

**GREENLEE COUNTY, ARIZONA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013**

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ANNUAL FINANCIAL REPORT
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Certified
Public
Accountants

Independent Auditors' Report

4001 North 3rd Street
Suite 275
Phoenix, AZ 85012-2086

Tel: (602) 264-3077
Fax: (602) 265-6241

The Auditor General of the State of Arizona

The Board of Supervisors of
Greenlee County, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Greenlee County, Arizona (the County) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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

Greenlee County as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 17, the Budgetary Comparison Schedules on pages 56 through 63, and the Schedule of Agent Retirement Plans' Funding Progress on pages 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management and other responsible parties within the County and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



March 31, 2014

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

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**GREENLEE COUNTY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

As management of Greenlee County, Arizona (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2013. Please read it in conjunction with the County's basic financial statements, which begin on page 20.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$16.4 million (*net position*). Of this amount, \$8.4 million represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased \$1.2 million, which represents an eight percent increase from the prior fiscal year, because of increased tax revenues during the year as a result of an overall improvement in the state economy and an increase in activity at the Morenci Mine.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$10.5 million, an increase of \$550,980 in comparison with the prior year. Approximately 82 percent of this amount (\$8.7 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 \$9.3 million, or approximately 82 percent of total General Fund expenditures.
- The County's total outstanding long-term debt increased by \$305,622 during the current fiscal year because of new capital leases for vehicles and heavy equipment incurred during the year.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

**GREENLEE COUNTY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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

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

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

The government-wide financial statements can be found on pages 20-21 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements 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*.

**GREENLEE COUNTY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

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, HURF, Health Services, and Flood Disaster Funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 22-28 of this report.

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

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

The fiduciary fund financial statements can be found on pages 29-30 of this report.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budget process 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.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$16.4 million at the close of the most recent fiscal year.

**GREENLEE COUNTY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

The following table presents a summary of the County's net position for the fiscal years ended June 30, 2013 and 2012.

	As of <u>June 30, 2013</u>	As of <u>June 30, 2012</u>
Current assets	\$ 11,391,206	\$ 10,678,813
Capital assets, net	9,294,577	8,337,187
Total assets	<u>20,685,783</u>	<u>19,016,000</u>
Long-term liabilities outstanding	3,473,409	3,158,046
Other liabilities	828,902	666,219
Total liabilities	<u>4,302,311</u>	<u>3,824,265</u>
Net position:		
Net investment in capital assets	7,182,104	6,530,336
Restricted	785,963	630,791
Unrestricted	8,415,405	8,030,608
Total net position	<u>\$ 16,383,472</u>	<u>\$ 15,191,735</u>

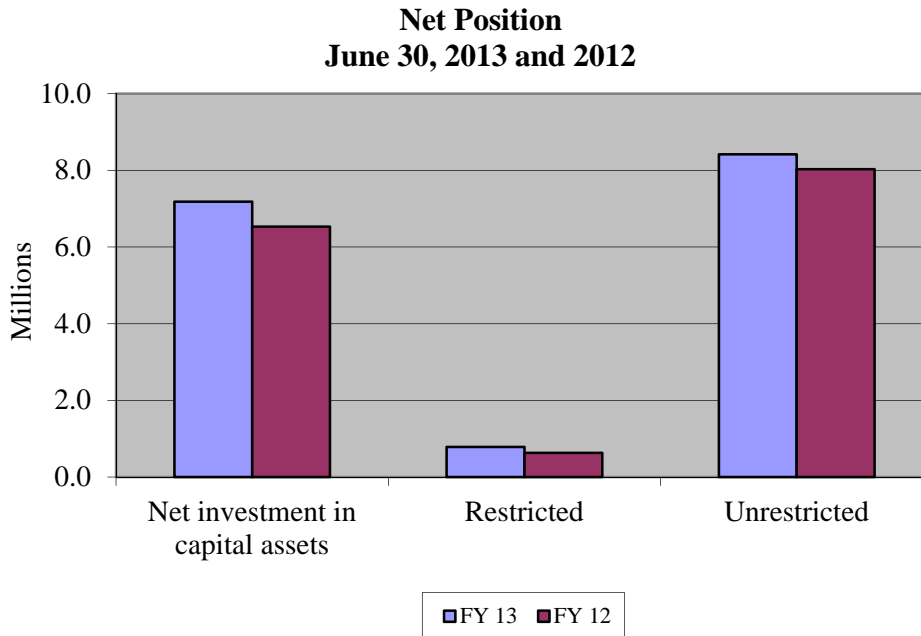
The largest portion of the County's net position is unrestricted (51 percent). The next largest portion of the County's net position (44 percent) reflects its investment in capital assets (e.g., land, buildings, improvements, machinery, equipment, and construction in progress), less any related outstanding 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 (5 percent) represents resources that are subject to external restrictions on how they may be used. These resources are restricted for the following purposes: information systems, judicial activities, law enforcement activities, jail facilities and operations, waste tire program, and fair and racing program.

At the end of the current fiscal year, the County is able to report positive balances in all reported categories of net position. The same situation held true for the prior fiscal year.

**GREENLEE COUNTY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)



During the current fiscal year, net position increased \$1.2 million from the prior fiscal year for an ending balance of \$16.4 million. This was primarily a result of increased tax revenues during the year due to an overall improvement in the state economy and an increase in activity at the Morenci Mine.

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, 2013.

- The principal retirement of \$1.1 million of capital leases.
- The inception of \$1.4 million of capital leases.
- The addition of \$3.0 million in capital assets including the installation of wash bays at several locations, various park improvements, construction of an airport parking lot, lease purchases of heavy machinery and vehicles, and acquisition of radio and communications system.
- The disposal of \$1.4 million of machinery and equipment.
- The depreciation of capital assets of \$1.5 million.

**GREENLEE COUNTY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Changes in net position. The County's total revenues for the fiscal year ended June 30, 2013 were \$18.7 million. The total cost of all programs and services was \$17.5 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and 2012.

	<u>Fiscal Year Ended June 30, 2013</u>	<u>Fiscal Year Ended June 30, 2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,058,349	\$ 740,726
Operating grants and contributions	4,390,735	4,781,875
Capital grants and contributions	406,569	319,583
General revenues:		
Property taxes	3,156,791	2,763,245
County sales taxes for general purposes	2,088,094	1,495,734
Other taxes	14,400	14,400
Share of state sales taxes	4,983,640	4,370,939
Share of state vehicle license tax	317,864	328,282
Grants and contributions not restricted to specific programs	1,983,176	2,131,310
Other	331,149	141,214
Total revenues	<u>18,730,767</u>	<u>17,087,308</u>
Expenses:		
General government	6,359,862	6,124,645
Public safety	5,232,613	5,436,774
Highways and streets	2,292,240	2,570,562
Sanitation	408,570	307,350
Health and welfare	1,952,165	1,756,973
Culture and recreation	383,928	337,586
Education	784,409	783,292
Economic development	14,481	10,157
Interest on long-term debt	110,762	91,079
Total expenses	<u>17,539,030</u>	<u>17,418,418</u>
Change in net position	1,191,737	(331,110)
Net position, beginning	<u>15,191,735</u>	<u>15,522,845</u>
Net position, ending	<u>\$ 16,383,472</u>	<u>\$ 15,191,735</u>

**GREENLEE COUNTY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

The following are significant transactions that have had an impact on the change in net position during the fiscal year ended June 30, 2013.

