

# **Greenlee County, Arizona**

Annual Financial Report

June 30, 2023

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Greenlee County, Arizona  
ANNUAL FINANCIAL REPORT  
Year ended June 30, 2023

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## **Independent Auditors' Report**

The Arizona Auditor General  
Members of the Arizona State Legislature  
The Board of Supervisors of  
Greenlee County, Arizona

### **Report on the audit of the financial statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Greenlee County as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the County as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

#### **Basis for opinions**

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of matters**

As discussed in Note 1 to the financial statements, for the year ended June 30, 2023, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, Subscription Based Information Technology Arrangements. Our opinions are not modified with respect to this matter.

As discussed in Note 2 to the financial statements, the County restated beginning net position of its financial statements for the year ended June 30, 2023, to correct a misstatement in its previously issued financial statements. Our opinions are not modified with respect to this matter.

#### **Other Matters**

*Compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies*

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to comply with the authorized transportation purposes, insofar as they relate to accounting matters, for Highway User Revenue Fund monies it received pursuant to Arizona Revised Statutes Title 28,

Chapter 18, Article 2, and any other dedicated State transportation revenues it received. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the authorized transportation purposes referred to above, insofar as they relate to accounting matters.

The communication related to compliance over the use of Highway User Revenue Fund and other dedicated State transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Arizona Auditor General, the County's Board of Supervisors and 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.

### **Management's responsibilities for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 7 through 18, budgetary comparison schedules on pages 69 through 73, schedule of the County's proportionate share of the net pension/OPEB liability—cost-sharing plans on pages 74 through 75, schedule of county pension/OPEB contributions on pages 76 through 77, the schedule of changes in the county's net pension/OPEB liability and related ratios—Public Safety Personnel Retirement System on pages 78 through 79, and the notes to the required supplementary information on pages 80 through 83 be presented to supplement the basic financial statements. Such information is management's responsibility and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Snyder & Brown CPAs, PLLC

Tempe, Arizona  
May 21, 2025

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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, 2023

As management of Greenlee County, Arizona (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2023. Please read it in conjunction with the County's basic financial statements, which begin on page 21.

## FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$22.1 million (*net position*).

- The County's total net position increased \$4,206,487, which represents a 24 percent increase from the prior fiscal year, primarily due to increase in county sales tax revenues and additional grants and contributions received during FY23.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$29.6 million, an increase of \$3,327,475 in comparison with the prior year. Approximately 70 percent of this amount (\$20.8 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 \$23.1 million, or approximately 138 percent of total General Fund expenditures.
- The County's total outstanding long-term liabilities increased by \$4.4 million during the current fiscal year primarily due to an increase in the liability for pensions.

## OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

Greenlee County, Arizona  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year ended June 30, 2023

OVERVIEW OF FINANCIAL STATEMENTS - Continued

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

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

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

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

*Governmental funds* - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Health Services, ARPA, and RC Interoperability Communication System 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 23 through 25 of this report.

Greenlee County, Arizona  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year ended June 30, 2023

OVERVIEW OF FINANCIAL STATEMENTS - Continued

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$22.1 million at the close of the most recent fiscal year.

The following table presents a summary of the County's net position for the fiscal years ended June 30, 2023 and 2022:

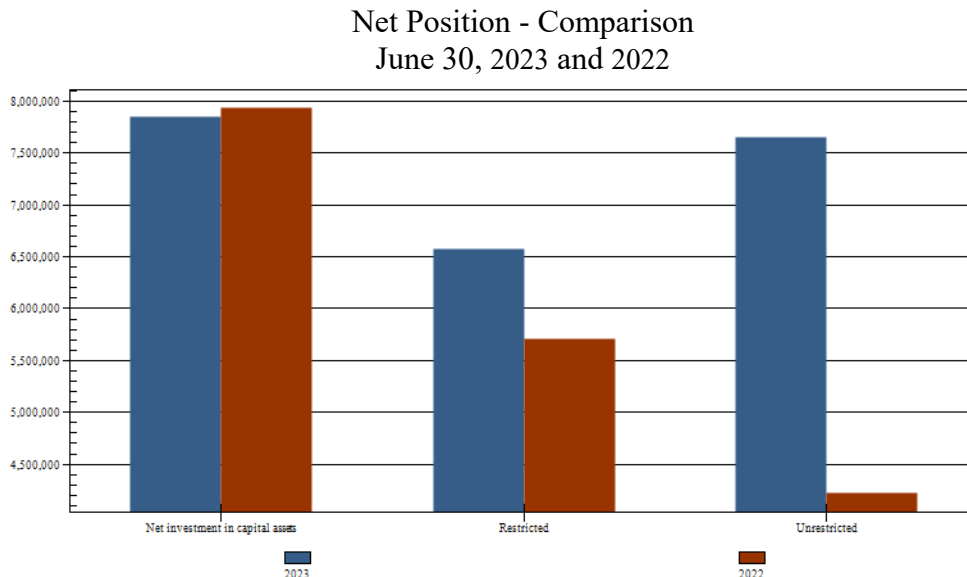
	Governmental Activities	
	2023	2022 (as restated)
Current and other assets	\$ 34,182,096	\$ 28,671,375
Capital assets, net	9,192,701	8,638,639
Total assets, net	43,374,797	37,310,014
Deferred outflows of resources	5,789,748	4,473,387
Long-term liabilities outstanding	22,478,332	18,094,369
Other liabilities	3,608,625	1,322,274
Total liabilities	26,086,957	19,416,643
Deferred inflows of resources	998,805	4,494,462
Net investment in capital assets	7,852,096	7,930,691
Restricted	6,570,208	5,713,238
Unrestricted	7,656,479	4,228,367
Total net position	\$ 22,078,783	\$ 17,872,296

Greenlee County, Arizona  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year ended June 30, 2023

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

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

At the end of the current fiscal year the County reported positive balances in all categories of net position. Unrestricted net position, which is normally used to meet the County's mission reported a net position of \$7.7 million. The increase is attributed to the county sales tax and additional contributions in revenue.



During the current fiscal year, net position increased \$4.2 million from a beginning balance of \$17.9 million to an ending balance of \$22.1 million.

Greenlee County, Arizona  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year ended June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

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, 2023:

- The increase in unearned revenue of \$2.2 million was attributed to COVID-19-related grants (ARPA, LATCF, and other grants received by the Sheriff's Department) during the fiscal year. However, the qualifying expenditures have not yet been incurred, and the payments received in advancement were recorded as unearned.
- The new issuances of \$759,339 for financed purchases of additional vehicles and machinery, and \$266,316 for subscription-based information technology arrangements.
- The principal retirement of \$326,419 and \$66,579 of financed purchases and subscription liability, respectively.
- The increase of \$3.6 million of net pension and OPEB liabilities, increase \$1.3 million of deferred outflows of resources related to pensions and OPEB, and decrease of \$(3.5) million of deferred inflows of resources related to pensions and OPEB as a result of the actuarial valuation performed of the County's participated pension plans of June 30, 2023, and a measurement date of June 30, 2022.

Greenlee County, Arizona

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Year ended June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Changes in net position - The County's total revenues for the fiscal year ended June 30, 2023 were \$27.6 million. The total cost of all programs and services was \$23.4 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2023 and 2022:

Statement of Activities - Governmental Activities

	Year Ended June 30,	
	2023	2022 (as restated)
Revenues:		
Program revenues:		
Charges for services	\$ 1,298,609	\$ 1,151,850
Operating grants and contributions	7,716,196	7,644,968
General revenues:		
Property taxes	4,981,836	4,824,986
County sales taxes for general purposes	2,275,342	1,790,853
Other taxes	14,638	
Share of state sales taxes	6,030,387	9,083,161
Share of state vehicle license tax	412,616	387,266
Grants and contributions not restricted to specific programs	4,326,584	2,868,324
Other	507,867	241,242
Total revenues	<u>27,564,075</u>	<u>27,992,650</u>
Expenses:		
General government	8,229,334	8,196,464
Public safety	8,962,233	6,773,916
Highways and streets	1,812,146	1,760,154
Sanitation	604,273	577,312
Health and welfare	2,610,819	2,531,035
Culture and recreation	387,708	447,986
Education	613,390	759,027
Economic development	85,414	66,062
Interest on long-term debt	52,271	48,593
Total expenses	<u>23,357,588</u>	<u>21,160,549</u>
Change in net position	4,206,487	6,832,101
Net position, beginning as restated	<u>17,872,296</u>	<u>11,040,195</u>
Net position, ending	<u>\$ 22,078,783</u>	<u>\$ 17,872,296</u>



Greenlee County, Arizona  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year ended June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

The following are significant transactions that have had an impact on the change in net position during the fiscal year ended June 30, 2023.

