues exceeded estimates by $301,085 due to the increase in increased mining operations.
- Public safety – probation expenditures and public safety – sheriff expenditures were less than the budgeted, $343,375 and $640,785, due to staffing vacancies.
- General Service expenditures were $285,382 less than what was budgeted. Budgeted merit increases, benefit pay-out and an anticipated increase in basic liability insurance premium did not occur during the fiscal year 2021.
- Ground and maintenance expenditures were $148,521 less than the budgeted amount because of anticipated expenditures not incurred due to projects being shelved or paused during the pandemic.
- Information system expenditures were $436,827 less than the budgeted amount because of vacancy savings due to the inability to hire IT professionals, budgeted IT hardware that was not purchased, and budgeted miscellaneous expenses that were not expended.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets - The County's investment in capital assets as of June 30, 2021 totaled $9.2 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 11.52 percent.
The following schedule presents a summary of capital asset balances (net of accumulated depreciation) as of June 30, 2021 and 2020.

	2021	2020
Land	$ 283,992	$ 283,992
Land improvements	804,109	907,696
Infrastructure	1,295,476	1,334,618
Buildings and improvements	3,779,144	3,952,390
Machinery and equipment	3,057,391	3,941,279
Total capital assets, net	$ 9,220,112	$ 10,419,975

Major capital asset events during the current fiscal year included vehicles for the Public Works department, improvements to county parks as listed in the Capital Improvement Plan and as specifically approved by the Board, and the installation of new security camera and lights for the County Jail.

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 $0.8 million in capital lease long-term debt outstanding, with $312,217 due within one year. This represents the principal payments totaling $402,202.

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 County lobbied for the Community College Tuition Reimbursement formula to be revised.

The fiscal year 2021 budget was adopted at 3.99% increase in the General Fund and an overall budget increase of 5.71%. The increase in the General Fund budget was due mainly to the 5.99% increase in healthcare costs, the ongoing mandatory pension contributions, salary adjustments to ensure compliance with minimum wage law, and a proposed landfill project. The County continued to use conservative revenue projections to ensure a sustainable budget and continued to lobby the state legislature for permanent financial assistance for the Elected Officials Retirement Plan, Public Safety Retirement System sustainability, transportation funding and elimination of state imposed cost shifts.

The fiscal year 2022 budget was adopted at 1.20% decrease in the general fund, and the overall budget decreased 2.21%. The decrease in the general fund budget is due mainly to the uncertainty surrounding the impacts of the outbreak of Coronavirus disease and its impacts on revenues. Expenditures were accordingly adjusted downward with no wage increases, individual review of each vacancy and all expenditures exceeding $2,000, and reduced capital expenditures. Some expenses such as purchasing new vehicles were postponed to the following fiscal year. The predictions for the mining industry indicated that the County should plan for diminishing sales and severance tax collections. Therefore, the County used extremely conservative estimates in developing the budget. Due to previous planning, the County did not have to implement any reductions in the County workforce. A shortened legislative session due to COVID-19 mitigated concerns regarding potential cost shifts from the State.

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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Greenlee County, Arizona

STATEMENT OF NET POSITION

June 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 20,107,868
Property taxes receivable	6,750
Accounts receivable	86,724
Due from governmental entities	798,196
Other assets	263,646
Net pension and other postemployment benefits asset	380,685
Capital assets, non-depreciable	283,992
Capital assets, depreciable (net)	8,936,120
Total assets	30,863,981
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions and other postemployment benefits	6,165,941
LIABILITIES	
Accounts payable	299,343
Accrued payroll and employee benefits	363,147
Unearned revenues	86,271
Noncurrent liabilities	
Due within 1 year	732,429
Due in more than 1 year	23,513,475
Total liabilities	24,994,665
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions and other postemployment benefits	995,063
NET POSITION	
Net investment in capital assets	8,426,720
Restricted for:	
Information systems	243,191
Judicial activities	1,112,678
Law enforcement activities	337,660
Jail facilities and operations	303,729
Public health services	1,115,775
Waste tire program	102,312
Fair and racing program	2,709
Airport improvements	77,854
Roads and schools	1,351,220
Flood control	359,396
Environmental programs	373
Election	6,320
Unrestricted (deficit)	(2,399,743)
Total net position	$ 11,040,194

See accompanying notes to financial statements.

Greenlee County, Arizona

STATEMENT OF ACTIVITIES

Year ended June 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	$ 7,405,803	$ 188,563	$ 2,388,253		$ (4,828,987)
Public safety	5,983,066	96,291	1,399,876		(4,486,899)
Highways and streets	2,334,184		1,472,515		(861,669)
Sanitation	537,191	554,744			17,553
Health and welfare	2,254,199	11,352	700,587		(1,542,260)
Culture and recreation	367,367		160,122		(207,245)
Education	624,891		579,521		(45,370)
Economic development	142,271				(142,271)
Interest on long-term debt	43,956				(43,956)
Total governmental activities	$ 19,692,928	$ 850,950	$ 6,700,874		(12,141,104)

General revenues:	
Taxes:	
Property taxes, levied for general purposes	3,338,942
Property taxes, levied for public health services	1,128,307
Property taxes, levied for flood control	114,618
County sales taxes for general purposes	1,421,085
Other taxes	14,400
State shared sales tax	7,598,695
State shared vehicle license tax	454,345
Grants and contributions not restricted to specific programs	2,830,247
Investment earnings	26,057
Sales of capital assets	22,050
Miscellaneous	309,482
Total general revenues	17,258,228
Change in net position	5,117,124
Net position, July 1, 2020	5,923,070
Net position, June 30, 2021	$ 11,040,194

See accompanying notes to financial statements.

Greenlee County, Arizona

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Health Services Fund	Road Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 15,081,228	$ 794,201	$ 1,326,298	$ 2,906,141	$ 20,107,868
Property taxes receivable	4,099	1,397		1,254	6,750
Accounts receivable	86,724				86,724
Due from governmental entities	489,808	106,190	122,063	80,135	798,196
Other assets	263,464			182	263,646
Total assets	$ 15,925,323	$ 901,788	$ 1,448,361	$ 2,987,712	$ 21,263,184
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 139,571	$ 16,582	$ 57,352	$ 85,160	$ 298,665
Accrued payroll and employee benefits	245,554	40,167	39,806	38,298	363,825
Unearned revenue	35,429			50,842	86,271
Total liabilities	420,554	56,749	97,158	174,300	748,761
Deferred inflows of resources:					
Unavailable revenues - property taxes	2,883	983		862	4,728
Total deferred inflows of resources	2,883	983		862	4,728
Fund balances (deficit):					
Restricted	17,358	844,056	1,351,203	2,800,600	5,013,217
Assigned	1,369,728			23,188	1,392,916
Unassigned	14,114,800			(11,238)	14,103,562
Total fund balances (deficits)	15,501,886	844,056	1,351,203	2,812,550	20,509,695
Total liabilities, deferred inflows of resources, and fund balances	$ 15,925,323	$ 901,788	$ 1,448,361	$ 2,987,712	$ 21,263,184

See accompanying notes to financial statements.

Greenlee County, Arizona

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

June 30, 2021

Fund balances - total governmental funds		$ 20,509,695
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	$ 34,395,136	
Less accumulated depreciation	(25,175,024)	9,220,112
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	6,165,941	
Deferred inflows of resources related to pensions	(995,062)	5,170,879
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the funds		4,728
Some liabilities, including capital leases, compensated absences, and net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital leases payable	(793,392)	
Compensated absences payable	(415,375)	
Landfill closure and postclosure care costs payable	(1,559,273)	
Net pension and OPEB assets	380,684	
Net pension and OPEB liability	(21,477,864)	(23,865,220)
Net position of governmental activities		$ 11,040,194

See accompanying notes to financial statements.