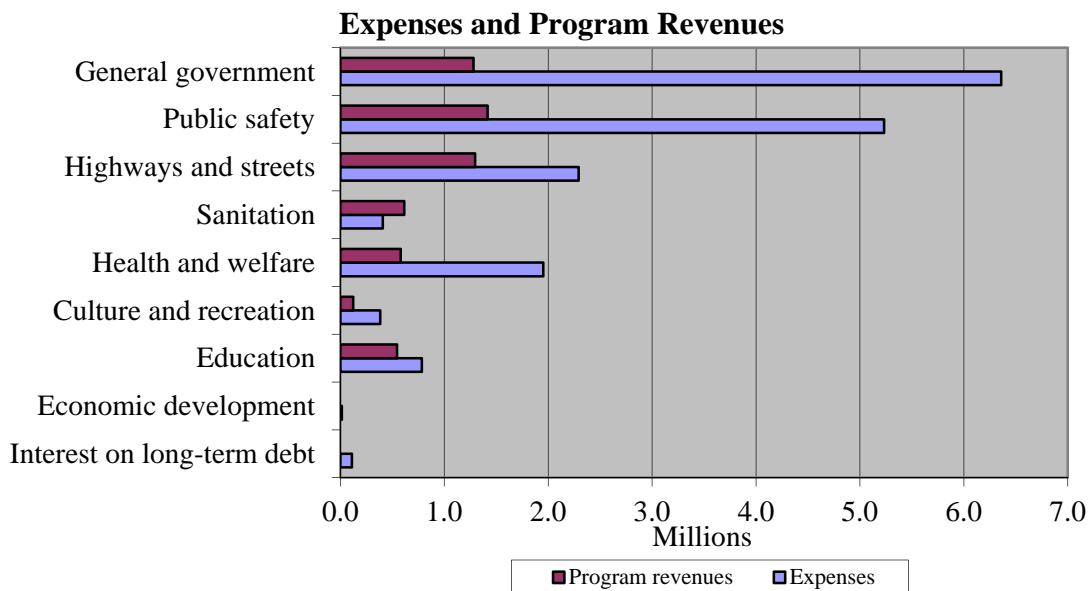
- Charges for services increased \$317,623 primarily due to an increase in landfill charges as a result of increased utilization for construction in the area.
- Operating grants and contributions decreased \$391,140 primarily due to a reduction in the disaster assistance funding for the Northern County Flooding Emergency received in the prior year.
- Property taxes increased by \$393,546 due to an increase in assessed valuations of property in the County.
- County sales taxes for general purposes increased by \$592,360 due to an overall improvement in the economy and an increase of significant point-of-sale purchases made by the mining company for the expansion of the Morenci Mine.
- State shared sales taxes increased by \$612,701 as a result of an improvement in the economy across the state.
- Grants and contributions not restricted to specific programs decreased \$148,134 primarily due to the reduction in Federal payments in lieu of taxes.
- Other revenues increased \$189,938 primarily due to one-time revenues recognized during fiscal year 2012-13.
- General government expenses increased \$235,217 primarily due to costs associated with two high profile court cases in the County and an increase in the fleet services department for additional staffing and benefit costs and increases in repairs and maintenance for vehicles.
- Public safety expenses decreased \$204,161 due to expenses incurred in the prior year for the Emergency Watershed Protection Program grant and a remittance of an overpayment for disaster assistance.
- Highways and streets expenses decreased \$278,322 primarily due to road repairs related to the Northern County Flooding Emergency incurred during the prior year.
- Health and welfare expenses increased \$195,192 primarily due to the start of two new grant programs, the Population Health Policy Grant and the Women, Infants and Children Nutritional Program, as well as an increase in the long-term care contributions to the state.

**GREENLEE COUNTY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

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's and County's taxpayers by each of these functions.

	Year Ended June 30, 2013		Year Ended June 30, 2012	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
General government	\$ 6,359,862	\$ (5,078,806)	\$ 6,124,645	\$ (5,077,273)
Public safety	5,232,613	(3,816,285)	5,436,774	(3,724,349)
Highways and streets	2,292,240	(996,087)	2,570,562	(912,874)
Sanitation	408,570	205,782	307,350	(16,437)
Health and welfare	1,952,165	(1,372,309)	1,756,973	(1,284,464)
Culture and recreation	383,928	(260,747)	337,586	(236,071)
Education	784,409	(239,682)	783,292	(223,530)
Economic development	14,481	(14,481)	10,157	(10,157)
Interest on long-term debt	110,762	(110,762)	91,079	(91,079)
Total	\$17,539,030	\$(11,683,377)	\$17,418,418	\$(11,576,234)



**GREENLEE COUNTY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

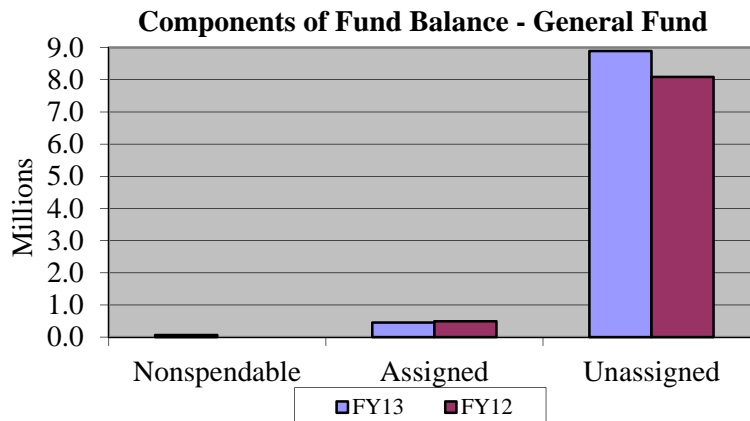
- The cost of all governmental activities this year was \$17.5 million.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$5.9 million.
- Net cost of governmental activities of \$11.7 million was financed by general revenues, which are made up primarily of taxes of \$5.3 million, shared state tax revenues of \$5.3 million, and grants and contributions not restricted to specific programs of \$2.0 million.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

At June 30, 2013, the County's governmental funds reported a combined fund balance of \$10.5 million, an increase of \$550,980 in comparison with the prior year. Approximately 82 percent of this amount (\$8.7 million) constitutes *unassigned fund balance*, which is available for spending at the County's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is 1) not in spendable form (\$120,777), 2) restricted for particular purposes (\$785,963), or 3) assigned for particular purposes (\$955,396).



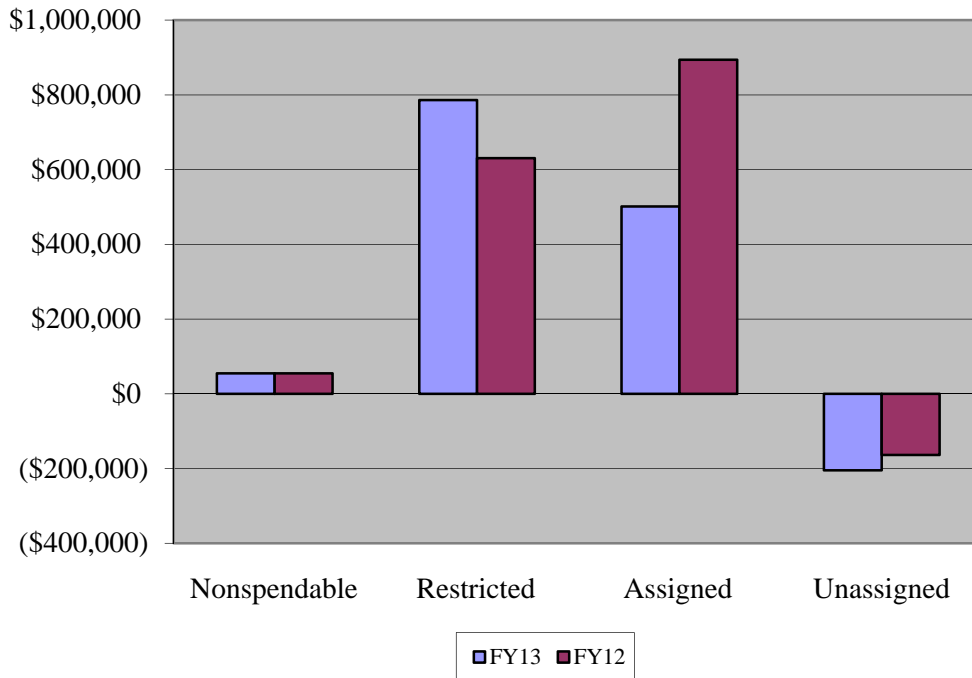
**GREENLEE COUNTY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (Cont'd)

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 \$8.9 million, while total fund balance increased to \$9.4 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 78 percent of total General Fund expenditures, while total fund balance represents approximately 82 percent of that same amount.