- State shared sales tax decreased by \$3.1 million in FY23. This reduction was primarily due to the settlement of a multi-year tax litigation case in the Arizona Tax Court regarding the taxation of electricity used in mining operations. The settlement resulted in a tax refund to be paid by all entities receiving state shares sales tax revenues. For Greenlee County, this settlement caused approximate \$1.3 million reduction of these revenues during FY23. The remaining decrease can be attributed to the decline in copper prices, which were approximately 15% lower than the previous year.
- Grants and contributions not restricted for specific programs increased \$1.5 million primarily due to additional contributions from Freeport-McMoran to supplement the decreased sales tax revenues.
- County sales taxes for general purposes increased by \$484,489 in FY23. Despite the decrease in state shared sales tax for the fiscal year, the County excise tax saw an increase. This growth was primarily attributed to the spending of the County's main taxpayer, notwithstanding new rules regarding the taxation of electricity in mining operations.
- Public and safety expenditures expenses increased \$2.2 million due to additional contributions made to the PSPRS.

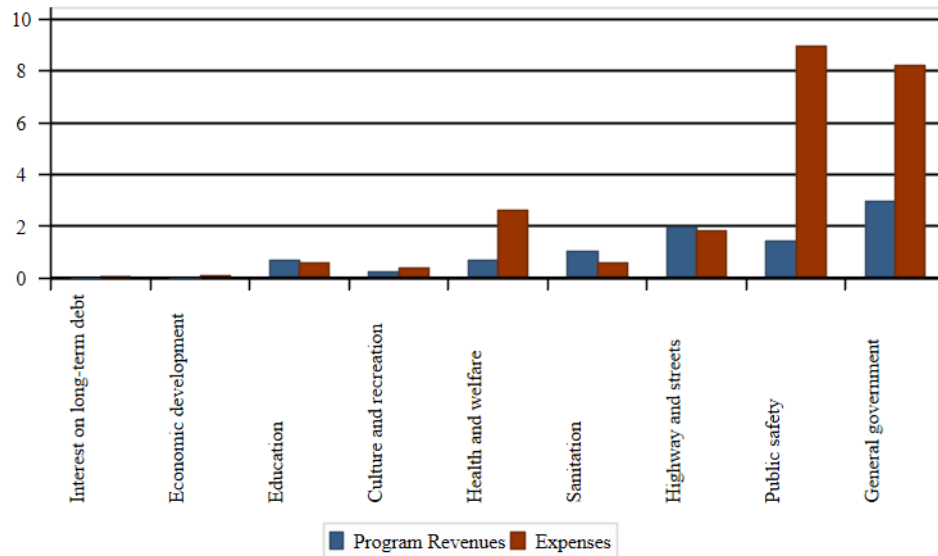
The following table presents the cost of the County's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid and contributions provided for specific programs). The net cost shows the financial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

Governmental Activities	2023		2022 (restated)	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
General government	\$ 8,229,334	\$ (5,259,724)	\$ 8,196,464	\$ (5,226,317)
Public safety	8,962,233	(7,528,479)	6,773,916	(5,149,647)
Highway and streets	1,812,146	134,998	1,760,154	(86,762)
Sanitation	604,273	401,393	577,312	(46,919)
Health and welfare	2,610,819	(1,896,979)	2,531,035	(1,844,089)
Culture and recreation	387,708	(139,145)	447,986	(135,645)
Education	613,390	82,838	759,027	(4,937)
Economic development	85,414	(85,414)	66,062	(66,062)
Interest on long-term debt	52,271	(52,271)	48,593	(48,593)
Total	<u>\$ 23,357,588</u>	<u>\$ (14,342,783)</u>	<u>\$ 21,160,549</u>	<u>\$ (12,608,971)</u>

Greenlee County, Arizona  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year ended June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Expenses and Program Revenues - by category  
Year ended June 30, 2023  
(in millions)



The cost of all governmental activities this year was \$23.4 million.

Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$9.0 million.

Net cost of governmental activities of \$14.3 million was financed by general revenues, which are made up primarily of taxes of \$7.3 million, shared state tax revenues of \$6.4 million, and grants and contributions not restricted to specific programs of \$4.3 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.

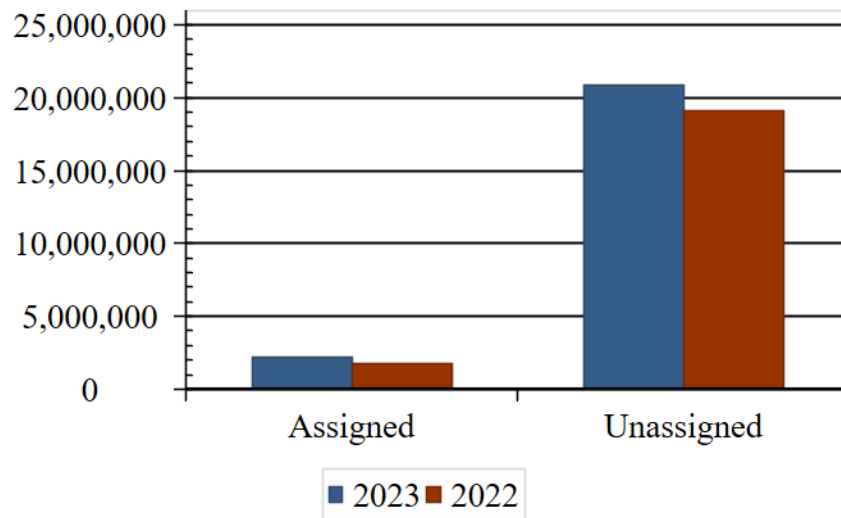
Governmental funds - The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful 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.

Greenlee County, Arizona  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year ended June 30, 2023

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS - Continued

At June 30, 2023, the County's governmental funds reported a combined fund balance of \$29.6 million, an increase of \$3,327,475 in comparison with the prior year. Approximately 70 percent of this amount (\$20.8 million) constitutes *unassigned fund balance*, which is available for spending at the County's discretion. The remainder of the fund balance is either restricted or assigned to indicate that it is (1) restricted for particular purposes (\$6,615,203) or (2) assigned for particular purposes (\$2,216,534).

Components of Fund Balance - General Fund  
June 30, 2023 and 2022



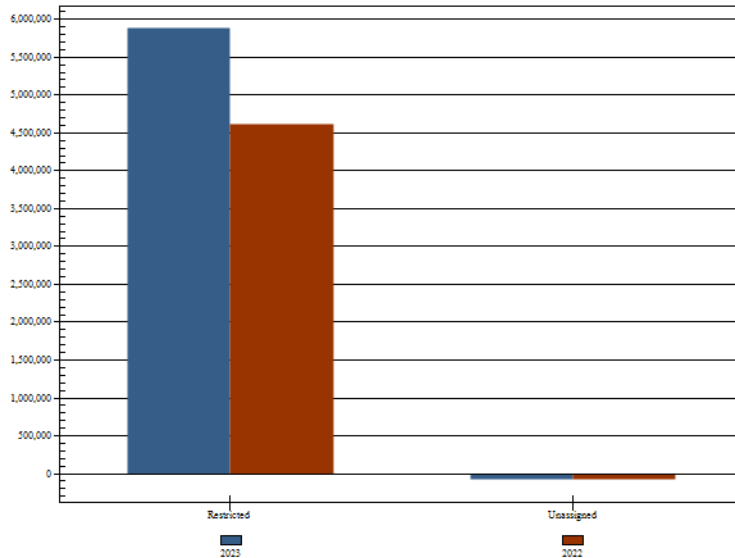
The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$20.9 million, while total fund balance increased to \$23.1 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 124 percent of total General Fund expenditures, while total fund balance represents approximately 138 percent of that same amount.

The fund balance of the County's General Fund increased \$2,185,473 during the current fiscal year. The increase was driven by a significant increase in sales tax revenue, attributed to economic growth, and investment income.

Greenlee County, Arizona  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year ended June 30, 2023

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS - Continued

Components of Fund Balance - Other Governmental Funds  
June 30, 2023 and 2022



The Health Services Fund, a major fund, had an decrease in fund balance during the current year of \$(106,808) to bring the year end fund balance to \$731,991. The change was due to the increase of ambulance subsidy.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Intergovernmental revenues were \$1,606,942 less than budgeted, primarily from State Shared Transaction Privilege Tax.
- County sales tax revenues exceeded estimates by \$1,255,342 due to the new rules for taxation of electricity in mining operations.
- Public safety – probation expenditures were less than the budgeted, \$319,480 due to staffing vacancies.
- General Service expenditures were \$537,888 less than budgeted. The budgeted merit increases, benefit payout, and an anticipated rise in basic liability insurance premium did not occur during the fiscal year 2023.
- Ground and maintenance expenditures were \$(151,759) more than the budgeted amount due to higher costs for road repair materials than anticipated.
- Information system expenditures were \$327,623 less than the budgeted amount due to three main factors: vacancy savings resulting from the inability to hire IT professionals, budgeted IT hardware that was not purchased, and budgeted miscellaneous expenses that were not incurred.