Greenlee County, Arizona
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year ended June 30, 2021

	General Fund	Health Services Fund	Road Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 3,338,942	$ 1,128,307		$ 114,618	$ 4,581,867
Taxes	1,421,085			14,400	1,435,485
Licenses and permits	3,165				3,165
Intergovernmental	11,263,115	700,587	$ 1,467,788	2,366,461	15,797,951
Charges for services	661,957	9,410		95,820	767,187
Fines and forfeits	80,598				80,598
Investment earnings	22,341	546	917	2,253	26,057
Contributions	1,801,980				1,801,980
Miscellaneous	97,140	66,790	60	145,492	309,482
Total revenues	18,690,323	1,905,640	1,468,765	2,739,044	24,803,772
EXPENDITURES					
Current:					
General government	6,903,150			546,987	7,450,137
Public safety	5,611,328	144,617		1,182,237	6,938,182
Highways and streets	29,611		1,966,486		1,996,097
Sanitation	368,691				368,691
Health and welfare	197,082	1,997,912		3,985	2,198,979
Culture and recreation	155,622			228,875	384,497
Education	293,708			335,832	629,540
Economic development	142,271				142,271
Capital outlay	97,153			34,779	131,932
Debt service:					
Principal retirement	402,202				402,202
Interest and fiscal charges	43,956				43,956
Total expenditures	14,244,774	2,142,529	1,966,486	2,332,695	20,686,484
Excess (deficiency) of revenues over (under) expenditures	4,445,549	(236,889)	(497,721)	406,349	4,117,288
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	22,050				22,050
Transfers in	175,107	356,000	758,671	487,237	1,777,015
Transfers out	(1,265,309)	(36,231)		(475,475)	(1,777,015)
Total other financing sources (uses)	(1,068,152)	319,769	758,671	11,762	22,050
Net change in fund balances	3,377,397	82,880	260,950	418,111	4,139,338
Fund balances (deficit), beginning of year	12,124,489	761,176	1,090,253	2,394,439	16,370,357
Fund balances (deficit), end of year	$ 15,501,886	$ 844,056	$ 1,351,203	$ 2,812,550	$ 20,509,695

See accompanying notes to financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Year ended June 30, 2021

Net change in fund balances - total governmental funds		$ 4,139,338
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	$ 131,932	
Depreciation expense	(1,331,795)	(1,199,863)
Collections of revenues in the governmental funds exceeded revenues reported in the Statement of Activities		(15,770)
County pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the County's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pension/OPEB, is reported in the Statement of Activities.		
Pension/OPEB expense	(1,271,163)	
Pension/OPEB contributions	3,107,706	1,836,543
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal of long-term debt consumes the current financial resources of governmental funds. However, these payments reduce long-term liabilities in the Statement of Net Position. This amount is the effect of the difference in the treatment of repayments of long-term debt and related items.		
Principal repaid	402,202	402,202
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when the financial resources are available.		
Decrease in compensated absences	16,040	
Increase in landfill closure and postclosure care costs	(61,366)	(45,326)
Change in net position of governmental activities		$ 5,117,124

See accompanying notes to financial statements.

Greenlee County, Arizona

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2021

	Private-purpose trust funds	Custodial funds: External investment pool	Custodial funds: Other
ASSETS			
Cash and cash equivalents	$ 15,128	$ 7,286,680	$ 162,175
Taxes receivable for other governments			45,209
Total assets	15,128	7,286,680	207,384
LIABILITIES			
NET POSITION			
Restricted for:			
Pool participants		7,286,680	
Individuals, organizations, and other governments	15,128		207,384
Total net position	$ 15,128	$ 7,286,680	$ 207,384

See accompanying notes to financial statements.

Greenlee County, Arizona

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year ended June 30, 2021

	Private-purpose trust funds	Custodial funds: External investment pool	Custodial funds: Other
ADDITIONS:			
Contribution from other governments		$ 26,662,602	
Property tax collections for other governments			$ 13,550,154
Collections for individuals	$ 7,784		
Interest and dividends			6,716
Inmate collections			15,401
Other			6,653
Total additions	7,784	26,662,602	13,578,924
DEDUCTIONS:			
Distributions to pool participants		25,446,744	
Beneficiary payments to individuals	2,678		
Property tax distributions to other governments			13,466,452
Payments to inmates			1,494
Other			11,114
Total deductions	2,678	25,446,744	13,479,060
Net increase (decrease) in fiduciary net position	5,106	1,215,858	99,864
Net position, beginning of year, as restated	10,022	6,070,822	107,520
Net position, end of year	$ 15,128	$ 7,286,680	$ 207,384

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

For the year ended June 30, 2021, the County implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes. As a result, the County's fiduciary fund financial statements have been modified to reflect the implementation of this new guidance, including reclassifying activities previously reported in agency funds to custodial or governmental funds.

The County's significant accounting policies are described below.

A. Reporting Entity

The County is a general purpose local government that a separately elected board of supervisors governs. The accompanying financial statements present the activities of the County (the primary government) and its component units.

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County’s operations. Therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. Each blended component unit discussed below has a June 30 year-end. The County has no discretely presented component units.

The following table describes the County’s component units:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Component Unit	Description; Criteria for Inclusion	Reporting Method	For Separate Financial Statements
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

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the County as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

<u>Government-Wide Statements</u> - 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.
- Capital grants and contributions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 *Road Fund* accounts for all taxes on gas and auto license fees collected for building and maintaining county roads.

The County also reports the following fund types:

The fiduciary funds consist of private-purpose trust funds, which account for assets the Public Fiduciary holds in trust for benefit of various parties; and the Custodial Funds, which account for other fiduciary activities, including the pooled assets the County Treasurer holds and invests on behalf of other governmental entities that are not held in trust and the County Treasurer's receipt and distribution of taxes for other governmental entities.

C. Basis of Accounting

The government-wide and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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

For the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's local government investment pool, and only those highly liquid investments with a maturity of 3 months or less when purchased.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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

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

G. Deferred Outflows and Inflows of Resources

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

H. Postemployment benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. Fund Balance Classifications

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

assigned, and unassigned fund balance sub-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.

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Supervisors reserves the authority to make these assignments of resources based on its adopted policy.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the County's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, it is the County's policy to use committed amounts first, followed by assigned amounts, and, lastly, unassigned amounts.

J. Investment Earnings

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

K. Compensated Absences

Compensated absences payable consists of vacation leave and accrued compensatory time earned by employees based on services already rendered.

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

Employees may accumulate compensatory time up to 240 hours for Sheriff deputies and jailors

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

Employees may accumulate up to 1,920 hours of sick leave depending on years of service, but any sick leave hours in excess of the maximum amount that are unused at calendar year-end are forfeited. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements.

L. Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances - At June 30, 2021, the following non-major funds reported deficits in fund balance:

Fund	Deficit
Non-Major Governmental Funds:	
Probation - State aid enhancement	8,596
Probation - Juvenile standard probation	1,631

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

Violations of finance-related legal and contractual provision – The actual expenditures of the County Library exceeded the budgeted expenditure by $45,798 during the fiscal year 2021. The County Finance Department will closely monitor the overage and discuss with the department for budgetary control. In the future, material unbudgeted expenditures will be referred to the Board of Supervisors for approval of a budget transfer from contingency or other appropriate funds before the end of each fiscal year.

NOTE 3 - CASH AND CASH EQUIVALENTS

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, or instrumentalities; specified state and local government bonds, notes and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes and other evidences of indebtedness that are denominated in United States dollars and certain open-ended and close-ended mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States.