The fund balance of the County's General Fund increased \$719,967 during the current fiscal year. The increase was due to increases in property tax revenues, County sales tax revenues, and landfill charges.

**Components of Fund Balance -
Other Governmental Funds**



The HURF Fund, a major fund, had a \$22,997 decrease in fund balance during the current fiscal year which put the overall fund balance at \$145,925 as of the fiscal year end. The fund revenues increased by \$21,059, and expenditures increased \$940,664. The increase in expenditures can be attributed to significant equipment repair costs incurred as compared to the prior year and the acquisition of heavy equipment via capital lease agreements.

**GREENLEE COUNTY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (Concl'd)

The Health Services Fund, another major fund, had a decrease in fund balance during the current year of \$109,727 to bring the year end fund balance to a negative \$5,900. The Health Services Fund revenues increased by \$329,810, and expenditures increase \$429,984. The increase in revenues can be attributed to increases in property tax revenues and two new grants, the Population Health Policy Grant and the Women, Infants and Children Nutritional Program. The increase in expenditures was primarily the result of the acquisition of an ambulance via a capital lease agreement, expenditures related to the new grant programs, and an increase in inmate medical costs related to significant costs associated with an inmate's medical care.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Tax revenues exceeded estimates by \$1.1 million due primarily to conservative estimates for County sales taxes.
- Intergovernmental revenues exceeded estimates by \$706,550 due primarily to conservative estimates for state shared sales taxes.
- A need to utilize the contingency budgeted amount of \$100,000 did not arise during the year.
- General services expenditures were \$128,330 more than budgeted due primarily to unanticipated expenditures for mandatory restoration to competency costs. The County is mandated by the state legislature to pay 100 percent of the cost for individuals who are ordered by the court to compulsory confinement and treatment at the state hospital to restore competency to stand trial.
- Ground and maintenance expenditures were \$195,197 less than budgeted due primarily to anticipated capital expenditures not being incurred.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's investment in capital assets as of June 30, 2013 amounts to \$9.3 million (net of accumulated depreciation). This investment includes land, buildings, improvements, machinery, equipment, and construction in progress. The total increase in capital assets for the current fiscal year was approximately 11 percent.

**GREENLEE COUNTY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)

The following schedule presents a summary of capital asset balances (net of accumulated depreciation) as of June 30, 2013 and 2012.

	As of <u>June 30, 2013</u>	As of <u>June 30, 2012</u>
Land	\$ 233,654	\$ 233,654
Land improvements	1,972,250	1,986,763
Buildings and improvements	2,014,701	2,014,239
Machinery and equipment	4,523,019	3,842,060
Construction in progress	550,953	260,471
Total	<u>\$ 9,294,577</u>	<u>\$ 8,337,187</u>

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

- Installation of wash bays at several locations for a total cost of \$58,920.
- Various park improvements for a total cost of \$52,407.
- Construction in progress for an airport parking lot for a total cost as of June 30, 2013 of \$338,398.
- Heavy machinery acquired through lease purchase agreements for a total cost of \$1.3 million.
- Trade-in of heavy machinery (\$408,045 net of accumulated depreciation).
- Vehicles acquired through lease purchase agreements for a total cost of \$321,546.
- Acquisition of radio, communications and alert systems for a total cost of \$454,657.
- Total depreciation expense for the year of \$1.5 million.

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

Long-term Debt. At the end of the current fiscal year, the County had \$2.1 million in capital lease long-term debt outstanding, \$704,250 due within one year. This represents a net increase of \$305,622 due to the inception of \$1.4 million in new leases, and the principal retirement of \$1.1 million.

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

**GREENLEE COUNTY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The fiscal year 2012-13 General Fund budget was 4.8 percent higher than the previous year, and the total budget exceeded the previous year's budget by 11.6 percent. The County assessed valuation increased by \$97.5 million after the large decline during the economic recession. The primary property tax rate decreased by \$0.15 while the tax rates for the flood control district and public health services district saw no increase. The County continued to absorb the cost shifts enacted by the legislature without a reduction in services including funding the loss to the HURF Fund due to the shift of allocations in the state shared highway user revenue fund monies. State shared sales/severance tax was above the budgeted amount due to the very strong copper market.

For fiscal year 2013-14, the County adopted a budget that reflects a 3.8 percent increase in the General Fund and a 7.0 percent overall increase primarily due to an increase in capital projects including relocations of the public works facility, replacement of the south county annex facility and evaluation of the 35-year old adult detention center for repair or replacement. The copper market remains strong, and the \$2.0 billion expansion at the Morenci mine has proceeded as anticipated. This has resulted in a very low unemployment rate throughout the County. The County continues to use conservative revenue projections to ensure a sustainable budget.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

**GREENLEE COUNTY, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2013**

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 9,848,687
Property taxes receivable	18,759
Accounts receivable	68,638
Due from other governments	1,214,643
Prepaid items and other assets	240,479
Total current assets	11,391,206
Noncurrent assets:	
Capital assets, not being depreciated	784,607
Capital assets, being depreciated, net	8,509,970
Total noncurrent assets	9,294,577
Total assets	20,685,783
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	462,741
Accrued payroll and employee benefits	347,522
Unearned revenue	18,639
Current portion of long-term obligations	1,038,268
Total current liabilities	1,867,170
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	2,435,141
Total noncurrent liabilities	2,435,141
Total liabilities	4,302,311
<u>NET POSITION</u>	
Net investment in capital assets	7,182,104
Restricted for:	
Information systems	47,361
Judicial activities	489,397
Law enforcement activities	5
Jail facilities and operations	80,535
Waste tire program	151,949
Fair and racing program	16,716
Unrestricted	8,415,405
Total net position	\$ 16,383,472

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

**GREENLEE COUNTY, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 6,359,862	\$ 229,401	\$ 694,068	\$ 357,587	\$ (5,078,806)
Public safety	5,232,613	140,694	1,275,634		(3,816,285)
Highways and streets	2,292,240		1,247,171	48,982	(996,087)
Sanitation	408,570	595,511	18,841		205,782
Health and welfare	1,952,165	14,913	564,943		(1,372,309)
Culture and recreation	383,928	60,012	63,169		(260,747)
Education	784,409	17,818	526,909		(239,682)
Economic development	14,481				(14,481)
Interest on long-term debt	110,762				(110,762)
Total governmental activities	\$ 17,539,030	\$ 1,058,349	\$ 4,390,735	\$ 406,569	(11,683,377)
 General revenues:					
Taxes:					
Property taxes, levied for general purposes					2,371,331
Property taxes, levied for public health services					698,753
Property taxes, levied for flood control					86,707
County sales taxes for general purposes					2,088,094
Other taxes					14,400
Share of state sales tax					4,983,640
Share of state vehicle license tax					317,864
Grants and contributions not restricted to specific programs					1,983,176
Investment earnings					7,313
Miscellaneous					204,914
Gain on sale, disposal, or trade-in of capital assets					118,922
Total general revenues					12,875,114
Change in net position					1,191,737
Net position, beginning of year					15,191,735
Net position, end of year					\$ 16,383,472