Greenlee County, Arizona  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year ended June 30, 2023

- Sheriff expenditures were \$(1,077,207) more than the budgeted amount because of PSPRS unfunded liabilities payments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets - The County's investment in capital assets as of June 30, 2023 totaled \$9.2 million (net of accumulated depreciation). This investment includes land, infrastructure, buildings, improvements, machinery, equipment, and construction in progress. The total increase in capital assets for the current fiscal year was approximately 6 percent.

The following schedule presents a summary of capital asset balances (net of accumulated depreciation) as of June 30, 2023 and 2022.

	2023	2022
Land	\$ 283,992	\$ 283,992
Land improvements	584,958	700,663
Infrastructure	1,790,550	1,284,489
Buildings and improvements	3,646,464	3,704,974
Machinery and equipment	2,670,821	2,579,800
Right-to-use subscription assets	215,916	-
Construction in progress	-	84,721
Total capital assets, net	<u>\$ 9,192,701</u>	<u>\$ 8,638,639</u>

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

Additional information on the County's capital assets can be found in Note 6 in the notes to the financial statements.

Long-term debt - At the end of the current fiscal year, the County had \$1.1 million in financed purchases with \$274,683 due within one year. The current year payments totaled \$326,419.

Additional information on the County's long-term debt and other long-term liabilities can be found in Note 8 in the notes to the financial statements.

Greenlee County, Arizona  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Year ended June 30, 2023

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The fiscal year 2024 budget is adopted at a 0.89% decrease in the general fund, and an overall budget increase of 4.32%. The decrease in the general fund includes a 5% wage increase for County employees. Wage recommendations have been made to account for economic factors, wage comparison with other small counties and other relevant competing employers. Inflation is currently at 4%, with projected continued Federal Reserve Interest Rate increases are hoping to bring inflation down to 2%. Last year's budget turned to leasing vehicles to meet a variety of transportation needs as this was in many cases the only option available. Moving forward, the County will slowly pivot back to more traditional purchasing options particularly where opportunities exist to locate and purchase with cash are available. In some cases, lease/purchase will always be an option when availability is an issue even if at slightly higher costs. The proposed budget does have both revenue and expenditure limit capacity to allow for cash purchases for some of our vehicle and equipment needs. The PSPRS contribution rates will not reflect the \$1,925,914 payment to the PSPRS UAAL fund until the next coming fiscal year. The budget continues to show dramatic savings from the revised Out of County Tuition liability formula. The County's previous years emphasis of using one time money for one time investments remains included in the budget. The County will continue to build conservative budgets focusing on maximizing efficiency within revenue limits, cost cutting, and economic resilience to adapt to changing economic conditions.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

## BASIC FINANCIAL STATEMENTS

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Greenlee County, Arizona  
STATEMENT OF NET POSITION  
June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 31,709,231
Property taxes receivable	11,771
Accounts receivable	300,886
Settlement receivable, net	216,470
Due from governmental entities	983,629
Other assets	205,313
Net pension and other postemployment benefits asset	754,796
Capital assets, not being depreciated/amortized	283,992
Capital assets, being depreciated/amortized, net	<u>8,908,709</u>
Total assets	<u>43,374,797</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions and other postemployment benefits	<u>5,789,748</u>
LIABILITIES	
Accounts payable	292,267
Accrued payroll and employee benefits	523,385
Unearned revenues	2,789,157
Due to governmental entities	3,816
Noncurrent liabilities	
Due within 1 year	790,169
Due in more than 1 year	<u>21,688,163</u>
Total liabilities	<u>26,086,957</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions and other postemployment benefits	<u>998,805</u>
NET POSITION	
Net investment in capital assets	7,852,096
Restricted for:	
Information systems	335,758
Judicial activities	899,519
Law enforcement activities	1,747,289
Jail facilities and operations	373,285
Public health services	1,141,548
Waste tire program	149,276
Fair and racing program	217,457
Airport improvements	57,472
Roads and schools	1,141,548
Flood control	499,407
Environmental programs	1,242
Election	6,407
Unrestricted	<u>7,656,479</u>
Total net position	<u>\$ 22,078,783</u>

See accompanying notes to financial statements.

Greenlee County, Arizona  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 8,229,334	\$ 162,630	\$ 2,806,980	\$ (5,259,724)
Public safety	8,962,233	95,214	1,338,540	(7,528,479)
Highways and streets	1,812,146		1,947,144	134,998
Sanitation	604,273	1,005,666		401,393
Health and welfare	2,610,819	8,512	705,328	(1,896,979)
Culture and recreation	387,708	26,587	221,976	(139,145)
Education	613,390		696,228	82,838
Economic development	85,414			(85,414)
Interest on long-term debt	<u>52,271</u>			<u>(52,271)</u>
Total governmental activities	<u>\$ 23,357,588</u>	<u>\$ 1,298,609</u>	<u>\$ 7,716,196</u>	<u>(14,342,783)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	3,631,585
Property taxes, levied for public health services	1,226,851
Property taxes, levied for flood control	123,400
County sales taxes for general purposes	2,275,342
Other taxes	14,638
State shared sales tax	6,030,387
State shared vehicle license tax	412,616
Grants and contributions not restricted to specific programs	4,326,584
Investment earnings	431,677
Loss from disposal of capital assets	(84,721)
Miscellaneous	<u>160,911</u>
Total general revenues	<u>18,549,270</u>
Change in net position	4,206,487

Net position, July 1, 2022, as restated	<u>17,872,296</u>
Net position, June 30, 2023	<u>\$ 22,078,783</u>

See accompanying notes to financial statements.

Greenlee County, Arizona  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2023

	General Fund	Health Services Fund	ARPA Fund	RC Interoperability Communication System Fund	Non-Major Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 22,623,181	\$ 777,717	\$ 996,598	\$ 594,669	\$ 6,717,066	\$ 31,709,231
Property taxes receivable	7,153	2,432			2,186	11,771
Settlement receivable, net					216,470	216,470
Accounts receivable	300,886					300,886
Due from governmental entities	378,610	25,908			579,111	983,629
Due from other funds	234,154				57,868	292,022
Other assets	205,313					205,313
Total assets	<u>\$ 23,749,297</u>	<u>\$ 806,057</u>	<u>\$ 996,598</u>	<u>\$ 594,669</u>	<u>\$ 7,572,701</u>	<u>\$ 33,719,322</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 148,988	\$ 23,161			\$ 120,118	\$ 292,267
Accrued payroll and employee benefits	347,059	49,190	\$ 17,807		109,329	523,385
Unearned revenue	135,800		996,601	\$ 594,669	1,062,087	2,789,157
Due to governmental entities					3,816	3,816
Due to other funds	42,758				249,264	292,022
Total liabilities	<u>674,605</u>	<u>72,351</u>	<u>1,014,408</u>	<u>594,669</u>	<u>1,544,614</u>	<u>3,900,647</u>
Deferred inflows of resources:						
Unavailable revenues - property taxes	5,044	1,715			1,490	8,249
Unavailable revenues - intergovernmental					216,470	216,470
Total deferred inflows of resources	<u>5,044</u>	<u>1,715</u>			<u>217,960</u>	<u>224,719</u>
Fund balances (deficit):						
Restricted		731,991			5,883,212	6,615,203
Assigned	2,216,534					2,216,534
Unassigned	20,853,114		(17,810)		(73,085)	20,762,219
Total fund balances (deficits)	<u>23,069,648</u>	<u>731,991</u>	<u>(17,810)</u>		<u>5,810,127</u>	<u>29,593,956</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,749,297</u>	<u>\$ 806,057</u>	<u>\$ 996,598</u>	<u>\$ 594,669</u>	<u>\$ 7,572,701</u>	<u>\$ 33,719,322</u>

See accompanying notes to financial statements.

Greenlee County, Arizona

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

June 30, 2023

Fund balances - total governmental funds \$ 29,593,956

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 36,434,951	
Less accumulated depreciation	<u>(27,242,250)</u>	9,192,701

Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions/OPEB	5,789,748	
Deferred inflows of resources related to pensions/OPEB	<u>(998,805)</u>	4,790,943

Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the funds		224,719
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Some liabilities, including financed purchases, compensated absences, and net pension/OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Financed purchase agreements	(1,140,868)	
Compensated absences payable	(438,678)	
Subscriptions liability	(199,737)	
Landfill closure and postclosure care costs payable	(1,871,606)	
Net pension and OPEB liability	<u>(18,827,443)</u>	(22,478,332)

Net pension asset held in trust for future benefits is not available for County operations and, therefore, is not reported in the funds.		<u>754,796</u>
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Net position of governmental activities		\$ <u><u>22,078,783</u></u>
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See accompanying notes to financial statements.