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

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

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

3. Fixed income securities must carry one of the two highest ratings by Moody's investor's service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial Credit Risk **-** Statutes require collateral for deposits at 102 percent of all deposits not covered by federal depository insurance.

Concentration of Credit Risk - Statutes do not include any requirements for concentration of credit risk.

Interest Rate Risk - Statutes require that public monies invested in securities and deposits have a maximum maturity of five years. The maximum maturity for investments in repurchase agreements is 180 days.

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

NOTE 3 - CASH AND CASH EQUIVALENTS - Continued

Deposits - At June 30, 2021, the carrying amount of the County's deposits was $27,562,351 and the bank balance was $28,804,031.

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

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

Cash and Deposits	
Cash on hand	$ 9,500
Amount of deposits	27,562,351
Total	$27,571,851
Statements of Net Position	
Governmental activities	$20,107,868
Private-purpose trust fund	15,128
External investment pool	7,286,680
Other custodial funds	162,175
Total	$27,571,851

NOTE 4 - RECEIVABLES

Amounts due from governmental entities at June 30, 2021, as reported in the Statement of Net Position, include $112,306 in Highway User Revenues, $28,912 in state shared auto lieu taxes, $131,462 in County sales tax, $296,465 in state shared sales tax, $15,910 in County jail tax and $213,141 in grants and assistance.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

Governmental activities:	July 1, 2020	Increases	Decreases	June 30, 2021
Capital assets not being depreciated:				
Land	$ 283,992	$		$ 283,992
Total capital assets not being depreciated	283,992			283,992
Capital assets being depreciated:				
Land improvements	5,720,252	37,053		5,757,305
Infrastructure	1,486,387			1,486,387
Buildings and improvements	11,961,986	15,414		11,977,400
Machinery and equipment	14,938,014	79,465	(127,427)	14,890,052
Total	34,106,639	131,932	(127,427)	34,111,144
Less accumulated depreciation for:				
Land improvements	(4,812,556)	(140,640)		(4,953,196)
Infrastructure	(151,769)	(39,142)		(190,911)
Buildings and improvements	(8,009,596)	(188,660)		(8,198,256)
Machinery and equipment	(10,996,735)	(963,353)	127,427	(11,832,661)
Total	(23,970,656)	(1,331,795)	127,427	(25,175,024)
Total capital assets being depreciated, net	10,135,983	(1,199,863)		8,936,120
Governmental activities capital assets, net	$ 10,419,975	$ (1,199,863)	$	$ 9,220,112

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 378,921
Public safety	191,905
Highways and streets	707,624
Health and welfare	46,475
Culture and recreation	6,870
Total	$ 1,331,795

NOTE 6 - LINE OF CREDIT

The County maintains a revolving line of credit with Zions First National Bank, dba National Bank of Arizona to cover cash flow needs. This line of credit has a $3,500,000 limit with interest payable at the same time as principal, which is contingent on the County's receipt of "nonrestricted operating revenues" as defined by A.R.S. §11-604.01(7). The credit line is secured by "nonrestricted operating revenues" received by the County Treasurer. Any unpaid principal and interest became due on the maturity date of June 30, 2021. The interest rate is at a rate per annum equal to sixty five percent of the bank's prime rate provided that in no event shall the interest rate exceed ten percent per annum. The schedule presented below is a summation of the activity related to the line of credit during the fiscal year ended June 30, 2021:

	Beginning Balance	Drawdowns	Principal Payments	Ending Balance	Interest Payments
Line of credit	$ -	$2,554,412	$2,554,412	$ -	$ 5,287
Total	$ -	$2,554,412	$2,554,412	$ -	$ 5,287

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, 2021:

	Balance at July 1, 2020	Additions	Reductions	Balance at June 30, 2021	Due Within One Year
Governmental activities:					
Capital leases payable	$ 1,195,594		$ 402,202	$ 793,392	$ 312,217
Compensated absences payable	431,415	403,949	419,989	415,375	415,375
Landfill closure and postclosure care costs payable	1,497,907	61,366		1,559,273	4,837
Net pension and other postemployment benefits liability	17,975,040	3,502,824		21,477,864	
Total	$21,099,956	$3,968,139	$ 822,191	$ 24,245,904	$ 732,429

NOTE 7 - LONG-TERM LIABILITIES - Continued

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

The assets acquired through capital leases are as follows:

Assets:	
Vehicles, furniture, and equipment	$ 2,979,723
Less accumulated depreciation	(2,401,882)
Carrying value	$ 577,841

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2021, were as follows:

Year ending June 30:	
2022	$ 341,708
2023	240,186
2024	165,689
2025	90,863
2026	15,533
Total minimum payments required	853,979
Less amount representing interest	(60,587)
Present value of minimum lease payments	$ 793,392

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

Landfill Closure and Postclosure Care Costs - State and federal laws and regulations require the County to place a final cover on its three landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will not be paid until near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs in the government-wide financial statements in each period that the County operates the landfill. These costs will be paid from the Landfill Fund.

NOTE 7 - LONG-TERM LIABILITIES - Continued

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The $1,559,273 reported as landfill closure and postclosure care liability at June 30, 2021, represents the cumulative amount reported to date based on the use of 91% of the estimated capacity of the landfills less expenditures already paid as follows:

Landfill	Estimated Capacity Used to Date
Blue	100%
Loma Linda	92%
Loma Linda Construction and Demolition	82%

The County will recognize the remaining estimated cost of closure and post closure care of $213,192 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 2021. 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 may differ due to landfill expansions, inflation, changes in technology, or changes in regulations. The estimated remaining service life for each is 6 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 2021, the County paid for compensated absences as follows: 68 percent from the general fund, 17 percent from major funds, and 15 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, 2021, were as follows:

	General Fund	Health Services Fund	Road Fund	Non-Major Governmental Funds	Total
Fund balances (deficit):					
Restricted for:					
Information systems				$ 243,191	$ 243,191
Judicial activities				1,112,678	1,112,678
Law enforcement				337,660	337,660
Jail facilities and operations	$ 17,358			286,371	303,729
Waste tire program				102,312	102,312
Fair and racing program				2,709	2,709
Airport improvement				77,854	77,854
Public health services		$ 844,056		271,719	1,115,775
Roads and schools			$ 1,351,203	17	1,351,220
Flood control				359,396	359,396
Environmental programs				373	373
Election				6,320	6,320
Total restricted	17,358	844,056	1,351,203	2,800,600	5,013,217
Assigned to:					
Information systems	2,550				2,550
Judicial activities	154,369				154,369
Law enforcement	9,390			5,870	15,260
Jail facilities and operations	691				691
Public health services	5,445			489	5,934
Landfill closure and development	1,117,387				1,117,387
Wellness program	79,896				79,896
Parks and recreation				16,829	16,829
Total assigned	1,369,728			23,188	1,392,916
Unassigned	14,114,800			(11,238)	14,103,562
Total fund balances (deficits)	$ 15,501,886	$ 844,056	$ 1,351,203	$ 2,812,550	$ 20,509,695

NOTE 9 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the County joined and is covered by three public entity risk pools: the Arizona Counties Property and Casualty Pool, the Arizona Counties Workers' Compensation Pool, and the Arizona Local Government Employee Benefit Trust.

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 13 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; cyber security; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium, based on its exposure in relation to the exposure of the other participants, and a deductible of $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 13 member counties. The pool provides member counties with workers' compensation coverage, as the law requires, and risk management services. The County is responsible for paying a premium, based on an experience-rating formula that allocates pool expenditures and liabilities among the members.