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

GREENLEE COUNTY, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	HURF Fund	Health Services Fund	Flood Disaster Fund
<u>ASSETS</u>				
Cash and cash equivalents	\$ 8,309,624	\$ 221,204	\$ 30,418	\$ -
Property taxes receivable	14,100		3,204	
Accounts receivable	68,638			
Due from other governments	727,702	99,846	101,916	126,537
Due from other funds	586,291	1,018		119,390
Prepaid items and other assets	185,488			
	<u>9,891,843</u>	<u>322,068</u>	<u>135,538</u>	<u>245,927</u>
Total assets	<u>\$ 9,891,843</u>	<u>\$ 322,068</u>	<u>\$ 135,538</u>	<u>\$ 245,927</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 242,416	\$ 13,753	\$ 43,021	\$ -
Accrued payroll and employee benefits	228,366	39,802	36,705	
Due to other funds	522	122,588	58,950	319,477
Deferred revenue	10,535		2,762	
Total liabilities	<u>481,839</u>	<u>176,143</u>	<u>141,438</u>	<u>319,477</u>
Fund balances (deficits):				
Nonspendable	65,786			
Restricted				
Assigned	453,938	145,925		
Unassigned	8,890,280		(5,900)	(73,550)
Total fund balances (deficits)	<u>9,410,004</u>	<u>145,925</u>	<u>(5,900)</u>	<u>(73,550)</u>
Total liabilities and fund balances	<u>\$ 9,891,843</u>	<u>\$ 322,068</u>	<u>\$ 135,538</u>	<u>\$ 245,927</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 1,287,441	\$ 9,848,687
1,455	18,759
	68,638
158,642	1,214,643
22,687	729,386
54,991	240,479
<u>\$ 1,525,216</u>	<u>\$ 12,120,592</u>

\$ 163,551	\$ 462,741
42,649	347,522
227,849	729,386
19,784	33,081
<u>453,833</u>	<u>1,572,730</u>

54,991	120,777
785,963	785,963
355,533	955,396
(125,104)	8,685,726
<u>1,071,383</u>	<u>10,547,862</u>
<u>\$ 1,525,216</u>	<u>\$ 12,120,592</u>

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GREENLEE COUNTY, ARIZONA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2013

Fund balances - total governmental funds		\$ 10,547,862
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental capital assets	\$ 24,951,959	
Accumulated depreciation	<u>(15,657,382)</u>	9,294,577
<p>Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.</p>		
		14,442
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Capital leases payable	(2,112,473)	
Compensated absences payable	(335,715)	
Landfill closure and postclosure care costs payable	<u>(1,025,221)</u>	<u>(3,473,409)</u>
Net position of governmental activities		<u><u>\$ 16,383,472</u></u>

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

GREENLEE COUNTY, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	General Fund	HURF Fund	Health Services Fund	Flood Disaster Fund
Revenues:				
Taxes	\$ 4,461,189	\$ -	\$ 698,312	\$ -
Licenses and permits	3,778			
Intergovernmental	6,606,294	946,153	561,571	
Charges for services	723,364		14,491	
Fines and forfeits	111,587			
Investment income	5,804	173	99	27
Contributions	1,201,850			
Rents	6,658			
Miscellaneous	147,056	2,207	25,055	
Total revenues	<u>13,267,580</u>	<u>948,533</u>	<u>1,299,528</u>	<u>27</u>
Expenditures:				
Current -				
General government	5,597,345			
Public safety	3,082,471		159,686	
Highways and streets	11,471	1,727,332	682	
Sanitation	330,286			
Health and welfare	411,248		1,483,888	
Culture and recreation	95,271			
Education	233,435			
Economic development	14,033			
Capital outlay	843,341	1,223,422	181,877	
Debt service -				
Principal	723,842		86,045	
Interest and other charges	105,231	1	5,101	
Total expenditures	<u>11,447,974</u>	<u>2,950,755</u>	<u>1,917,279</u>	
Excess (deficiency) of revenues over expenditures	<u>1,819,606</u>	<u>(2,002,222)</u>	<u>(617,751)</u>	<u>27</u>
Other financing sources (uses):				
Capital lease agreements	120,499	1,176,700	152,024	
Sale of capital assets	13,838	2,525		
Transfers in	1,539	800,000	356,000	
Transfers out	(1,235,515)			
Total other financing sources (uses)	<u>(1,099,639)</u>	<u>1,979,225</u>	<u>508,024</u>	
Net change in fund balances	719,967	(22,997)	(109,727)	27
Fund balances, beginning of year, as restated	<u>8,690,037</u>	<u>168,922</u>	<u>103,827</u>	<u>(73,577)</u>
Fund balances, end of year	<u>\$ 9,410,004</u>	<u>\$ 145,925</u>	<u>\$ (5,900)</u>	<u>\$ (73,550)</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 101,054	\$ 5,260,555
	3,778
2,417,718	10,531,736
200,237	938,092
2,928	114,515
1,210	7,313
	1,201,850
4,115	10,773
31,787	206,105
<u>2,759,049</u>	<u>18,274,717</u>
321,400	5,918,745
1,614,415	4,856,572
43,183	1,782,668
1,012	331,298
10,013	1,905,149
261,457	356,728
551,199	784,634
	14,033
72,457	2,321,097
	809,887
429	110,762
<u>2,875,565</u>	<u>19,191,573</u>
<u>(116,516)</u>	<u>(916,856)</u>
	1,449,223
2,250	18,613
429,515	1,587,054
<u>(351,539)</u>	<u>(1,587,054)</u>
<u>80,226</u>	<u>1,467,836</u>
(36,290)	550,980
<u>1,107,673</u>	<u>9,996,882</u>
<u>\$ 1,071,383</u>	<u>\$ 10,547,862</u>

GREENLEE COUNTY, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds \$ 550,980

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capitalized assets	\$ 2,306,766	
Current year depreciation	<u>(1,475,674)</u>	831,092

In the Statement of Activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold. (414,978)

The Statement of Activities reports gains/losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets. 536,592

Contributions of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources. 338,398

Collections of revenues in the governmental funds exceeded revenues reported in the Statement of Activities. (1,270)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Debt issued or incurred	(1,449,223)	
Principal repaid	<u>809,887</u>	(639,336)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.

Decrease in compensated absences	28,767	
Increase in landfill closure and postclosure care costs	<u>(38,508)</u>	<u>(9,741)</u>

Change in net position in governmental activities \$ 1,191,737

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

GREENLEE COUNTY, ARIZONA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Investment Trust Fund	Agency Funds
<u>ASSETS</u>		
Cash and cash equivalents	\$ 5,720,467	\$ 6,421
Total assets	5,720,467	\$ 6,421
<u>LIABILITIES</u>		
Deposits held for others		\$ 6,421
Total liabilities		\$ 6,421
<u>NET POSITION</u>		
Held in trust for investment trust participants	\$ 5,720,467	

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

GREENLEE COUNTY, ARIZONA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2013

	<u>Investment Trust Fund</u>
Additions:	
Investment earnings	\$ 4,990
Contributions from participants	<u>18,996,846</u>
Total additions	<u>19,001,836</u>
Deductions:	
Distributions to participants	<u>19,348,131</u>
Total deductions	<u>19,348,131</u>
Change in net position	(346,295)
Net position, beginning of year	<u>6,066,762</u>
Net position, end of year	<u><u>\$ 5,720,467</u></u>

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

**GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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, 2013, the County implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. This had no effect on the County’s fiscal year 2012-13 financial statements, other than the terminology used for net position.

A. Reporting Entity

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

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

The following table describes the County’s component units:

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

GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Component Unit	Description; Criteria for Inclusion	Reporting Method	For Separate Financial Statements
Greenlee County Municipal Property Corporation (MPC)	A nonprofit corporation that assists in the acquisition of tangible real and personal property; the County’s Board of Supervisors appoints all members of the governing board, is able to impose its will on the MPC; the MPC exists only to serve the County, and County management has operational responsibility for the MPC.	Blended	Not available

B. Basis of Presentation

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

Government-wide statements – Provide information about the primary government (the County) and its component units. The statements include a statement of net position and a statement of activities. These statements report the overall government’s financial activities, except for fiduciary activities. Governmental activities generally are financed through taxes and intergovernmental revenues.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses to programs or functions. Program revenues include:

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

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

GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 *HURF Fund* accounts for the receipt and expenditure of the state-shared Highway User Revenue Fund and other assigned revenue sources for maintenance and construction of roadways.
- The *Health Services Fund* accounts for the activity of the Greenlee County Public Health Services District, including the receipt and expenditure of public health grants, environmental safety programs, home health programs, inmate health care, animal control, and ambulance services.
- The *Flood Disaster Fund* accounts for the receipt and expenditure of the state and federal assistance for maintenance and construction of roadways after flood disasters.