Greenlee County, Arizona  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year ended June 30, 2023

	General Fund	Health Services Fund	ARPA Fund	RC Interoperability Communication System Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 3,631,585	\$ 1,226,851			\$ 123,400	\$ 4,981,836
Taxes	2,275,342				14,638	2,289,980
Licenses and permits	7,060					7,060
Intergovernmental	8,946,299	705,328	\$ 331,609		5,331,286	15,314,522
Charges for services	1,077,967	6,370			154,616	1,238,953
Fines and forfeits	81,229				137	81,366
Investment earnings	353,035	13,611			65,031	431,677
Contributions	1,798,581				1,371,689	3,170,270
Miscellaneous	68,130	10,384			82,397	160,911
Total revenues	18,239,228	1,962,544	331,609		7,143,194	27,676,575
EXPENDITURES						
Current:						
General government	8,492,939		248,275		539,203	9,280,417
Public safety	6,719,692	143,723	101,144		1,893,436	8,857,995
Highways and streets					2,492,163	2,492,163
Sanitation	458,508					458,508
Health and welfare	210,283	2,300,474			201,700	2,712,457
Culture and recreation	142,763				286,992	429,755
Education	214,427				398,350	612,777
Economic development	85,414					85,414
Debt service:						
Principal retirement	392,998					392,998
Interest and fiscal charges	52,271					52,271
Total expenditures	16,769,295	2,444,197	349,419		5,811,844	25,374,755
Excess (deficiency) of revenues over (under) expenditures	1,469,933	(481,653)	(17,810)		1,331,350	2,301,820
OTHER FINANCING SOURCES (USES)						
Financed purchase agreements	759,339					759,339
Subscription-based IT arrangements (SBITA)	266,316					266,316
Transfers in	758,000	374,845			712,096	1,844,941
Transfers out	(1,068,115)				(776,826)	(1,844,941)
Total other financing sources (uses)	715,540	374,845			(64,730)	1,025,655
Net change in fund balances	2,185,473	(106,808)	(17,810)		1,266,620	3,327,475
Fund balances (deficit), beginning of year	20,884,175	838,799			4,543,507	26,266,481
Fund balances (deficit), end of year	\$ 23,069,648	\$ 731,991	\$ (17,810)	\$	\$ 5,810,127	\$ 29,593,956

See accompanying notes to financial statements.

Greenlee County, Arizona

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

Year ended June 30, 2023

Net change in fund balances - total governmental funds \$ 3,327,475

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

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

Capital outlay	\$ 1,867,478	
Depreciation expense	<u>(1,228,695)</u>	638,783

Collections of revenues in the governmental funds exceeded revenues reported in the Statement of Activities		(63,984)
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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.		(84,721)
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County pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the County's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pension/OPEB, is reported in the Statement of Activities.

Pension/OPEB expense	(2,459,934)	
Pension/OPEB contributions	<u>3,650,918</u>	1,190,984

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal of long-term debt consumes the current financial resources of governmental funds. However, these payments reduce long-term liabilities in the Statement of Net Position. This amount is the effect of the difference in the treatment of repayments of long-term debt and related items.

Principal repaid	392,998	
Financed purchases incurred	(759,339)	
Subscription-based IT arrangements incurred	<u>(266,316)</u>	(632,657)

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

Increase in compensated absences	(23,628)	
Increase in landfill closure and postclosure care costs	<u>(145,765)</u>	<u>(169,393)</u>

Change in net position of governmental activities		\$ <u><u>4,206,487</u></u>
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See accompanying notes to financial statements.

Greenlee County, Arizona

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2023

		Custodial funds	
	Private- purpose trust funds	External investment pool	Other
ASSETS			
Cash and cash equivalents	\$ 28,730	\$ 10,736,721	\$ 144,754
Taxes receivable for other governments			54,964
Total assets	<u>28,730</u>	<u>10,736,721</u>	<u>199,718</u>
NET POSITION			
Restricted for:			
Pool participants		10,736,721	
Individuals, organizations, and other governments	<u>28,730</u>	<u>10,736,721</u>	<u>199,718</u>
Total net position	<u>\$ 28,730</u>	<u>\$ 10,736,721</u>	<u>\$ 199,718</u>

See accompanying notes to financial statements.

Greenlee County, Arizona

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year ended June 30, 2023

		Custodial funds	
	Private- purpose trust funds	External investment pool	Other
ADDITIONS:			
Contribution from other governments		\$ 20,658,877	
Property tax collections for other governments			\$ 11,783,238
Collections for individuals	\$ 15,436		
Inmate collections			7,155
Other			5,581
Total additions	<u>15,436</u>	<u>20,658,877</u>	<u>11,795,974</u>
DEDUCTIONS:			
Distributions to pool participants		19,652,500	
Beneficiary payments to individuals	8,423		
Property tax distributions to other governments			11,767,014
Payments to inmates			1,241
Other			3,266
Total deductions	<u>8,423</u>	<u>19,652,500</u>	<u>11,771,521</u>
Net increase in fiduciary net position	7,013	1,006,377	24,453
Net position, beginning of year	<u>21,717</u>	<u>9,730,344</u>	<u>175,265</u>
Net position, end of year	<u>\$ 28,730</u>	<u>\$ 10,736,721</u>	<u>\$ 199,718</u>

See accompanying notes to financial statements.



Greenlee County, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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, 2023, the County implemented the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements, which (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset -an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. As a result, the County's financial statements have been modified to reflect the implementation of these new standards.

The County's significant accounting policies are described below.

A. Reporting Entity

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

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

The following table describes the County's component units:

<u>Component Unit</u>	<u>Description; Criteria for Inclusion</u>	<u>Reporting Method</u>	<u>For Separate Financial Statements</u>
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, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

<u>Component Unit</u>	<u>Description; Criteria for Inclusion</u>	<u>Reporting Method</u>	<u>For Separate Financial Statements</u>
Greenlee County Public Health Services District	A tax-levying district that provides public health services; the County's Board of Supervisors serves as the board of directors, and County management has operational responsibility for the district.	Blended	Not available
Greenlee County Municipal Property Corporation (MPC)	A nonprofit corporation that assists in the acquisition of tangible real and personal property; the County's Board of Supervisors appoints all members of the governing board, is able to impose its will on the MPC, the MPC exists only to serve the County, and County management has operational responsibility for the MPC.	Blended	Not available

B. Basis of Presentation

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

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

Fund Financial Statements - Provide information about the County's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental and fiduciary fund categories. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. Fiduciary funds are aggregated and reported by fund type.

The County reports the following major governmental funds:

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

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

The *American Rescue Plan Act (ARPA) Fund* accounts for funding allocated to the County intended to combat the COVID-19 pandemic, including public health and public safety assistance, and mitigate the economic impacts to local businesses, families and individuals.

The *Rural County (RC) Interoperability Communication System Fund* accounts for financial resources allocated to the county to establish a school safety program to install safety communication/video equipment for the schools in Greenlee County.

The County also reports the following fund types:

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Basis of Accounting

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

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. The County applies grant resources to such programs before using general revenues except where matching requirements exist.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The County's major revenue sources that are susceptible to accrual are taxes, intergovernmental, charges for services, and investment earnings. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, and landfill closure and postclosure care costs, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements and subscription-based information technology agreements are reported as other financing sources.

D. 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.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

## E. Capital Assets

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$5,000		
Construction in progress	\$5,000		
Land improvements	\$5,000	Straight Line	10-40 years
Infrastructure	\$5,000	Straight Line	50 years
Buildings and improvements	\$5,000	Straight Line	3-50 years
Machinery and equipment	\$5,000	Straight Line	3-20 years
Intangibles:			
Right-to-use subscription assets	\$25,000	Straight Line	varies

Intangible right-to-use subscription assets are amortized over the shorter of the lease subscription term or the useful life of the underlying IT asset.

## F. Postemployment benefits

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

## G. Fund Balance Classifications

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

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

H. Investment Earnings

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

I. Compensated Absences

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Employees may accumulate compensatory time up to 240 hours for Sheriff deputies and jailors and up to 120 hours for other employees and is payable at termination. An eligible employee who had 120 hours, 240 hours for Sheriff deputies and jailors, of compensatory time accrued is not eligible to accrue any additional compensatory time and is to be paid for future authorized overtime worked. If compensatory time is accrued, it cannot be converted back to pay except as provided in the termination policy or with the approval of the Board of Supervisors.

Accordingly, vacation benefits and compensatory time are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year end.

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

J. Estimates

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

K. Leases and Subscription-Based Information Technology Arrangements

Leases - As lessee, the County recognizes lease liabilities with an initial, individual value of \$10,000 or more. The County uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The County's estimated incremental borrowing rate is based on the County's borrowing rates at the time of implementation and agreed by the County Treasurer's office.

Subscription-Based Information Technology Arrangements - The County recognizes subscription liabilities with an initial, individual value of \$25,000 or more. The County uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The County's estimated incremental borrowing rate is calculated as described above.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

## NOTE 2 - CORRECTION OF A MISSTATEMENT - PRIOR PERIOD ADJUSTMENT

On July 1, 2022, the County restated Governmental Activities settlement receivable, net of uncollectible accounts, and net position for a prior period correction. This correction was a result of a receivable and revenues related to Opioid settlements that should have been recognized in the prior fiscal year.