The Arizona Local Government Employee Benefit Trust is a public entity risk pool currently composed of nine member entities. The pool provides member entities with health, prescription, dental, vision, life, short term disability and accidental death benefits for the entities' employees and their dependents. The County is responsible for paying a premium based on enrolled employees and dependents and requires its employees to contribute a portion of that premium.

The Arizona Counties Property and Casualty Pool, the Arizona Local Government Employee Benefit Trust and the Arizona Counties Workers' Compensation Pool receive independent audits annually and an audit by the Arizona Department of Insurance every five years. All pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation. If a pool were to become insolvent, the County would be assessed an additional contribution.

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

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

At June 30, 2021, the County reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of Net Position and Statement of Activities	
Net pension and OPEB liability	$ 21,477,864
Net pension and OPEB asset	380,685
Deferred outflows of resources related to pensions and OPEB	6,165,941
Deferred inflows of resources related to pensions and OPEB	995,063
Pension and OPEB expense	1,271,163

The County's accrued payroll and employee benefits includes $72,275 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2021.

The County reported $3,107,706 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

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

A. Arizona State Retirement System

Plan Description - The County's employees that are not covered by the other pension plans described after this section participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

Benefits Provided - The ASRS provides retirement and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

ASRS	Retirement Initial membership date: Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended, June 30, 2021, statutes required active ASRS members to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 percent for long-term disability) of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.18 percent for long-term disability) of the active members' annual covered payroll. The County's contributions to the pension plan for the year ended June 30, 2021, were $727,970.

During fiscal year 2021, the County paid for ASRS pension and OPEB contributions as follows: 63 percent from the General Fund, 30 percent from major funds, and 8 percent from other funds.

Liability - At June 30, 2021, the County reported $9,556,281 in liabilities for its proportionate share of ASRS' net pension/OPEB liability.

ASRS	**Net pension/OPEB liability**
Pension	9,553,843
Health insurance premium benefit	(39,938)
Long-term disability	42,376

The net liability was measured as of June 30, 2020. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020.

The County's proportion of the net liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The County's proportion measured as of June 30, 2020 was 0.05514 percent, which was a decrease of 0.00074 from the prior year.

Expense - For the year ended June 30, 2021, the County recognized $798,144 in pension expense for ASRS.

Deferred Outflows/Inflows of Resources - For the year ended June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 90,119	$ 79,786
Changes of assumptions or other inputs	26,707	
Net difference between projected and actual earnings on pension plan investments	967,008	
Changes in proportion and differences between County contributions and proportionate share of contributions	72,952	232,686
County contributions subsequent to the measurement date	727,970	
Total	$ 1,884,756	$ 312,472

The amounts reported as deferred outflows of resources related to ASRS pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as expenses as follows:

Year ending June 30,	Pension
2022	$ (92,716)
2023	319,509
2024	338,044
2025	285,223
2026	(6,024)
Thereafter	278

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

ASRS	
Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2% for pensions
Inflation	2.3%
Permanent benefit increase	Included for pensions
Mortality rates	2017 SRA Scale U-MP for pensions

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

ASRS Asset Class	Target Allocation	Long-Term expected Geometric Real Rate of Return
Equity	50%	6.39%
Fixed income - credit	20%	5.44%
Fixed income - interest rate sensitive	10%	0.22%
Real estate	20%	5.85%
Total	100%	

Discount Rate - The discount rate used to measure the ASRS total pension liability was 7.5 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 plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability	$ 13,064,751	$ 9,553,843	$ 6,618,905

Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued ASRS financial report.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

Plan Descriptions **-** The County's Sheriff employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPDCRP is not further disclosed because of its relative insignificance to the County's financial statements. The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the County's financial statements.

Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP) or the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The CORP administers a cost-sharing multiple-employer defined benefit pension plan (cost-sharing plan). Employees who were CORP members before July, 1 2018, participate in CORP, and AOC probation and surveillance officers who became members on or after July 1, 2018, participate in CORP or PSPDCRP. Juvenile detention officers who became members on or after July 1, 2018 participate in PSPDCRP. The PSPDCRP is not further disclosed because of its relative insignificance to the County's financial statements. The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS issues publicly available financial reports that include financial statements and required supplementary information for the PSPRS and CORP plans. The report is available on the PSPRS website at www.psprs.com.

Benefits Provided - The PSPRS and CORP provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows**:**

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

PSPRS	Initial membership date: Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Retirement and Disability:		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit:		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

CORP	Initial membership date: Before January 1, 2012	On or after January 1, 2012 and before July 1, 2018	AOC probation and surveillance officers: On or after July 1, 2018
Retirement and Disability:			
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years, any age 10 years, age 62	25 years, age 52.5 10 years, age 62	10 years, age 52.5* 10 or more years, age 55
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years	
Benefit percent			
Normal Retirement	2.0% to 2.5% per year of credited service, not to exceed 80%	2.5% per year of credited service, not to exceed 80%	1.25% to 2.25% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service	
Total and permanent disability retirement	50% or normal retirement if more than 25 years of credited service		
Ordinary Disability Retirement	2.5% per year of credited service		
Survivor Benefit:			
Retired Members	80% of retired member's pension benefit		
Active Members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.		

*With actuarially reduced benefits.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

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

Employees Covered by Benefit Terms - At June 30, 2021, the following employees were covered by the agent plans' benefit terms:

	PSPRS - Sheriff	
	Pension	OPEB
Inactive employees or beneficiaries currently receiving benefits	8	8
Inactive employees entitled to but not yet receiving benefits	4	0
Active employees	12	12
Total	24	20

Contributions - State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2021, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member - pension	County - pension	County - health
PSPRS - Sheriff	7.65%	31.38%	0%
CORP - AOC	8.41% or 10.18%	33.58% or 32.79%	

The contributions to the plans for the year ended June 30, 2021 were:

	Pension	Health
PSPRS - Sheriff	$ 1,825,666	$ -
CORP - AOC	83,808	-

During the fiscal year 2021, the County paid for PSPRS and CORP pension and OPEB contributions as follows: 95 percent from the General Fund, and 5 percent from other non-major funds.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Liability - At June 30, 2021, Greenlee County, Arizona reported the following net pension assets and liabilities:

	Net pension liability	Net OPEB (asset) liability
PSPRS - Sheriff	$ 3,819,565	$ (170,479)
CORP - AOC	899,520	7,136

The net assets and net liabilities were measured as of June 30, 2020, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

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

PSPRS and CORP	
Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2017.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The long-term expected rate of return on PSPRS and CORP plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class for all pension plans are summarized in the following table:

PSPRS and CORP Asset Class	Target Allocation	Long-term expected geometric real rate of return
U.S. public equity	23 %	4.93 %
International public equity	15 %	6.09 %
Global private equity	18 %	8.42 %
Other assets (capital appreciation)	7 %	5.61 %
Core bonds	2 %	0.22 %
Private credit	22 %	5.31 %
Diversifying strategies	12 %	3.22 %
Cash - Mellon	1 %	(0.60)%
Total	100 %	

Discount Rates - At June 30, 2020, the discount rate used to measure the PSPRS and CORP total pension/OPEB liabilities was 7.3 percent. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Changes in the Net Pension/OPEB Liability -

PSPRS - Sheriff:	Pension Increase (Decrease)			OPEB Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) – (b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) – (b)
Balances at June 30, 2020	$ 7,265,902	$ 4,596,715	$ 2,669,187	$ 115,991	$ 291,834	$ (175,843)
Changes for the year:						
Service cost	162,687		162,687	3,645		3,645
Interest on the total liability	527,808		527,808	8,697		8,697
Changes of benefit terms						
Differences between expected and actual experience in the measurement of the liability	925,885		925,885	(3,600)		(3,600)
Changes of assumptions or other inputs						
Contributions—employer		336,687	(336,687)			
Contributions—employee		75,402	(75,402)			
Net investment income		58,701	(58,701)		3,677	(3,677)
Benefit payments, including refunds of employee contributions	(396,673)	(396,673)		(4,210)	(4,210)	
Administrative expense		(4,788)	4,788		(299)	299
Other changes						
Net changes	1,219,707	69,329	1,150,378	4,532	(832)	5,364
Balances at June 30, 2021	$ 8,485,609	$ 4,666,044	$ 3,819,565	$ 120,523	$ 291,002	$ (170,479)