The County also reports the following fiduciary fund types:

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

The *Agency Funds* account for assets the County holds as an agent for other parties.

GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Basis of Accounting

The government-wide and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Agency Funds are custodial in nature and do not have a measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted net position 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. Inventories

Inventories of the governmental funds and governmental activities consist of expendable supplies held for consumption and are recorded as expenditures or expenses at the time of purchase; and because the amounts on hand at June 30, 2013 were immaterial, they are not included on the balance sheet or the statement of net position.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Property Tax Calendar

The County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

G. Capital Assets

Capital assets are recorded at actual cost, or estimated historical cost if historical records are not available. Donated assets are recorded at estimated fair value at the date of the donation.

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

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

H. Fund Balance Classifications

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

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

GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations approved by the County's Board of Supervisors, which is the highest level of decision-making authority within the County. The constraints placed on committed fund balances can be removed or changed by only the Board.

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.

I. Investment Earnings

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

J. Compensated Absences

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

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

Employees may accumulate compensatory time up to 240 hours for Sheriff deputies and jailors and up to 120 hours for other employees. 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.

**GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

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.

K. 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, 2013, the following non-major funds reported deficits in fund balance:

Fund	Deficit
Non-Major Governmental Funds:	
National Forest Fees	\$ 48
State Crime Victim Compensation	2,033
Casa Special Advocate Program	4,443
ACJC-State Victim Assistance	12,907
Victim's Rights & Assistance	108
Sheriff's ACJC Drug Grant	15,284
SCAAP Program	500
Stone Garden – Personnel	12,320
Drug, Gang & Violent Crime	5,699
Greenlee-Graham Field Trainer	7,137
County Fair	27,561
Homeland Security SACCNET	691
State Aid Enhancement A.R.S. §12-261	13,200
Juvenile Standard Probation	2,172
Diversion Consequences	381
AIPS	20,088
JTSF	532

**GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Concl'd)

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

Expenditures in Excess of Appropriations – For the fiscal year ended June 30, 2013, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

<u>Department</u>	<u>Excess</u>
Assessor	\$ 1,142
County administration	7,316
County library	2,251
Elections	12,855
Emergency services	75,583
Fleet	54,146
General services	128,330
Landfill	27,068
Parks and recreation	100,951
School Superintendent	206,817

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

GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Credit Risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Corporate bonds, debentures, and notes must be rated within the top three ratings by a nationally recognized rating agency.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors 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 and certificates of deposit at 101 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.

Deposits – At June 30, 2013, the carrying amount of the County's deposits was \$15,559,123 and the bank balance was \$16,205,910. The County does not have a formal policy regarding custodial credit risk.

**GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 – DEPOSITS AND INVESTMENTS (Concl'd)

At June 30, 2013, the County's bank balance was exposed to custodial credit risk as follows:

Uninsured with collateral held by the pledging financial institution's trust department or agent but not in the County's name	<u>\$15,955,910</u>
---	---------------------

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

<u>Cash and deposits</u>	
Cash on hand	\$ 16,452
Amount of deposits	<u>15,559,123</u>
Total	<u><u>\$15,575,575</u></u>
 <u>Statements of Net Position</u>	
Government activities	\$ 9,848,687
Investment Trust Fund	5,720,467
Agency Funds	<u>6,421</u>
Total	<u><u>\$15,575,575</u></u>

NOTE 4 – RECEIVABLES

Amounts due from other governments at June 30, 2013, as reported in the Statement of Net Position, include \$73,254 in Highway User Revenues, \$19,364 in auto lieu taxes, \$227,434 in County sales tax, \$454,018 in state shared sales tax, \$221,452 in federal grants and assistance, and \$219,121 in other state grants and assistance.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2013, the various components of deferred revenue reported in the governmental funds are as follows.

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 10,535	\$
Delinquent property taxes receivable (Health Services Fund)	2,762	
Delinquent property taxes receivable (Non-Major Governmental Funds)	1,145	
Grant drawdowns prior to meeting all eligibility requirements (Non-Major Governmental Funds)		<u>18,639</u>
Total deferred revenue for governmental funds	<u><u>\$ 14,442</u></u>	<u><u>\$ 18,639</u></u>

GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 was as follows.

<u>Governmental Activities</u>	<u>Balance July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>
Capital assets not being depreciated:				
Land	\$ 233,654	\$	\$	\$ 233,654
Construction in progress	<u>260,471</u>	<u>438,273</u>	<u>(147,791)</u>	<u>550,953</u>
Total capital assets not being depreciated	<u>494,125</u>	<u>438,273</u>	<u>(147,791)</u>	<u>784,607</u>
Capital assets being depreciated:				
Land improvements	4,908,048	253,145		5,161,193
Buildings and improvements	8,026,425	299,584	(11,914)	8,314,095
Machinery and equipment	<u>10,060,231</u>	<u>2,004,831</u>	<u>(1,372,998)</u>	<u>10,692,064</u>
Total	<u>22,994,704</u>	<u>2,557,560</u>	<u>(1,384,912)</u>	<u>24,167,352</u>
Less accumulated depreciation for:				
Land improvements	(2,921,285)	(267,658)		(3,188,943)
Buildings and improvements	(6,012,186)	(296,789)	9,581	(6,299,394)
Machinery and equipment	<u>(6,218,171)</u>	<u>(911,227)</u>	<u>960,353</u>	<u>(6,169,045)</u>
Total	<u>(15,151,642)</u>	<u>(1,475,674)</u>	<u>969,934</u>	<u>(15,657,382)</u>
Total capital assets being depreciated, net	<u>7,843,062</u>	<u>1,081,886</u>	<u>(414,978)</u>	<u>8,509,970</u>
Governmental activities capital assets, net	<u>\$ 8,337,187</u>	<u>\$ 1,520,159</u>	<u>\$ (562,769)</u>	<u>\$ 9,294,577</u>

Depreciation expense was charged to functions as follows.

Governmental activities:	
General government	\$ 473,888
Public safety	385,796
Highways and streets	553,661
Sanitation	13,309
Health and welfare	27,117
Culture and recreation	21,455
Economic development	448
Total governmental activities depreciation expense	<u>\$1,475,674</u>

GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 – LINE OF CREDIT

The County maintains a revolving line of credit with Zions First National Bank to cover cash flow needs. This line of credit has a \$2,400,000 limit with interest payable at the same time as principal, which is contingent on the County’s receipt of “nonrestricted operating revenues” as defined by A.R.S. §11-604.01. The credit line is secured by “nonrestricted operating revenues” received by the County Treasurer. Any unpaid principal and interest became due on the maturity date of June 30, 2013. The interest rate is at a rate per annum equal to sixty percent of the bank’s prime rate provided that in no event shall the interest rate exceed ten percent per annum. The schedule presented below is a summation of the activity related to the line of credit during the fiscal year ended June 30, 2013.

	<u>Beginning Balance</u>	<u>Drawdowns</u>	<u>Principal Payments</u>	<u>Ending Balance</u>	<u>Interest Payments</u>
Governmental activities	\$ -	\$ 250,445	\$ 250,445	\$ -	\$ 430
Investment Trust Fund		3,645,737	3,645,737		6,284
Total	<u>\$ -</u>	<u>\$ 3,896,182</u>	<u>\$ 3,896,182</u>	<u>\$ -</u>	<u>\$ 6,714</u>

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, 2013.

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases payable	\$ 1,806,851	\$1,449,223	\$ 1,143,601	\$ 2,112,473	\$ 704,250
Compensated absences payable	364,482	361,796	390,563	335,715	330,418
Landfill closure and postclosure care costs payable	986,713	41,758	3,250	1,025,221	3,600
Total governmental activities long-term liabilities	<u>\$ 3,158,046</u>	<u>\$1,852,777</u>	<u>\$ 1,537,414</u>	<u>\$ 3,473,409</u>	<u>\$1,038,268</u>

Capital Leases – The County has acquired mobile buildings and 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.

GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM LIABILITIES (Cont’d)

The assets acquired through capital leases are as follows.

	Governmental Activities
Asset:	
Buildings and improvements	\$ 28,073
Machinery and equipment	4,260,991
Less: accumulated depreciation	1,052,091
Carrying value	\$ 3,236,973

The following schedule details debt service requirements to maturity for the County’s capital leases payable at June 30, 2013:

Year Ending June 30:	Governmental Activities
2014	\$ 767,793
2015	634,356
2016	285,477
2017	259,025
2018	296,315
2019	13,690
Total minimum lease payments	2,256,656
Less: amount representing interest	144,183
Present value of net minimum lease payments	\$2,112,473

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 each period that the County operates the landfills. These costs will be paid from the General Fund.

GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM LIABILITIES (Concl'd)

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The \$1,025,221 reported as landfill closure and postclosure care liability at June 30, 2013, represents the cumulative amount reported to date based on the use of the estimated capacity of the landfills less expenditures already paid as follows:

Landfill	Estimated Capacity Used to Date
Blue	100%
Loma Linda	76%
Loma Linda Construction and Demolition	45%

The County will recognize the remaining estimated cost of closure and postclosure care of \$543,166 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 2013. The County expects to close the Loma Linda Landfill in the year 2025 and the Loma Linda Construction and Demolition Landfill in the year 2025, and the actual costs may be higher because of inflation, changes in technology, or changes in regulations. The estimated remaining service life for each is 12 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.

Insurance Claims – The County provides life, health, and disability benefits to its employees and their dependents through the Arizona Local Government Employee Benefit Trust, currently composed of six member counties. The Trust provides the benefits through a self-funding agreement with its participants and administers the program, and the County is responsible for paying the premium and requires its employees to contribute a portion of that premium. If it withdraws from the Trust, the County is responsible for any claims run-out costs, including claims reported but not settled, claims incurred but not reported, and administrative costs. If the Trust were to terminate, the County would be responsible for its proportional share of any Trust deficit.

Compensated Absences – Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2013, the County paid for compensated absences as follows: 54 percent from the General Fund, 25 percent from major funds, and 21 percent from other funds.

GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8 – FUND BALANCE CLASSIFICATIONS OF THE GOVERNMENTAL FUNDS

The fund balance classifications of the governmental funds as of June 30, 2013, were as follows:

	<u>General Fund</u>	<u>HURF Fund</u>	<u>Health Services Fund</u>	<u>Flood Disaster Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Fund balances (deficits):						
Nonspendable:						
Prepaid items	\$ 65,786	\$	\$	\$	\$ 54,991	\$ 120,777
Total nonspendable	<u>65,786</u>				<u>54,991</u>	<u>120,777</u>
Restricted for:						
Information systems					47,361	47,361
Judicial activities					489,397	489,397
Law enforcement					5	5
Jail facilities and operations					80,535	80,535
Waste tire program					151,949	151,949
Fair and racing program					16,716	16,716
Total restricted					<u>785,963</u>	<u>785,963</u>
Assigned to:						
Information systems					4,675	4,675
Judicial activities	124,600				145,347	269,947
Law enforcement	6,476				3,807	10,283
Jail facilities and operations					652	652
Elections programs					571	571
Public health services	125				95,540	95,665
Landfill closure/ development	318,827					318,827
Highways and streets		145,925				145,925
Wellness program	3,910					3,910
Airport improvements					41,853	41,853
Flood control					50,216	50,216
Waste tire program					12,524	12,524
Environmental programs					348	348
Total assigned	<u>453,938</u>	<u>145,925</u>			<u>355,533</u>	<u>955,396</u>
Unassigned	<u>8,890,280</u>		<u>(5,900)</u>	<u>(73,550)</u>	<u>(125,104)</u>	<u>8,685,726</u>
Total fund balances (deficits)	<u>\$9,410,004</u>	<u>\$145,925</u>	<u>\$(5,900)</u>	<u>\$(73,550)</u>	<u>\$ 1,071,383</u>	<u>\$10,547,862</u>

GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8 – FUND BALANCE CLASSIFICATIONS OF THE GOVERNMENTAL FUNDS
(Concl'd)

The July 1, 2012 fund balances of the General Fund and Non-Major Governmental Funds do not agree to the prior year financial statements. This is a result of the reclassification of certain funds no longer meeting the definition of a special revenue fund specified in GASB Statement No. 54 that have been rolled into the General Fund, and certain funds did not meet the definition of a special revenue fund in the prior year but do meet the definition in the current year. In addition, the June 30, 2012 fund balances of the Non-Major Governmental Funds do not agree to the prior year financial statements as a result of the classification of the Health Services Fund as a major fund for the fiscal year ended June 30, 2013.

	General Fund	Non-Major Governmental Funds
Fund balance, June 30, 2012, as previously reported	\$ 8,580,496	\$ 1,217,214
Reclassification of funds	109,541	(109,541)
Fund balance, July 1, 2012, as restated	\$ 8,690,037	\$ 1,107,673

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 and the Arizona Counties Workers' Compensation Pool, which are described below, and the Arizona Local Government Employee Benefit Trust, which is described in Note 7.

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 11 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium, based on its exposure in relation to the exposure of the other participants, and a deductible of \$7,500 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. If the pool were to become insolvent, the County would be assessed an additional contribution.

GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 9 – RISK MANAGEMENT (Concl'd)

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 11 member counties. The pool provides member counties with workers' compensation coverage, as required by law, 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 Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool receive independent audits annually and an audit by the Arizona Department of Insurance every five years. Both pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation.

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

Plan Descriptions – The County contributes to four pension and postemployment benefit plans, three of which are described below. The Corrections Officer Retirement Plan and the Public Safety Personnel Retirement System account for Attorneys are not described due to their relative insignificance to the County's financial statements. The plans are component units of the State of Arizona, and benefits are established by state statute. The plans generally provide retirement, long-term disability, and health insurance premium benefit, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. The health insurance premium benefit is paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The *Arizona State Retirement System (ASRS)* administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium benefit plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

**GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

The *Public Safety Personnel Retirement System* (PSPRS) administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona and participating political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a seven-member board, known as The Board of Trustees, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The *Elected Officials Retirement Plan* (EORP) administers a cost-sharing, multiple-employer defined benefit pension plan and a cost-sharing, multiple-employer defined benefit health insurance premium benefit plan that covers State of Arizona and county elected officials and judges, and elected officials of participating cities. The EORP is governed by The Board of Trustees of PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. EORP's health insurance premium benefit portion is not administered as its own formal trust. Therefore, in accordance with GASB Statement No. 43, the County is required to disclose certain actuarial information related to the health insurance premium benefit portion that is similar to that of an agent multiple-employer defined benefit plan. However, the Board of Trustees obtains an actuarial valuation for both EORP portions on their statutory basis as cost-sharing plans, and therefore, actuarial information for the County, as a participating government employer, is not available.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report is available on their Web site or may be obtained by writing or calling the applicable plan.

ASRS

3300 N. Central Ave.
P.O. Box 33910
Phoenix, AZ 85067-3910
(602) 240-2000 or (800) 621-3778
www.azasrs.gov

PSPRS and EORP

3010 E. Camelback Rd., Suite 200
Phoenix, AZ 85016-4416
(602) 255-5575
www.psprs.com

Funding Policy – The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates for the ASRS, PSPRS, and EORP.

Cost-Sharing Plans – For the year ended June 30, 2013, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.14 percent (10.90 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll, and the County was required by statute to contribute at the actuarially determined rate of 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll.

GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont’d)

Active EORP members were required by statute to contribute 11.50 percent of the members’ annual covered payroll; and the County was required to remit a designated portion of certain court fees plus additional contributions at the actuarially determined rate of 20.87 percent of the members’ annual covered payroll that includes the actuarially set rate of 1.80 percent for the plan’s health insurance premium benefit.