On July 1, 2022, the County restated Governmental Activities machinery and equipment, infrastructure, building and improvements, land improvements, machinery and equipment accumulated depreciation, infrastructure accumulated depreciation, building and improvements accumulated depreciation, land improvements accumulated depreciation, and net position for prior period corrections. These corrections were a result of a capital acquisitions that should have been placed in service and depreciated or expensed in a prior fiscal year.

Beginning net position was adjusted for the above as follows:

	Governmental Activities
Net position as previously reported at June 30, 2022	\$ 17,357,782
Prior period adjustment -correction of accounting error:	
Machinery and equipment correction	30,000
Infrastructure correction	31,283
Building and improvement correction	139,818
Land improvement correction	185,661
Accumulated depreciation - machinery and equipment	(9,000)
Accumulated depreciation - infrastructure	(3,128)
Accumulated depreciation - building and improvement	(32,254)
Accumulated depreciation - land improvement	(73,106)
Settlement receivable, net of uncollectible amounts	<u>245,240</u>
Net position as restated, July 1, 2022	<u>\$ 17,872,296</u>



Greenlee County, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances - At June 30, 2023, the following non-major funds reported deficits in fund balance:

Fund	Deficit
Non-Major Governmental Funds:	
State Crime Victim Comp Fund	2,961
Juvenile Victims Rights	1,000
State Library Grant Fund	9,651
Drug gang & violent crime	5,849
Flood Disaster Fund	628
COVID-19 Grants Fund	921
Casa Support Fund	4,541
COVID-19 ELC Enhancement Fund	11,409
COVID-19 Workforce Development Fund	20,866
RCAPD Grant Fund	80
Health 5 Year Workforce Fund	251
State Aid Enhancement Fund	12,184
Juvenile Standard Probation Fund	2,612
Diversion Consequences Fund	131

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

NOTE 4 - CASH AND CASH EQUIVALENTS

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 4 - CASH AND CASH EQUIVALENTS - Continued

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

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Specified Bonds, debentures, notes and other evidences of indebtedness that are denominated in the United States dollars must be rated "A" or better, at the time of purchase by at least two nationally recognized rating agencies.
3. Fixed income securities must carry one of the two highest ratings by Moody's investor's service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

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

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

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

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

Deposits - At June 30, 2023, the carrying amount of the County's deposits was \$42,609,936 and the bank balance was \$43,496,540.

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

Greenlee County, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 4 - CASH AND CASH EQUIVALENTS - Continued

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

<u>Cash and Deposits</u>	
Cash on hand	\$ 9,500
Amount of deposits	<u>42,609,936</u>
Total	<u>\$42,619,436</u>
 <u>Statement of Net Position</u>	
Governmental activities	\$31,709,231
Private-purpose trust funds	28,730
External investment pool	10,736,721
Other custodial funds	<u>144,754</u>
Total	<u>\$42,619,436</u>

NOTE 5 - RECEIVABLES

Amounts due from governmental entities at June 30, 2023, as reported in the Statement of Net Position, include \$127,655 in Highway User Revenues, \$26,545 in state shared auto lieu taxes, \$105,874 in County sales tax, \$230,156 in state shared sales tax, \$11,416 in county jail fees, and \$481,983 in grants and assistance.

The County is a participant in the One Arizona Distribution of Opioid Settlement Funds agreement which is part of a nationwide Opioid Settlement. The County received \$28,769 through June 30, 2023, and anticipates receiving additional payments through 2038. At June 30, 2023, the estimated settlement receivable balance, net of allowance for uncollectibles, is \$216,470.

Greenlee County, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

<u>Governmental activities:</u>	<u>July 1, 2022, restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>
Capital assets not being depreciated/amortized:				
Land	\$ 283,992			\$ 283,992
Construction in progress	<u>84,721</u>		\$ <u>(84,721)</u>	
Total capital assets not being depreciated/amortized	<u>368,713</u>		<u>(84,721)</u>	<u>283,992</u>
Capital assets being depreciated/amortized:				
Land improvements	5,787,305			5,787,305
Infrastructure	1,517,670	\$ 555,574		2,073,244
Buildings and improvements	12,117,218	142,897		12,260,115
Machinery and equipment	15,384,093	881,119	(522,805)	15,742,407
Intangibles:				
Right-to-use subscription assets		<u>287,888</u>		<u>287,888</u>
Total	<u>34,806,286</u>	<u>1,867,478</u>	<u>(522,805)</u>	<u>36,150,959</u>
Less accumulated depreciation/amortization for:				
Land improvements	(5,086,642)	(115,705)		(5,202,347)
Infrastructure	(233,181)	(49,513)		(282,694)
Buildings and improvements	(8,412,244)	(201,407)		(8,613,651)
Machinery and equipment	(12,804,293)	(790,098)	522,805	(13,071,586)
Intangibles:				
Right-to-use subscription assets		<u>(71,972)</u>		<u>(71,972)</u>
Total	<u>(26,536,360)</u>	<u>(1,228,695)</u>	<u>522,805</u>	<u>(27,242,250)</u>
Total capital assets being depreciated/amortized, net	<u>8,269,926</u>	<u>638,783</u>		<u>8,908,709</u>
Governmental activities capital assets, net	<u>\$ 8,638,639</u>	<u>\$ 638,783</u>	<u>\$ (84,721)</u>	<u>\$ 9,192,701</u>

Greenlee County, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 6 - CAPITAL ASSETS - Continued

Depreciation/Amortization expense was charged to functions as follows:

Governmental activities:	
General government	\$ 523,670
Public safety	150,197
Highways and streets	524,083
Health and welfare	7,142
Culture and recreation	<u>23,603</u>
Total	<u>\$ 1,228,695</u>

NOTE 7 - LINE OF CREDIT

The County maintains a revolving line of credit with Zions First National Bank, dba National Bank of Arizona to cover cash flow needs in a fiduciary capacity for school districts that are political subdivisions of the County. This line of credit has a \$3,500,000 limit with interest payable at the same time as principal, which is contingent on the County's receipt of "nonrestricted operating revenues" as defined by A.R.S. §11-604.01(7). The credit line is secured by "nonrestricted operating revenues" received by the County Treasurer. Any unpaid principal and interest became due on the maturity date of June 30, 2023. The interest rate is at a rate per annum equal to sixty five percent of the bank's prime rate provided that in no event shall the interest rate exceed ten percent per annum.

The schedule presented below is a summation of the activity related to the line of credit during the fiscal year ended June 30, 2023:

	Beginning Balance	Drawdowns	Principal Payments	Ending Balance	Interest Payments
Line of credit	<u>\$ -</u>	<u>\$ 7,784,633</u>	<u>\$ 7,784,633</u>	<u>\$ -</u>	<u>\$ 51,367</u>
Total	<u>\$ -</u>	<u>\$ 7,784,633</u>	<u>\$ 7,784,633</u>	<u>\$ -</u>	<u>\$ 51,367</u>

Greenlee County, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - LONG-TERM LIABILITIES

The following schedule details the County's long-term liability and obligation activity for the fiscal year ended June 30, 2023:

	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023	Due Within One Year
Governmental activities:					
Financed purchases	\$ 707,948	\$ 759,339	\$ 326,419	\$ 1,140,868	\$ 274,683
Subscriptions liability		266,316	66,579	199,737	66,579
Compensated absences payable	415,050	434,278	410,650	438,678	438,678
Landfill closure and postclosure care costs payable	1,725,841	145,765		1,871,606	10,229
Net pension and other postemployment benefits liability	<u>15,245,530</u>	<u>3,581,913</u>	<u></u>	<u>18,827,443</u>	<u></u>
Total	<u>\$18,094,369</u>	<u>\$5,187,611</u>	<u>\$ 803,648</u>	<u>\$ 22,478,332</u>	<u>\$ 790,169</u>

Financed Purchases - The County has acquired vehicles and machinery and equipment under the contract agreements at a total purchase price of \$1,140,868 classified as financed purchases for accounting purposes. The following schedule details debt service requirements to maturity for the County's financed purchases at June 30, 2023:

Year ending June 30:	Principal	Interest
2024	\$ 274,683	\$ 52,158
2025	222,562	42,209
2026	141,720	34,964
2027	123,437	30,731
2028	174,097	16,986
2029-2030	<u>204,369</u>	<u>9,240</u>
Total	<u>\$ 1,140,868</u>	<u>\$ 186,288</u>

Subscription-based information technology arrangements - The County has obtained the right to use IT software under the provisions of various subscription-based information technology arrangements (SBITA). As of June 30, 2023, the subscription liability was \$199,737. The subscription leases have an estimated life of 4 years. The County made \$66,579 in principal payments related to these leases for the fiscal year ended June 30, 2023.