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, 2020. The County's proportion measured as of June 30, 2020, was .188315 percent, which was an increase of .028406 from its proportion measured as of June 30, 2019.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Sensitivity of the Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate - The following table presents the County's net pension/OPEB (assets) liabilities calculated using the discount rate of 7.3 percent, as well as what the County's net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.3 percent) or 1 percentage-point higher (8.3 percent) than the current rate:

	1% Decrease (6.3%)	Current Discount Rate (7.3%)	1% Increase (8.3%)
PSPRS - Sheriff:			
Net pension liability	$ 4,970,424	$ 3,819,565	$ 2,883,836
Net OPEB (asset)	(156,117)	(170,479)	(182,513)
CORP - AOC:			
County's proportionate share of net pension liability	1,142,680	899,520	700,889

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

Expense - For the year ended June 30, 2021, the County recognized the following pension and OPEB expense:

	Pension expense	OPEB expense
PSPRS - Sheriff	$ 711,181	$ (7,516)
CORP - AOC (County's proportionate share)	67,866	-

Deferred Outflows/Inflows of Resources - At June 30, 2021, Greenlee County, Arizona reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

PSPRS - Sheriff	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,021,745	$ 373,132
Changes of assumptions or other inputs	175,169	-
Net difference between projected and actual earnings on plan investments	252,062	-
County contributions subsequent to the measurement date	1,825,666	-
Total	$ 3,274,642	$ 373,132

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

PSPRS - Sheriff	Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 13,676	$ 29,494
Changes of assumptions or other inputs	785	2,234
Net difference between projected and actual earnings on plan investments	15,645	-
Total	$ 30,106	$ 31,728

CORP - AOC	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 93,691	$ 14,179
Changes of assumptions or other inputs	29,860	1,539
Net difference between projected and actual earnings on pension plan investments	39,205	
Changes in proportion and differences between County contributions and proportionate share of contributions	98,192	234,776
County contributions subsequent to the measurement date	83,808	
Total	$ 344,756	$ 250,494

The amounts reported as deferred outflows of resources related to pension and OPEB resulting from contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending	PSPRS - Sheriff		CORP - AOC
June 30,	Pension	Health	Pension
2022	$ 313,478	$ 980	$ (17,930)
2023	346,086	3,042	(25,995)
2024	175,654	2,808	13,553
2025	240,626	(2,299)	40,635
2026		(5,639)	191
Thereafter		(514)	

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). The EODCRS is not further disclosed because of its relative insignificance to the County's financial statements. EORP administers a cost-sharing multiple-employer defined

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. The EORP pension and OPEB plans were closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the EORP plans. The report is available on PSPRS's website at www.psprs.com.

Benefits Provided - The EORP provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

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

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

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

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

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, 2021, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the County to contribute at the actuarially determined rate of 61.43 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 49.39 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 55.43 percent to EORP of the annual covered payroll of elected officials and judges, in addition to the County's required contributions to ASRS for these elected officials and judges. The County's contributions to the pension and health insurance premium benefit plans for the year ended June 30, 2021, were $470,261 and $0, respectively. During fiscal year 2021, the County's general fund paid for EORP pension contributions.

Liability - At June 30, 2021, the County reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the County's proportionate share of the State's appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	$ 7,155,424
State's proportionate share of the EORP net pension liability associated with the County	680,061
Total	$ 7,835,485

The County also reported an asset of $170,268 for its proportionate share of EORP's net OPEB asset.

The net asset and net liability were measured as of June 30, 2020, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The County's proportion of net pension liability was based on the County's required contributions to the pension plan relative to the total of all participating employers' required contributions for the year ended June 30, 2020. The County's proportion of the net OPEB asset was based on the County's present value of benefits relative to the total of all participating employer's present value of benefits for the year ended June 30, 2020. The County's proportion measured as of June 30, 2020 , and the change from its proportions measured as of June 30, 2019 were:

	Proportion June 30, 2020	Increase (decrease) from June 30, 2019
Pension	1.06 %	0.01
Health insurance premium benefit	1.78 %	0.14

Expense - For the year ended June 30, 2021, the Country recognized the pension and OPEB expense for EORP of $(103,883) and $(16,107), respectively, and revenue of $(178,522) for the County's proportionate share of the State's appropriation to EORP and the designated court fees.

Deferred Outflows/Inflows of Resources - At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

EORP	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 5,873
Changes of assumptions or other inputs	137,891	-
Changes in proportion and differences between County contributions and proportionate share of contributions	2,081	-
County contributions subsequent to the measurement date	470,261	-
Total	$ 610,233	$ 5,873

EORP-Health Insurance Premium Benefit	Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,797	$ 7,076
Changes of assumptions or other inputs	19,328	-
Net difference between projected and actual earnings on plan investments	196	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	14,288
Total	$ 22,321	$ 21,364

The amounts reported as deferred outflows of resources related to EORP pensions and OPEB resulting from county contributions subsequent to the measurement date will be recognized as an increase of the net asset or reduction of the net pension liability in the year ending June 30, 2022.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions and OPEB will be recognized as expenses as follows:

Year ending June 30,	Pension	Health
2022	$ 15,095	$ (7,516)
2023	44,441	(1,923)
2024	43,479	6,098
2025	31,084	4,298

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

EORP	
Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.75% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Mortality rates	PubG-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The long-term expected rate of return on EORP plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

EORP Asset Class	Target Allocation	Long-term expected geometric real rate of return
U.S. public equity	23 %	4.93 %
International public equity	15 %	6.09 %
Global private equity	18 %	8.42 %
Other assets (capital appreciation)	7 %	5.61 %
Core bonds	2 %	0.22 %
Private credit	22 %	5.31 %
Diversifying strategies	12 %	3.22 %
Cash - Mellon	1 %	(0.60) %
Total	100 %	

Discount Rate - At June 30, 2020, the discount rate used to measure the EORP total pension and total OPEB liability was 7.3 percent. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and state contributions will be made as currently required by statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the County's Proportionate Share of the EORP Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rates of 7.3 percent noted above, as well as what the County's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

EORP	1% Decrease (6.3%)	Current Discount Rate (7.3%)	1% Increase (8.3%)
County's proportionate share of the net pension liability	$8,162,849	$7,155,424	$6,294,046
County's proportionate share of the net OPEB (asset)	$(150,615)	$(170,268)	$(187,419)

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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, 2021 were as follows:

	Transfers from			
Transfers to	General Fund	Health Services Fund	Non-Major Governmental Funds	Total
General Fund	$		$ 175,107	$ 175,107
Health Services Fund	356,000			356,000
Road Fund	458,303		300,368	758,671
Non-Major Governmental Funds	451,006	$ 36,231		487,237
Total	$ 1,265,309	$ 36,231	$ 475,475	$ 1,777,015

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 $260,638 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.