The County’s contributions for the current and two preceding years, all of which were equal to the required contributions, were as follows.

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:			
ASRS:			
2013	\$458,138	\$29,053	\$10,727
2012	410,652	26,212	10,162
2011	345,640	22,633	9,590
		Health Insurance Premium Benefit	
	Retirement Fund		
Year ending June 30:			
EORP:			
2013	\$171,511	\$16,192	
2012	154,164	17,066	
2011	148,827	16,832	

Agent Plan – For the year ended June 30, 2013, active PSPRS members were required by statute to contribute 9.55 percent of the members’ annual covered payroll, and the County was required to contribute 16.22 percent, the aggregate of which is the actuarially required amount. The health insurance premium benefit portion of the contribution rate was actuarially set at 1.38 percent of covered payroll.

Actuarial Methods and Assumptions – The contribution requirements for the year ended June 30, 2013 were established by the June 30, 2011, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

**GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plan as understood by the County and plan's members and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the County and plan's members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial methods and assumptions used to establish the fiscal year 2013 contribution requirements, are as follows.

Actuarial valuation date	June 30, 2011
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	25 years for unfunded actuarial liability, 20 years for excess
Asset valuation method	7-year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.25%
Projected salary increases	5.0% - 8.0%
includes inflation at	5.0%

Annual Pension/OPEB Cost – The County's pension/OPEB cost for the agent plan for the year ended June 30, 2013, and related information follows.

	PSPRS	
	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>
Annual pension/OPEB cost	\$ 112,273	\$ 10,442
Contributions made	112,273	10,442

**GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

Trend Information – Annual pension and OPEB cost information for the current and two preceding years follows for the agent plan.

<u>Plan</u>	<u>Year Ended June 30</u>	<u>Annual Pension/OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Pension/OPEB Obligation</u>
PSPRS				
Pension	2013	\$112,273	100%	\$ -0-
Health insurance premium benefit	2013	10,442	100	-0-
Pension	2012	90,580	100	-0-
Health insurance premium benefit	2012	10,734	100	-0-
Pension	2011	84,259	100	-0-
Health insurance premium benefit	2011	8,225	100	-0-

Funded Status – The funded status of the plan as of June 30, 2013, along with the actuarial assumptions and methods used in those valuations follow.

	<u>PSPRS</u>	
	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>
Actuarial value of assets (a)	\$3,285,266	\$ -0-
Actuarial accrued liability (b)	\$4,023,007	\$110,681
Unfunded actuarial accrued liability (funding excess) (b) – (a)	\$ 737,741	\$110,681
Funded ratio (a)/(b)	81.7%	0.0%
Annual covered payroll (c)	\$ 764,569	\$764,569
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) – (a)/(c)	96.5%	14.5%

GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Concl'd)

The actuarial methods and assumptions used for June 30, 2013, are as follows:

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases includes inflation at	4.5% - 8.5% 4.5%

NOTE 11 – INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables – Interfund balances at June 30, 2013 were as follows.

Payable from	Payable to				Total
	General Fund	HURF Fund	Flood Disaster Fund	Non-Major Governmental Funds	
General Fund	\$	\$ 521	\$	\$ 1	\$ 522
HURF Fund	3,198		119,390		122,588
Health Services Fund	58,453	497			58,950
Flood Disaster Fund	319,477				319,477
Non-Major Governmental Funds	205,163			22,686	227,849
Total	<u>\$586,291</u>	<u>\$ 1,018</u>	<u>\$119,390</u>	<u>\$ 22,687</u>	<u>\$729,386</u>

The majority of interfund balances were loans from the General Fund to other funds throughout the fiscal year to mitigate registered warrant expenditures in funds with temporary negative balances. In addition, several Non-Major Governmental Funds had negative cash balances in the Treasurer's pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be repaid within one year.

**GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 11 – INTERFUND BALANCES AND ACTIVITY (Concl'd)

Interfund transfers – Interfund transfers for the year ended June 30, 2013 were as follows.

<u>Transfer from</u>	<u>Transfer to</u>				<u>Total</u>
	<u>General Fund</u>	<u>HURF Fund</u>	<u>Health Services Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	\$	\$450,000	\$356,000	\$ 429,515	\$1,235,515
Non-Major Governmental Funds	1,539	350,000			351,539
Total	\$ 1,539	\$800,000	\$356,000	\$ 429,515	\$1,587,054

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 \$135,643 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.

**GREENLEE COUNTY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 12 – COUNTY TREASURER’S INVESTMENT POOL (Concl’d)

A condensed statement of the investment pool’s net position and changes in net position follows.

Statement of Net Position	
Assets	\$ 15,439,932
Liabilities	
Net position	<u>\$ 15,439,932</u>
Net position held in trust for:	
Internal participants	\$ 9,719,465
External participants	<u>5,720,467</u>
Total net position held in trust	<u>\$ 15,439,932</u>
Statement of Changes in Net Position	
Total additions	\$ 36,644,731
Total deductions	<u>36,319,509</u>
Net increase	325,222
Net position held in trust:	
July 1, 2012	<u>15,114,710</u>
June 30, 2013	<u>\$ 15,439,932</u>

OTHER REQUIRED SUPPLEMENTARY INFORMATION

GREENLEE COUNTY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Variance with Final Budget
	Original & Final	Non-GAAP Actual	
Revenues:			
Taxes	\$ 3,367,223	\$ 4,461,189	\$ 1,093,966
Licenses and permits	4,000	3,778	(222)
Intergovernmental	5,918,800	6,625,350	706,550
Charges for services	92,200	132,922	40,722
Fines and forfeits	61,000	109,843	48,843
Investment income	10,015	5,280	(4,735)
Contributions	1,200,250	1,200,000	(250)
Rents		6,658	6,658
Miscellaneous	125,000	144,649	19,649
Total revenues	10,778,488	12,689,669	1,911,181
Expenditures:			
General government			
Board of Supervisors	409,459	383,456	26,003
Airport	16,950	7,399	9,551
Assessor	334,759	347,903	(13,144)
Attorney	478,575	474,284	4,291
Constable No. 1	29,102	28,613	489
Constable No. 2	24,670	21,426	3,244
Contingency	100,000		100,000
County administration	371,888	379,204	(7,316)
Data processing	473,853	471,242	2,611
Elections	73,918	87,467	(13,549)
Fleet	183,071	237,217	(54,146)
General services	1,289,143	1,417,473	(128,330)
Ground and maintenance	569,848	374,651	195,197
Justice of the Peace No. 1	200,132	181,856	18,276
Justice of the Peace No. 2	167,786	152,011	15,775
Planning and zoning	31,500	3,585	27,915
Public Fiduciary	50,620	49,408	1,212
Recorder	203,391	201,589	1,802
Superior court	813,842	773,749	40,093
Treasurer	213,904	202,847	11,057
Voter registration	17,000	9,682	7,318
Total general government	6,053,411	5,805,062	248,349
Public safety			
County flood control		6	(6)
Emergency services	96,590	177,807	(81,217)
Probation	348,500	313,126	35,374
Sheriff	2,940,043	2,907,440	32,603
Total public safety	3,385,133	3,398,379	(13,246)

(Continued)

GREENLEE COUNTY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2013
(Concluded)

	Budgeted Amounts	Non-GAAP Actual	Variance with Final Budget
	Original & Final		
Health and welfare - AHCCCS/ALTCS Payments	410,200	410,160	40
Culture and recreation			
County library	30,325	31,626	(1,301)
Parks and recreation	86,274	151,023	(64,749)
Total culture and recreation	116,599	182,649	(66,050)
Education			
School Superintendent	215,509	211,127	4,382
U of A extension services	22,307	22,307	
Total education	237,816	233,434	4,382
Economic development	30,000	14,033	15,967
Total expenditures	10,233,159	10,043,717	189,442
Excess of revenues over expenditures	545,329	2,645,952	2,100,623
Other financing sources (uses):			
Sale of capital assets	5,000	13,838	8,838
Transfers in	331,832	520,799	188,967
Transfers out	(3,196,848)	(2,989,309)	207,539
Total other financing sources (uses)	(2,860,016)	(2,454,672)	405,344
Net change in fund balances	(2,314,687)	191,280	2,505,967
Fund balances, July 1, 2012, as restated	3,596,005	8,147,387	4,551,382
Fund balances, June 30, 2013	\$ 1,281,318	\$ 8,338,667	\$ 7,057,349

See accompanying notes to budgetary comparison schedule.