Greenlee County, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - LONG-TERM LIABILITIES - Continued

The total amount of subscription assets and the related accumulated amortization are as follows:

	Governmental activities
Total intangible right-to-use subscription assets	\$ 287,888
Less: accumulated amortization	(71,972)
Carrying value	<u>\$ 215,916</u>

The following schedule details minimum subscription payments to maturity for the County's subscriptions liability at June 30, 2023:

Year ending June 30:	Principal	Interest
2024	\$ 66,579	\$ -
2025	66,579	-
2026	<u>66,579</u>	<u>-</u>
Total	<u>\$ 199,737</u>	<u>\$ -</u>

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

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The \$1,871,606 reported as landfill closure and postclosure care liability at June 30, 2023, represents the cumulative amount reported to date based on the use of 91% of the estimated capacity of the landfills less expenditures already paid as follows:

Landfill	Estimated Capacity Used to Date
Blue	100%
Loma Linda	96%
Loma Linda Construction and Demolition	91%

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - LONG-TERM LIABILITIES - Continued

The County will recognize the remaining estimated cost of closure and postclosure care of \$120,369 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 2023. The County expects to close the Loma Linda Landfill in or after the year 2025 and expects to close the Loma Linda Construction and Demolition Landfill in or after the year 2025. The actual costs may differ due to landfill expansions, inflation, changes in technology, or changes in regulations. The estimated remaining service life for each is 5 years. The Blue Landfill was closed in March 2006.

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

Compensated Absences - Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2023, the County paid for compensated absences as follows: 70 percent from the General Fund, 12 percent from a major fund, and 18 percent from other funds.



Greenlee County, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 9 - FUND BALANCE CLASSIFICATIONS OF THE GOVERNMENTAL FUNDS

The fund balance classifications of the governmental funds as of June 30, 2023, were as follows:

	General Fund	Health Services Fund	ARPA Fund	Non-Major Governmental Funds	Total
Fund balances (deficit):					
Restricted for:					
Information systems				\$ 335,758	\$ 335,758
Judicial activities				899,519	899,519
Law enforcement activities				1,747,289	1,747,289
Jail facilities and operations				373,285	373,285
Waste tire program				149,276	149,276
Fair and racing program				217,457	217,457
Airport improvements				57,472	57,472
Public health services		\$ 731,991		334,784	1,066,775
Roads and schools				1,261,316	1,261,316
Flood control				499,407	499,407
Environmental programs				1,242	1,242
Election				6,407	6,407
Total restricted		<u>731,991</u>		<u>5,883,212</u>	<u>6,615,203</u>
Assigned to:					
Information systems	\$ 4,920				4,920
Judicial activities	106,556				106,556
Law enforcement activities	17,931				17,931
Jail facilities and operations	700				700
Public health services	5,447				5,447
Landfill closure and development	2,002,894				2,002,894
Wellness program	<u>78,086</u>				<u>78,086</u>
Total assigned	<u>2,216,534</u>				<u>2,216,534</u>
Unassigned	<u>20,853,114</u>		\$ <u>(17,810)</u>	<u>(73,085)</u>	<u>20,762,219</u>
Total fund balances (deficits)	<u>\$ 23,069,648</u>	<u>\$ 731,991</u>	<u>\$ (17,810)</u>	<u>\$ 5,810,127</u>	<u>\$ 29,593,956</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 10 - RISK MANAGEMENT

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

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 13 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; cyber security; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium, based on its exposure in relation to the exposure of the other participants, and a deductible of \$5,000 per occurrence for property claims and \$1,500 per occurrence for liability claims. The County is also responsible for any payments in excess of the maximum coverage of \$300 million per occurrence for property claims and \$15 million per occurrence for liability claims. However, lower limits apply to certain categories of losses. A county must participate in the pool at least three years after becoming a member; however, it may withdraw after the initial three-year period.

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 13 member counties. The pool provides member counties with workers' compensation coverage, as the law requires, and risk management services. The County is responsible for paying a premium, based on an experience-rating formula that allocates pool expenditures and liabilities among the members.

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

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

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

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

## NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

At June 30, 2023, the County reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

<u>Statement of Net Position and Statement of Activities</u>	
Net pension and OPEB liability	\$ 18,827,443
Net pension and OPEB asset	754,796
Deferred outflows of resources related to pensions and OPEB	5,789,748
Deferred inflows of resources related to pensions and OPEB	998,805
Pension and OPEB expense	2,459,934

The County's accrued payroll and employee benefits includes \$101,972 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2023.

Also, the County reported \$3,650,918 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

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

#### A. Arizona State Retirement System

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

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

## NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

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

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

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended, June 30, 2023, statutes required active ASRS members to contribute at the actuarially determined rate of 12.03 percent for retirement of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 11.92 percent for retirement of the active members' annual covered payroll. The County's contributions to the pension plan for the year ended June 30, 2023, was \$802,957.

During fiscal year 2023, the County paid for ASRS pension as follows: 60 percent from the General Fund, 16 percent from major funds, and 24 percent from other funds.

Liability - At June 30, 2023, the County reported the following liability for its proportionate share of ASRS' net pension liability.

<b>ASRS</b>	<b>Net pension liability</b>
Pension	8,807,470

Greenlee County, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The net liability was measured as of June 30, 2022. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022.

The County's proportion of the net liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The County's proportion measured as of June 30, 2022 was 0.05396 percent, which was an increase of 0.00215 from the prior year.

Expense - For the year ended June 30, 2023, the County recognized \$964,441 in pension expense for ASRS.

Deferred Outflows/Inflows of Resources - For the year ended June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 77,659	\$ 162,214
Changes of assumptions or other inputs	444,877	20,675
Net difference between projected and actual earnings on pension plan investments		242,551
Changes in proportion and differences between County contributions and proportionate share of contributions	220,275	169,527
County contributions subsequent to the measurement date	<u>802,957</u>	
Total	<u>\$ 1,545,768</u>	<u>\$ 594,967</u>

The amounts reported as deferred outflows of resources related to ASRS pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as expenses as follows:

Year ending June 30,	Pension
2024	\$ 321,559
2025	(58,210)
2026	(462,088)
2027	361,804
2028	(11,054)
Thereafter	(4,167)

Greenlee County, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

ASRS	
Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4% for pensions
Inflation	2.3%
Permanent benefit increase	Included for pensions
Mortality rates	2017 SRA Scale U-MP for pensions

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

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

ASRS		Long-Term expected
Asset Class	Target Allocation	Geometric Real Rate of Return
Equity	50%	3.90%
Fixed income - credit	20%	5.30%
Fixed income - interest rate sensitive	10%	(0.20%)
Real estate	20%	6.00%
Total	100%	

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

## NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Discount Rate - At June 30, 2022, the discount rate used to measure the ASRS total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

ASRS	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Pension liability	\$ 12,995,161	\$ 8,807,470	\$ 5,315,591

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

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

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

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

## NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP) or the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The CORP administers a cost-sharing multiple-employer defined benefit pension plan (cost-sharing plan). Employees who were CORP members before July, 1 2018, participate in CORP, and AOC probation and surveillance officers who became members on or after July 1, 2018, participate in CORP or PSPDCRP. Juvenile detention officers who became members on or after July 1, 2018 participate in PSPDCRP. The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS issues publicly available financial reports that include financial statements and required supplementary information for the PSPRS and CORP plans. The report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

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

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



Greenlee County, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

\*With actuarially reduced benefits.

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

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

Employees Covered by Benefit Terms - At June 30, 2023, the following employees were covered by the agent plans' benefit terms:

	PSPRS - Sheriff	
	Pension	OPEB
Inactive employees or beneficiaries currently receiving benefits	10	10
Inactive employees entitled to but not yet receiving benefits	5	0
Active employees	8	8
Total	23	18

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

## NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Contributions - State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2023, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member - pension	County - pension	County - health
PSPRS - Sheriff	7.65%	38.84%	0%
CORP - AOC	8.41% or 10.18%	36.70 or 37.74%	

For the agent plan, the contributions to the pension plans for the year ended June 30, 2023 were:

	Pension
PSPRS - Sheriff	\$ 2,292,160
CORP - AOC	99,535

During the fiscal year 2023, the County paid for PSPRS and CORP pension contributions as follows: 96 percent from the General Fund, and 4 percent from other non-major funds.

Liability - At June 30, 2023, the County reported the following net pension assets and liabilities:

	Net pension liability	Net OPEB (asset)
PSPRS - Sheriff	\$ 2,131,888	\$ (229,240)
CORP - AOC	868,018	-

The net assets and net liabilities were measured as of June 30, 2022, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2022, reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3 percent to 7.2 percent, changing the wage inflation from 3.5 percent to a range of 3.0-6.25 percent, and increasing the cost-of-living adjustment from 1.75 percent to 1.85 percent.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

## NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

## PSPRS and CORP

Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.0 - 6.25% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.85% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2021.