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

Statement of Fiduciary Net Position	
Assets	$ 27,311,213
Liabilities	-
Net Position	$ 27,311,213
Net position held for:	
Internal participants	$ 20,024,533
External participants	7,286,680
Total net position	$ 27,311,213
Statement of Changes in Fiduciary Net Position	
Total additions	$ 57,937,748
Total deductions	(54,039,125)
Net increase	3,898,623
Net position:	
July 1, 2020	23,412,590
June 30, 2021	$ 27,311,213

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE - PRIOR PERIOD ADJUSTMENT

Net position and fund balances as of July 1, 2020, have been restated as follows for the implementation of GASB Statement No. 84, Fiduciary Activities.

			Custodial funds	
	Investment trust funds	Private purpose trust funds	External investment pools	Other
Net position/fund balances as previously reported at June 30, 2020	$ 6,149,681			
Prior period adjustment - implementation of GASB 84				
Reclassification of investment pools	(6,149,681)		$ 6,070,822	$ 78,859
Reclassification of agency fund activities		$ 10,022		28,661
Total prior period adjustment	(6,149,681)	10,022	6,070,822	107,520
Net position/fund balances as restated, July 1, 2020	$	$ 10,022	$ 6,070,822	$ 107,520

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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Greenlee County, Arizona

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2021

	Original and Final Budget Amounts	Non-GAAP Actual Amounts	Variance Positive (Negative)
Revenues:			
Property taxes	$ 3,307,191	$ 3,338,942	$ 31,751
Taxes	1,120,000	1,421,085	301,085
License and permits	44,227	3,165	(41,062)
Intergovernmental revenue	7,415,380	11,263,115	3,847,735
Charges for services	97,800	107,213	9,413
Fines and forfeits	84,500	80,598	(3,902)
Investment earnings	12,000	22,341	10,341
Contributions	1,800,000	1,801,980	1,980
Miscellaneous	100,000	97,140	(2,860)
Total revenues	13,981,098	18,135,579	4,154,481
Expenditures			
General government			
Board of supervisors	553,531	514,445	39,086
Airport	16,950	3,236	13,714
Assessor	456,240	412,701	43,539
Attorney	626,588	559,524	67,064
Constable no. 1	39,306	34,408	4,898
Constable no. 2	45,555	35,202	10,353
Contingency	200,000		200,000
County administration	466,880	445,160	21,720
Elections	125,518	108,365	17,153
Fleet	398,718	399,458	(740)
Information systems	1,165,644	728,817	436,827
General services	1,561,790	1,276,408	285,382
Ground and maintenance	672,716	524,195	148,521
Justice of the peace no. 1	252,024	190,231	61,793
Justice of the peace no. 2	235,598	230,982	4,616
Planning and zoning	61,500	23,362	38,138
Public fiduciary	72,329	65,244	7,085
Recorder	258,247	253,707	4,540
Superior court	937,569	838,612	98,957
Treasurer	274,391	258,037	16,354
Voter registration	21,500	11,472	10,028
Total general government	8,442,594	6,913,566	1,529,028

See the accompanying notes to this schedule.

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2021

(continued)	Original and Final Budget Amounts	Non-GAAP Actual Amounts	Variance Positive (Negative)
Public safety			
Emergency services	205,759	207,027	(1,268)
Probation	344,312	937	343,375
Sheriff	4,544,138	3,903,353	640,785
Total public safety	5,094,209	4,111,317	982,892
Health and welfare - AHCCCS/ALTCS payments	216,900	197,082	19,818
Culture and recreation			
County library	35,191	80,989	(45,798)
Parks and recreation	95,243	74,564	20,679
Total culture and recreation	130,434	155,553	(25,119)
Education			
School superintendent	282,008	266,112	15,896
U of A extension service	27,582	27,582	
Total education	309,590	293,694	15,896
Economic development	189,413	142,267	47,146
Capital outlay	1,000,000		1,000,000
Total expenditures	15,383,140	11,813,479	3,569,661
Excess (deficiency) of revenues over (under) expenditures	(1,402,042)	6,322,100	7,724,142
OTHER FINANCING SOURCES (USES)			
Transfer in	75,000	175,107	100,107
Transfer out	(1,265,592)	(1,265,309)	283
Total other financing uses	(1,190,592)	(1,090,202)	100,390
Net changes in fund balance	(2,592,634)	5,231,898	7,824,532
Fund balance, July 1, 2020	11,929,230	11,929,230	
Fund balance, June 30, 2021	$ 9,336,596	$ 17,161,128	$ 7,824,532

See the accompanying notes to this schedule.

Greenlee County, Arizona

BUDGETARY COMPARISON SCHEDULE - HEALTH SERVICES FUND

Year ended June 30, 2021

	Original and Final Budget Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Property taxes	$ 1,127,334	$ 1,128,307	$ 973
Intergovernmental revenue	737,311	700,587	(36,724)
Charges for services		9,410	9,410
Investment earnings		546	546
Rents		66,790	66,790
Total revenues	1,864,645	1,905,640	40,995
Expenditures			
Current:			
Public safety	200,000	144,617	55,383
Health and welfare	2,229,223	1,997,912	231,311
Total expenditures	2,429,223	2,142,529	286,694
Excess (deficiency) of revenues over (under) expenditures	(564,578)	(236,889)	327,689
Other financing sources (uses)			
Transfer in	356,000	356,000	
Transfer out		(36,231)	(36,231)
Total other financing sources (uses)	356,000	319,769	(36,231)
Net changes in fund balance	(208,578)	82,880	291,458
Fund balance, July 1, 2020	761,176	761,176	
Fund balance, June 30, 2021	$ 552,598	$ 844,056	$ 291,458

See the accompanying notes to this schedule.

Greenlee County, Arizona

BUDGETARY COMPARISON SCHEDULE - ROAD FUND

Year ended June 30, 2021

	Original and Final Budget Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Intergovernmental revenue	$ 1,059,800	$ 1,467,788	$ 407,988
Investment earnings		917	917
Miscellaneous		60	60
Total revenues	1,059,800	1,468,765	408,965
Expenditures:			
Current:			
Highways and streets	2,436,059	1,966,486	469,573
Total expenditures	2,436,059	1,966,486	469,573
Excess (deficiency) of revenues over (under) expenditures	(1,376,259)	(497,721)	878,538
Other financing sources (uses)			
Transfer in	700,000	758,671	(58,671)
Total other financing uses	700,000	758,671	(58,671)
Net changes in fund balance	(676,259)	260,950	819,867
Fund balance, July 1, 2020	1,090,253	1,090,253	
Fund balance, June 30, 2021	$ 413,994	$ 1,351,203	$ 937,209

See the accompanying notes to this schedule.

Greenlee County, Arizona

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

June 30, 2021

ASRS - Pension

	Reporting Fiscal Year (Measurement Date)							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2012
County's proportion of the net pension liability	0.05 %	0.05 %	0.05 %	0.05 %	0.05 %	0.05 %	0.05 %	Information
County's proportionate share of the net pension liability	$ 9,553,843	$ 7,936,415	$ 8,294,942	$ 8,983,928	$ 9,127,738	$ 8,451,877	$ 7,421,858	not
County's covered payroll	$ 6,019,727	$ 5,737,661	$ 6,307,981	$ 5,812,078	$ 5,311,705	$ 4,839,651	$ 4,521,505	available
County's proportionate share of the net pension liability as a percentage of its covered payroll	158.71 %	138.32 %	131.50 %	154.57 %	171.84 %	174.64 %	164.15 %	
Plan fiduciary net position as a percentage of the total pension liability	69.33 %	73.24 %	73.40 %	69.92 %	67.06 %	68.35 %	69.49 %	

CORP - AOC Pension

	Reporting Fiscal Year (Measurement Date)							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2012
County's proportion of the net pension liability	0.19 %	0.15 %	0.23 %	0.29 %	0.26 %	0.26 %	0.29 %	Information
County's proportionate share of the net pension liability	$ 899,520	$ 674,420	$ 852,612	$ 1,164,581	$ 728,597	$ 620,393	$ 650,481	not
County's covered payroll	$ 571,084	$ 371,104	$ 279,932	$ 362,136	$ 291,346	$ 285,739	$ 311,381	available
County's proportionate share of the net pension liability as a percentage of its covered payroll	157.51 %	181.73 %	304.58 %	321.59 %	250.08 %	217.12 %	208.90 %	
Plan fiduciary net position as a percentage of the total pension liability	50.07 %	51.99 %	53.72 %	49.21 %	54.81 %	57.89 %	58.59 %	

See the accompanying notes to this schedule.