GREENLEE COUNTY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
HURF FUND
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Variance with Final Budget
	Original & Final	Non-GAAP Actual	
Revenues:			
Intergovernmental	\$ 800,000	\$ 946,153	\$ 146,153
Investment income		173	173
Miscellaneous		2,207	2,207
Total revenues	<u>800,000</u>	<u>948,533</u>	<u>148,533</u>
Expenditures:			
Current -			
Highways and streets	1,612,000	1,727,332	(115,332)
Capital outlay	138,000	46,722	91,278
Debt service -			
Interest and other charges		1	(1)
Total expenditures	<u>1,750,000</u>	<u>1,774,055</u>	<u>(24,055)</u>
Excess (deficiency) of revenues over expenditures	<u>(950,000)</u>	<u>(825,522)</u>	<u>124,478</u>
Other financing sources:			
Sale of capital assets		2,525	2,525
Transfers in	800,000	800,000	
Total other financing sources	<u>800,000</u>	<u>802,525</u>	<u>2,525</u>
Net change in fund balances	(150,000)	(22,997)	127,003
Fund balances, July 1, 2012	<u>150,000</u>	<u>168,922</u>	<u>18,922</u>
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 145,925</u>	<u>\$ 145,925</u>

See accompanying notes to budgetary comparison schedule.

GREENLEE COUNTY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
HEALTH SERVICES FUND
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Variance with Final Budget
	Original & Final	Non-GAAP Actual	
Revenues:			
Taxes	\$ 699,728	\$ 698,312	\$ (1,416)
Intergovernmental	609,641	561,571	(48,070)
Charges for services	4,000	14,491	10,491
Investment income		99	99
Miscellaneous	10,000	25,055	15,055
Total revenues	<u>1,323,369</u>	<u>1,299,528</u>	<u>(23,841)</u>
Expenditures:			
Current -			
Public safety	86,268	159,686	(73,418)
Highways and streets		682	(682)
Health and welfare	1,697,459	1,483,888	213,571
Capital outlay	13,596	29,853	(16,257)
Debt service -			
Principal		86,045	(86,045)
Interest and other charges		5,101	(5,101)
Total expenditures	<u>1,797,323</u>	<u>1,765,255</u>	<u>32,068</u>
Excess (deficiency) of revenues over expenditures	<u>(473,954)</u>	<u>(465,727)</u>	<u>8,227</u>
Other financing sources:			
Transfers in	356,000	356,000	
Total other financing sources	<u>356,000</u>	<u>356,000</u>	
Net change in fund balances	(117,954)	(109,727)	8,227
Fund balances, July 1, 2012	<u>117,954</u>	<u>103,827</u>	<u>(14,127)</u>
Fund balances (deficits), June 30, 2013	<u>\$ -</u>	<u>\$ (5,900)</u>	<u>\$ (5,900)</u>

See accompanying notes to budgetary comparison schedule.

**GREENLEE COUNTY, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 FLOOD DISASTER FUND
 YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Variance with Final Budget
	Original & Final*	Actual	
Revenues:			
Investment income	\$ -	\$ 27	\$ 27
Total revenues		<u>27</u>	<u>27</u>
Total expenditures			
Net change in fund balances		27	27
Fund balances (deficits), July 1, 2012		<u>(73,577)</u>	<u>(73,577)</u>
Fund balances (deficits), June 30, 2013	<u>\$ -</u>	<u>\$ (73,550)</u>	<u>\$ (73,550)</u>

* The Flood Disaster Fund was included in the County's adopted budget; however, the budget was zero.

See accompanying notes to budgetary comparison schedule.

**GREENLEE COUNTY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2013**

NOTE 1 – BUDGETING AND BUDGETARY CONTROL

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

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

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

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

- Present value of net minimum capital lease payments.
- Financial activity budgeted as special revenue funds. Certain activities are reported in the General Fund in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but reported as special revenue funds in the County's adopted budget.
- Special revenue funds budgeted as General Fund activity. Certain activities are reported as special revenue funds in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but reported as activity of the General Fund in the County's adopted budget.

**GREENLEE COUNTY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2013**

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING (Concl'd)

The following schedule reconciles the total revenues, total expenditures, total other financing sources (uses), and fund balances as of July 1, 2012 and June 30, 2013 from the Statement of Revenues, Expenditures, and Changes in Fund Balances to the budgetary comparison schedule for the General Fund:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Total Other Financing Sources (Uses)</u>	<u>Fund Balances, July 1, 2012</u>	<u>Fund Balances, June 30, 2013</u>
<u>General Fund</u>					
Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 13,267,580	\$ 11,447,974	\$ (1,099,639)	\$ 8,690,037	\$ 9,410,004
Present value of net minimum capital lease payments		(120,499)	(120,499)		
Activity budgeted as special revenue funds	(612,630)	(1,637,158)	(1,566,366)	(572,388)	(1,114,226)
Special revenue funds budgeted as General Fund activity	<u>34,719</u>	<u>353,400</u>	<u>331,832</u>	<u>29,738</u>	<u>42,889</u>
Budgetary comparison schedule	<u>\$ 12,689,669</u>	<u>\$ 10,043,717</u>	<u>\$ (2,454,672)</u>	<u>\$ 8,147,387</u>	<u>\$ 8,338,667</u>

The County's HURF Fund and Health Services Fund budgets are prepared on a basis consistent with generally accepted accounting principles, except for the present value of net minimum capital lease payments.

The following schedule reconciles the excess (deficiency) of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances to the budgetary comparison schedule for the HURF and Health Services Funds:

	<u>HURF Fund</u>	<u>Health Services Fund</u>
Excess (deficiency) of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$(2,002,222)	\$(617,751)
Present value of net minimum capital lease payments	<u>1,176,700</u>	<u>152,024</u>
Excess (deficiency) of revenues over expenditures from the budgetary comparison schedules	<u>\$ (825,522)</u>	<u>\$(465,727)</u>

**GREENLEE COUNTY, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION
 NOTES TO BUDGETARY COMPARISON SCHEDULES
 JUNE 30, 2013**

NOTE 3 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2013, expenditures exceeded final budget amounts at the department level for the General Fund and at the fund level for all other funds as follows.

<u>Fund</u>	<u>Department</u>	<u>Excess</u>
General Fund	Assessor	\$ 13,144
	County administration	7,316
	County flood control	6
	County library	1,301
	Elections	13,549
	Emergency services	81,217
	Fleet	54,146
	General services	128,330
	Parks and recreation	64,749
HURF Fund	Roads	24,055

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

**GREENLEE COUNTY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AGENT RETIREMENT PLAN'S FUNDING PROGRESS
JUNE 30, 2013**

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b)-(a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b)-(a)/(c)
Pension						
6/30/13	\$3,285,266	\$4,023,007	\$ 737,741	81.7%	\$764,569	96.5%
6/30/12	3,112,726	3,790,393	677,667	82.1%	702,098	96.5%
6/30/11	2,979,130	3,329,548	350,418	89.5%	711,401	49.3%
Health Insurance Premium Benefit						
6/30/13	\$ -0-	\$ 110,681	\$ 110,681	0.0%	\$764,569	14.5%
6/30/12	-0-	103,531	103,531	0.0%	702,098	14.7%
6/30/11	-0-	103,009	103,009	0.0%	711,401	14.5%