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.2 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class for all pension plans are summarized in the following table:

PSPRS and CORP Asset Class	Target Allocation	Long-term expected geometric real rate of return
U.S. public equity	24%	3.49%
International public equity	16%	4.47%
Global private equity	20%	7.18%
Other assets (capital appreciation)	7%	4.83%
Core bonds	2%	0.45%
Private credit	20%	5.10%
Diversifying strategies	10%	2.68%
Cash - Mellon	1%	(0.35%)
Total	100%	

Greenlee County, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Discount Rates - At June 30, 2022, the discount rate used to measure the PSPRS and CORP total pension/OPEB liabilities was 7.2 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Changes in the Net Pension/OPEB Liability -

PSPRS - Sheriff:	Pension			OPEB		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at June 30, 2022	\$ 8,696,377	\$ 7,443,342	\$ 1,253,035	\$ 132,690	\$ 366,541	\$ (233,851)
Changes for the year:						
Service cost	153,639		153,639	3,607		3,607
Interest on the total liability	627,663		627,663	9,800		9,800
Differences between expected and actual experience in the measurement of the liability	601,350		601,350	(24,197)		(24,197)
Changes of assumptions or other inputs	122,636		122,636	737		737
Contributions—employer		868,138	(868,138)			
Contributions—employee		56,181	(56,181)			
Net investment income		(292,599)	292,599		(14,408)	14,408
Benefit payments, including refunds of employee contributions	(503,781)	(503,781)		(4,096)	(4,096)	
Administrative expense		(5,285)	5,285		(256)	256
Net changes	1,001,507	122,654	878,853	(14,149)	(18,760)	4,611
Balances at June 30, 2023	\$ 9,697,884	\$ 7,565,996	\$ 2,131,888	\$ 118,541	\$ 347,781	\$ (229,240)

The County's proportion of the CORP AOC net pension liability was based on the County's actual contributions to the plan relative to the participating counties' actual contributions for the year ended June 30, 2022. The County's proportion measured as of June 30, 2022, was 0.19451 percent, which was an decrease of 0.01057 from its proportion measured as of June 30, 2021.

Greenlee County, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Sensitivity of the County's Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate

- The following table presents the County's net pension/OPEB (assets) liabilities calculated using the discount rate of 7.2 percent, as well as what the County's net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.2 percent) or 1 percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
PSPRS - Sheriff:			
Net pension liability	\$ 3,415,323	\$ 2,131,888	\$ 1,085,235
Net OPEB (asset)	(215,687)	(229,240)	(240,687)
CORP - AOC:			
County's proportionate share of net pension liability	1,139,974	868,018	645,533

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

Expense - For the year ended June 30, 2023, the County recognized the following pension and OPEB expense:

	Pension expense	OPEB expense
PSPRS - Sheriff	\$ 841,809	\$ (18,742)
CORP - AOC (County's proportionate share)	44,994	-

Deferred Outflows/Inflows of Resources - At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 772,772	\$ 202,718
Changes of assumptions or other inputs	100,687	-
Net difference between projected and actual earnings on plan investments	244,485	-
County contributions subsequent to the measurement date	2,292,160	-
Total	<u>\$ 3,410,104</u>	<u>\$ 202,718</u>

Greenlee County, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

PSPRS - Sheriff	Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,068	\$ 36,049
Changes of assumptions or other inputs	1,023	964
Net difference between projected and actual earnings on plan investments	5,531	-
Total	<u>\$ 13,622</u>	<u>\$ 37,013</u>
	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
CORP - AOC		
Differences between expected and actual experience	\$ 46,127	\$ 17,987
Changes of assumptions or other inputs	28,435	
Net difference between projected and actual earnings on pension plan investments	15,078	
Changes in proportion and differences between County contributions and proportionate share of contributions	83,207	87,671
County contributions subsequent to the measurement date	99,535	
Total	<u>\$ 272,382</u>	<u>\$ 105,658</u>

The amounts reported as deferred outflows of resources related to pension and OPEB resulting from contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending June 30,	PSPRS - Sheriff		CORP - AOC
	Pension	Health	Pension
2024	\$ 365,671	\$ (6,042)	\$ 10,482
2025	430,643	(11,149)	36,759
2026	(51,312)	(14,489)	(4,364)
2027	170,224	8,289	24,638
2028			(326)

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

## NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

## C. Elected Officials Retirement Plan

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

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

Contributions - State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2023, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the County to contribute at the actuarially determined rate of 70.42 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 58.39 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 64.42 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the County's required contributions to ASRS and EODCRS for these elected officials and judges. The County's contributions to the pension and health insurance premium benefit plans for the year ended June 30, 2023, were \$456,266 and \$0, respectively. During fiscal year 2023, the County's general fund paid for EORP pension contributions.

Liability - At June 30, 2023, the County reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the County's proportionate share of the State's appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	\$ 7,014,346
State's proportionate share of the EORP net pension liability associated with the County	<u>682,969</u>
Total	<u>\$ 7,697,315</u>

The County also reported an asset of \$216,872 for its proportionate share of EORP's net OPEB asset.



Greenlee County, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The net asset and net liability were measured as of June 30, 2022, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2022, reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3 percent to 7.2 percent, decreasing the wage inflation from 3.75 percent to a range of 3.25 percent, and increasing the cost-of-living adjustment from 1.75 percent to 1.85 percent.

The County's proportion of net pension liability was based on the County's required contributions to the pension plan relative to the total of all participating employers' required contributions for the year ended June 30, 2022. The County's proportion of the net OPEB asset was based on the County's present value of benefits relative to the total of all participating employer's present value of benefits for the year ended June 30, 2022. The County's proportion measured as of June 30, 2022, and the change from its proportions measured as of June 30, 2021 were:

	Proportion June 30, 2022	Decrease from June 30, 2021
Pension	1.03896 %	(0.01393)
Health insurance premium benefit	1.68632 %	(0.19990)

Expense - For the year ended June 30, 2023, the Country recognized the pension and OPEB expense for EORP of \$817,041 and \$(15,303), respectively, and revenue of \$169,874 for the County's proportionate share of the State's appropriation to EORP and the designated court fees.

Deferred Outflows/Inflows of Resources - At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

EORP	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 63,343	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	\$ 45,122
County contributions subsequent to the measurement date	456,266	-
Total	<u>\$ 519,609</u>	<u>\$ 45,122</u>

Greenlee County, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

EORP-Health Insurance Premium Benefit	Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,942	\$ 9,740
Changes of assumptions or other inputs	3,537	-
Net difference between projected and actual earnings on plan investments	8,690	-
Changes in proportion and differences between County contributions and proportionate share of contributions	12,095	3,587
Total	<u>\$ 28,264</u>	<u>\$ 13,327</u>

The amounts reported as deferred outflows of resources related to EORP pensions and OPEB resulting from county contributions subsequent to the measurement date will be recognized as an increase of the net asset or reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions and OPEB will be recognized as expenses as follows:

Year ending June 30,	Pension	Health
2024	\$ (32,367)	\$ 8,120
2025	608	172
2026	(29,856)	(3,894)
2027	79,836	10,539

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

EORP	
Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.25% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.85% for pensions/not applicable for OPEB
Mortality rates	PubG-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

## NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The long-term expected rate of return on EORP plan investments was determined to be 7.2 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>EORP Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected geometric real rate of return</u>
U.S. public equity	24%	3.49%
International public equity	16%	4.47%
Global private equity	20%	7.18%
Other assets (capital appreciation)	7%	4.83%
Core bonds	2%	0.45%
Private credit	20%	5.10%
Diversifying strategies	10%	2.68%
Cash - Mellon	1%	(0.35%)
Total	100%	

Discount Rates - At June 30, 2022, the discount rate used to measure the EORP total pension and total OPEB liability was 7.2 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and state contributions will be made as currently required by statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the County's Proportionate Share of the EORP Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rates of 7.2 percent noted above, as well as what the County's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

<u>EORP</u>	<u>1% Decrease (6.2%)</u>	<u>Current Discount Rate (7.2%)</u>	<u>1% Increase (8.2%)</u>
County's proportionate share of the net pension liability	\$ 8,007,862	\$ 7,014,346	\$ 6,163,331
County's proportionate share of the net OPEB (asset)	\$ (198,883)	\$ (216,872)	\$ (232,548)

Greenlee County, Arizona

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

NOTE 12 - INTERFUND BALANCES AND ACTIVITY

Interfund transfers - Interfund transfers for the year ended June 30, 2023 were as follows:

Transfers to	Transfers from		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$	\$ 758,000	\$ 758,000
Health Services Fund	356,019	18,826	374,845
Non-Major Governmental Funds	712,096		712,096
Total	\$ 1,068,115	\$ 776,826	\$ 1,844,941

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

Interfund receivables and payables - Interfund balances for the year ended June 30, 2023 were as follows:

Due to	Due from		
	General Fund	Non-Major Governmental Fund	Total
General Fund	\$	\$ 234,154	\$ 234,154
Non-Major Governmental Funds	42,758	15,110	57,868
Total	\$ 42,758	\$ 249,264	\$ 292,022

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

## NOTE 13 - 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 \$190,673 of deposits. Therefore, the deposit risks of the Treasurer's investment pool are substantially the same as the County's deposit risks. See Note 4 for disclosure of the County's deposit risks.