Greenlee County, Arizona

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

June 30, 2021

EORP - Pension

	Reporting Fiscal Year (Measurement Date)							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2012
County's proportion of the net pension liability	1.06 %	1.05 %	1.26 %	1.01 %	0.99 %	0.94 %	0.93 %	Information
County's proportionate share of the net pension liability	$ 7,155,424	$ 7,026,319	$ 7,943,505	$ 2,199,806	$ 9,409,348	$ 7,311,329	$ 6,222,698	not
State's proportionate share of the net pension liability associated with the County	680,061	660,401	1,361,068	2,559,564	1,942,787	2,279,368	1,907,937	available
Total	$ 7,835,485	$ 7,686,720	$ 9,304,573	$ 4,759,370	$ 1,352,135	$ 9,590,697	$ 8,130,635	
County's covered payroll	$ 800,083	$ 880,090	$ 1,008,209	$ 799,934	$ 749,936	$ 758,591	$ 841,387	
County's proportionate share of the net pension liability as a percentage of its covered payroll	894.34 %	798.36 %	787.88 %	1,525.10 %	1,254.69 %	963.80 %	739.58 %	
Plan fiduciary net position as a percentage of the total pension liability	29.80 %	30.14 %	30.36 %	19.66 %	23.42 %	28.32 %	31.91 %	

EORP-Health Insurance Premium Benefit

	Reporting Fiscal Year (Measurement Date)				
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2012
County's proportion of the net OPEB (asset)	1.78 %	1.64 %	1.48 %	1.46 %	Information
County's proportionate share of the net OPEB (asset)	$ 170,268	$ 161,268	$ 153,272	$ 132,786	not
County's covered payroll	$ 800,083	$ 880,090	$ 1,008,209	$ 799,934	available
County's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	21.28 %	18.32 %	15.20 %	16.60 %	
Plan fiduciary net position as a percentage of the total OPEB liability	169.80 %	169.72 %	177.16 %	164.84 %	

See the accompanying notes to this schedule.

Greenlee County, Arizona

SCHEDULE OF COUNTY PENSION/OPEB CONTRIBUTIONS

June 30, 2021

ASRS - Pension

	2021	2020	2019	2018	2017	2016	2015	2014	2013 through 2012
Statutorily required contribution	$ 727,970	$ 728,987	$ 677,044	$ 687,570	$ 626,542	$ 576,320	$ 527,038	$ 483,801	
Contribution in relation to the statutorily required contribution	727,970	728,987	677,044	687,570	626,542	576,320	527,038	483,801	Information not available
Contribution deficiency (excess)	$	$	$	$	$	$	$	$	
County's covered payroll	$ 6,046,264	$ 6,019,727	$ 5,737,661	$ 6,307,981	$ 5,812,078	$ 5,311,705	$ 4,839,651	$ 4,521,505	
Contributions as a percentage of covered payroll	12.04 %	12.11 %	11.80 %	10.90 %	10.78 %	10.85 %	10.89 %	10.70 %	

PSPRS - Pension

	2021	2020	2019	2018	2017	2016	2015	2014	2013 through 2012
Actuarially required contribution	$ 1,825,666	$ 384,003	$ 412,129	$ 253,165	$ 253,830	$ 238,095	$ 165,012	$ 160,337	
Contribution in relation to the actuarially required contribution	325,666	384,003	412,129	125,659	253,830	238,095	165,012	160,337	Information not available
Contribution deficiency (excess)	$ 1,500,000	$	$	$ 127,506	$	$	$	$	
County's covered payroll	$ 1,037,836	$ 1,117,683	$ 1,072,318	$ 936,772	$ 1,054,988	$ 1,011,019	$ 940,239	$ 846,389	
Contributions as a percentage of covered payroll	31.38 %	34.36 %	38.43 %	13.41 %	24.06 %	23.55 %	17.55 %	18.94 %	

CORP - AOC - Pension

	2021	2020	2019	2018	2017	2016	2015	2014	2013 through 2012
Statutorily required contribution	$ 83,808	$ 76,716	$ 64,349	$ 63,294	$ 72,717	$ 55,647	$ 42,518	$ 45,088	
Contribution in relation to the statutorily required contribution	83,808	76,716	64,349	63,294	72,717	55,647	42,518	45,088	Information not available
Contribution deficiency (excess)	$	$	$	$	$	$	$	$	
County's covered payroll	$ 532,718	$ 571,084	$ 371,104	$ 279,932	$ 362,136	$ 291,346	$ 285,739	$ 311,381	
Contributions as a percentage of covered payroll	15.73 %	13.43 %	17.34 %	22.61 %	20.08 %	19.10 %	14.88 %	14.48 %	

See the accompanying notes to this schedule.

Greenlee County, Arizona

SCHEDULE OF COUNTY PENSION/OPEB CONTRIBUTIONS

June 30, 2021

EORP - Pension

	2021	2020	2019	2018	2017	2016	2015	2014	2013 through 2012
Statutorily required contribution	$ 470,261	$ 491,491	$ 362,621	$ 193,544	$ 181,863	$ 176,235	$ 178,269	$ 197,726	Information not available
Contribution in relation to the statutorily required contribution	470,261	491,491	362,621	25,997	181,863	176,235	178,269	197,726	
Contribution deficiency (excess)	$	$	$	$ 167,547	$	$	$	$	
County's covered payroll	$ 979,097	$ 800,083	$ 880,090	$ 1,008,209	$ 799,934	$ 749,936	$ 758,591	$ 841,387	
Contributions as a percentage of covered payroll	48.03 %	61.43 %	41.20 %	2.58 %	22.73 %	23.50 %	23.50 %	23.50 %	

The County was not required and did not contribute to the EORP health insurance premium benefit plan for fiscal years 2021 through 2017. Information for fiscal years 2016 through 2012 is not available.

See the accompanying notes to this schedule.

Greenlee County, Arizona

SCHEDULE OF CHANGES IN THE COUNTY'S PENSION/OPEB LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
June 30, 2021

PSPRS - Sheriff Pension

	Reporting Fiscal Year (Measurement Date)							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2012
Total pension liability:								
Service cost	$ 162,687	$ 181,679	$ 166,566	$ 160,116	$ 171,279	$ 170,932	$ 140,956	Information not available
Interest on the total pension liability	527,808	541,988	500,806	415,416	411,203	391,023	315,179	
Changes of benefit terms				68,497	77,036		100,080	
Differences between expected and actual experience in the measurement of the pension liability	925,885	(513,657)	147,053	685,944	(293,002)	(114,998)	16,756	
Changes of assumptions or other inputs		92,057		234,218	204,433		543,017	
Benefit payments, including refunds of employee contributions	(396,673)	(357,308)	(355,289)	(322,025)	(207,444)	(172,679)	(156,937)	
Net change in total pension liability	1,219,707	(55,241)	459,136	1,242,166	363,505	274,278	959,051	
Total pension liability—beginning	7,265,902	7,321,143	6,862,007	5,619,841	5,256,336	4,982,058	4,023,007	
Total pension liability—ending (a)	$ 8,485,609	$ 7,265,902	$ 7,321,143	$ 6,862,007	$ 5,619,841	$ 5,256,336	$ 4,982,058	
Plan fiduciary net position:								
Contributions—employer	$ 336,687	$ 395,675	$ 238,915	$ 198,711	$ 234,075	$ 165,012	$ 160,337	
Contributions—employee	75,402	78,797	76,777	91,411	116,399	103,877	94,828	
Net investment income	58,701	232,949	281,707	420,406	20,853	120,579	389,564	
Benefit payments, including refunds of employee contributions	(396,673)	(357,308)	(355,289)	(322,025)	(207,444)	(172,679)	(156,937)	
Hall/Parker settlement			(127,506)					
Administrative expense	(4,788)	(5,042)	(4,988)	(4,120)	(3,401)	(3,316)	(3,137)	
Other changes	-	(9,931)	55	200,342	(40,326)	(2,680)	-	
Net change in plan fiduciary net position	69,329	335,140	109,671	584,725	120,156	210,793	484,655	
Plan fiduciary net position—beginning	4,596,714	4,261,613	4,151,942	3,567,217	3,447,061	3,236,268	2,751,613	
Adjustment to beginning of year	1	(39)	-	-	-	-	-	
Plan fiduciary net position—ending (b)	$ 4,666,044	$ 4,596,714	$ 4,261,613	$ 4,151,942	$ 3,567,217	$ 3,447,061	$ 3,236,268	
County's net pension liability - ending (a) – (b)	$ 3,819,565	$ 2,669,188	$ 3,059,530	$ 2,710,065	$ 2,052,624	$ 1,809,275	$ 1,745,790	
Plan fiduciary net position as a percentage of the total pension liability	54.99 %	63.26 %	58.21 %	60.51 %	63.48 %	65.58 %	64.96 %	
Covered payroll	$ 1,117,683	$ 1,072,318	$ 936,772	$ 1,054,988	$ 1,011,019	$ 940,239	$ 846,389	
County's net pension liability as a percentage of covered payroll	341.74 %	248.92 %	326.60 %	256.88 %	203.03 %	192.43 %	206.26 %	

See the accompanying notes to this schedule.

SCHEDULE OF CHANGES IN THE COUNTY'S PENSION/OPEB LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
June 30, 2021

PSPRS - Sheriff OPEB

	Reporting Fiscal Year (Measurement Date)				
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2012
Total OPEB liability:					
Service cost	$ 3,645	$ 3,288	$ 3,461	$ 3,079	Information not available
Interest on the total OPEB liability	8,697	10,633	8,125	7,763	
Changes of benefit terms				(3)	
Differences between expected and actual experience in the measurement of the OPEB liability	(3,600)	(36,971)	24,965	2,578	
Changes of assumptions or other inputs		1,098		(4,774)	
Benefit payments, including refunds of employee contributions	(4,210)	(4,911)	(3,522)	(1,581)	
Net change in total OPEB liability	4,532	(26,863)	33,029	7,062	
Total OPEB liability—beginning	115,991	142,854	109,825	102,763	
Total OPEB liability—ending (a)	$ 120,523	$ 115,991	$ 142,854	$ 109,825	
Plan fiduciary net position:					
Contributions—employer	$ -	$ -	$ (39)	$ -	
Contributions—employee	-	-	-	-	
Net investment income	3,677	15,129	18,582	28,277	
Benefit payments, including refunds of employee contributions	(4,210)	(4,911)	(3,522)	(1,581)	
Administrative expense	(299)	(261)	(283)	(250)	
Other changes	-	-	(1)	-	
Net change in plan fiduciary net position	(832)	9,957	14,737	26,446	
Plan fiduciary net position—beginning	291,834	281,838	267,101	240,655	
Adjustment to beginning of year	-	39	-	-	
Plan fiduciary net position—ending (b)	$ 291,002	$ 291,834	$ 281,838	$ 267,101	
County's net OPEB (asset) liability - ending (a) – (b)	$ (170,479)	$ (175,843)	$ (138,984)	$ (157,276)	
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	241.45 %	251.60 %	197.29 %	243.21 %	
Covered payroll	$1,117,683	$1,072,318	$ 936,772	$1,054,988	
County's net OPEB (asset) liability as a percentage of covered payroll	(15.25)%	(16.40)%	(14.84)%	(14.91)%	

See the accompanying notes to this schedule.

NOTE 1 - BUDGETING AND BUDGETARY CONTROL

A.R.S. requires the County to prepare and adopt a balanced budget annually for each governmental fund. The Board of Supervisors must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Board of Supervisors' approval, with the exception of the General Fund, each fund includes only one department.

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

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

General Fund

	Total Revenues	Total Expenditures	Total Other Financing Sources (Uses)	Fund Balances, July 1, 2020,	Fund Balances, June 30, 2021
Statement of Revenues, Expenditures, and Changes in Fund Balances	$ 18,690,323	$ 14,244,774	$ (1,068,152)	$ 12,124,489	$ 15,501,886
Present value of net minimum capital lease payments	-	-	-	-	-
Proceeds from sale of capital assets	-	(22,050)	(22,050)	-	-
Activity budgeted as special revenue funds	(554,744)	(2,409,245)	-	(195,259)	1,659,242
Budgetary comparison schedule	$ 18,135,579	$ 11,813,479	$ (1,090,202)	$ 11,929,230	$ 17,161,128

NOTE 3 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2021, expenditures exceeded the budget amounts at department level (the legal level of budgetary control) as follows:

Fund/Department	Excess
General Fund:	
Fleet	$ 740
Emergency services	1,268
County library	45,798

The excesses were primarily the result of unexpected expenditures or expenditures made as a result of unanticipated revenues, or both. When departments exceed their annual budget, the County Finance Department closely monitors departmental spending and discusses the overage with the departments to improve the accuracy of the budget and improve budget control. Material unbudgeted expenditures will be referred to the Board of Supervisors for approval of a budget transfer from contingency or other appropriate funds.

NOTE 4 - ACTUARIALLY DETERMINED CONTRIBUTION RATES

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

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period as of the 2019 actuarial valuation	18 years
Asset valuation method	7-year smoothed market value; 80%/120% corridor
Actuarial assumptions:	
Investment rate of return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5% for PSPRS and from 4.0%-7.25% to 3.5%-6.5% for CORP. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS and from 4.5%-7.75% to 4.0%-7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS and from 5.0%-8.25% to 4.5%-7.75% for CORP.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS and CORP. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

NOTE 5 - FACTORS THAT AFFECT TRENDS

Arizona courts have ruled that provision of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contributions rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS, CORP-AOC and EORP changed benefits terms to reflect the prior mechanism for funding permanent benefit increases for those members and revise actuarial assumptions to explicitly value future permanent benefit increases. PSPRS and EORP also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes increased the PSPRS- and CORP AOC-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS- and CORP-AOC-required contributions beginning in fiscal year 2019 for members who retired or will retire after law's effective date. EORP-required contributions are not based on actuarial valuations, and therefore, these changes did not affect them. Also, the County refunded excess employee contributions to PSPRS and EORP members. PSPRS and EORP allowed the County to reduce its actual employer contributions for the refund amounts. As a result, the County's pension contributions were less than the actuarially or statutorily determined contributions for 2018.

The fiscal year 2019 (measurement date 2018) pension liabilities for EORP and CORP reflect the replacement of the permanent benefit increase (PBI) for retirees based on investment returns with a cost of living adjustment based on inflation. Also, the EORP liability and required pension contributions for fiscal year 2019 reflect a statutory change that requires the employer contribution rate to be actuarially determined. This change increased the discount rate used to calculate the liability thereby reducing the total pension liability.

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