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

## Statement of Fiduciary Net Position

Assets	\$ 42,419,263
Liabilities	-
Net Position	<u>\$ 42,419,263</u>

## Net position held for:

Internal participants	\$ 31,682,542
External participants	<u>10,736,721</u>
Total net position	<u>\$ 42,419,263</u>

## Statement of Changes in Fiduciary Net Position

Total additions	\$ 72,801,967
Total deductions	<u>(66,266,898)</u>
Net increase	6,535,069
Net position:	
July 1, 2022	<u>35,884,194</u>
June 30, 2023	<u>\$ 42,419,263</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 14 - SUBSEQUENT EVENT

The County is a participant in the One Arizona Distribution of Opioid Settlement Funds Agreement, which is part of the nationwide Opioid Settlement. Under the One Arizona Opioid Settlement Memorandum of Understanding (One Arizona Plan) related to national Opioid settlements, Graham County is allocated a portion of settlement monies as the cases are settled. The Arizona Attorney General's Office handles the settlements of all parties in the One Arizona Plan. After June 30, 2023, agreements were finalized with an additional five defendants which will result in additional funds of \$89,666 over the next 15 years. Due to the on-going litigation and finalization of agreements with other defendants, additional settlements are expected to be measurable and available for subsequent reporting periods.

## OTHER REQUIRED SUPPLEMENTARY INFORMATION

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Greenlee County, Arizona

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2023

	Original and Final Budget Amounts	Non-GAAP Actual Amounts	Variance Positive (Negative)
Revenues:			
Property taxes	\$ 3,601,916	\$ 3,631,585	\$ 29,669
Taxes	1,020,000	2,275,342	1,255,342
License and permits	49,121	7,060	(42,061)
Intergovernmental revenue	10,553,241	8,946,299	(1,606,942)
Charges for services	69,500	72,301	2,801
Fines and forfeits	77,500	81,229	3,729
Investment earnings	5,000	353,035	348,035
Contributions	1,800,000	1,798,581	(1,419)
Miscellaneous	<u>660,000</u>	<u>68,130</u>	<u>(591,870)</u>
Total revenues	<u>17,836,278</u>	<u>17,233,562</u>	<u>(602,716)</u>
Expenditures			
General government			
Board of supervisors	528,574	485,849	42,725
Airport	17,350	4,751	12,599
Assessor	470,161	453,072	17,089
Attorney	623,802	522,481	101,321
Constable no. 1	41,167	35,017	6,150
Constable no. 2	51,938	43,064	8,874
Contingency	500,000	35,117	464,883
County administration	647,978	370,007	277,971
Elections	178,504	125,047	53,457
Fleet	491,863	484,295	7,568
Information systems	1,224,985	897,362	327,623
General services	1,841,656	1,303,768	537,888
Ground and maintenance	874,125	1,025,884	(151,759)
Justice of the peace no. 1	287,307	236,490	50,817
Justice of the peace no. 2	291,047	260,233	30,814
Planning and zoning	139,318	96,067	43,251
Public fiduciary	82,329	75,823	6,506
Recorder	290,042	275,157	14,885
Superior court	1,080,900	889,915	190,985
Treasurer	315,832	280,863	34,969
Voter registration	<u>47,865</u>	<u>10,321</u>	<u>37,544</u>
Total general government	<u>10,026,743</u>	<u>7,910,583</u>	<u>2,116,160</u>

See the accompanying notes to this schedule.

## Greenlee County, Arizona

## BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2023

	Original and Final Budget Amounts	Non-GAAP Actual Amounts	Variance Positive (Negative)
(continued)			
Public safety			
Emergency services	201,512	185,709	15,803
Probation	322,500	3,020	319,480
Sheriff	<u>5,453,709</u>	<u>6,530,916</u>	<u>(1,077,207)</u>
Total public safety	<u>5,977,721</u>	<u>6,719,645</u>	<u>(741,924)</u>
Health and welfare - AHCCCS/ALTCS payments	<u>251,040</u>	<u>212,714</u>	<u>38,326</u>
Culture and recreation			
County library	39,351	51,225	(11,874)
Parks and recreation	<u>121,139</u>	<u>90,388</u>	<u>30,751</u>
Total culture and recreation	<u>160,490</u>	<u>141,613</u>	<u>18,877</u>
Education			
School superintendent	290,151	184,577	105,574
U of A extension service	<u>31,000</u>	<u>31,000</u>	
Total education	<u>321,151</u>	<u>215,577</u>	<u>105,574</u>
Economic development	<u>121,153</u>	<u>85,409</u>	<u>35,744</u>
Capital outlay	<u>1,250,000</u>		<u>1,250,000</u>
Total expenditures	<u>18,108,298</u>	<u>15,285,541</u>	<u>2,822,757</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(272,020)</u>	<u>1,948,021</u>	<u>2,220,041</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	75,000	758,000	683,000
Transfer out	<u>(1,265,592)</u>	<u>(1,068,115)</u>	<u>197,477</u>
Total other financing uses	<u>(1,190,592)</u>	<u>(310,115)</u>	<u>880,477</u>
Net changes in fund balance	(1,462,612)	1,637,906	3,100,518
Fund balance, July 1, 2022	<u>22,732,539</u>	<u>22,732,539</u>	
Fund balance, June 30, 2023	<u>\$ 21,269,927</u>	<u>\$ 24,370,445</u>	<u>\$ 3,100,518</u>

See the accompanying notes to this schedule.

Greenlee County, Arizona

BUDGETARY COMPARISON SCHEDULE - HEALTH SERVICES FUND

Year ended June 30, 2023

	Original and Final Budget Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Property taxes	\$ 1,224,622	\$ 1,226,851	\$ 2,229
Intergovernmental revenue	977,350	705,328	(272,022)
Charges for services		6,370	6,370
Investment earnings		13,611	13,611
Rents		10,384	10,384
Total revenues	<u>2,201,972</u>	<u>1,962,544</u>	<u>(239,428)</u>
Expenditures			
Current:			
Public safety		143,723	(143,723)
Health and welfare	<u>2,493,061</u>	<u>2,300,474</u>	<u>192,587</u>
Total expenditures	<u>2,493,061</u>	<u>2,444,197</u>	<u>48,864</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(291,089)</u>	<u>(481,653)</u>	<u>(190,564)</u>
Other financing sources (uses)			
Transfer in	356,000	374,845	18,845
Transfer out	<u>(356,000)</u>	<u></u>	<u>356,000</u>
Total other financing sources (uses)	<u></u>	<u>374,845</u>	<u>374,845</u>
Net changes in fund balance	(291,089)	(106,808)	184,281
Fund balance, July 1, 2022	<u>291,089</u>	<u>838,799</u>	<u>547,710</u>
Fund balance, June 30, 2023	<u>\$</u>	<u>\$ 731,991</u>	<u>\$ 731,991</u>

See the accompanying notes to this schedule.

Greenlee County, Arizona

BUDGETARY COMPARISON SCHEDULE - ARPA FUND

Year ended June 30, 2023

	Original and Final Budget Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Intergovernmental revenue	\$ 922,438	\$ 331,609	\$ (590,829)
Total revenues	<u>922,438</u>	<u>331,609</u>	<u>(590,829)</u>
Expenditures:			
Current:			
General government	1,368,271	248,275	1,119,996
Public safety	<u>                    </u>	<u>101,144</u>	<u>(101,144)</u>
Total expenditures	<u>                    </u>	<u>349,419</u>	<u>(349,419)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>922,438</u>	<u>(17,810)</u>	<u>(940,248)</u>
Net changes in fund balance	922,438	(17,810)	(940,248)
Fund balance, July 1, 2022	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance, June 30, 2023	<u>\$ 922,438</u>	<u>\$ (17,810)</u>	<u>\$ (940,248)</u>

See the accompanying notes to this schedule.

Greenlee County, Arizona

BUDGETARY COMPARISON SCHEDULE - RC INTROPERABLTLY COMM SYS FUND

Year ended June 30, 2023

	Original and Final Budget Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Total revenues	<u>-</u>	<u></u>	<u>-</u>
Expenditures:			
Current:			
General government	<u></u>	<u></u>	<u></u>
Total expenditures	<u></u>	<u></u>	<u></u>
Excess (deficiency) of revenues over (under) expenditures	<u></u>	<u></u>	<u></u>
Other financing sources (uses)			
Transfer in	<u></u>	<u></u>	<u></u>
Total other financing uses	<u></u>	<u></u>	<u></u>
Net changes in fund balance			
Fund balance, July 1, 2022	<u></u>	<u></u>	<u></u>
Fund balance, June 30, 2023	<u>\$</u>	<u>\$</u>	<u>\$</u>

See the accompanying notes to this schedule.

Greenlee County, Arizona

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

June 30, 2023

ASRS - Pension

	Reporting Fiscal Year (Measurement Date)									
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
County's proportion of the net pension liability	0.05 %	0.05 %	0.05 %	0.05 %	0.05 %	0.05 %	0.05 %	0.05 %	0.05 %	Information not available
County's proportionate share of the net pension liability	\$ 8,807,470	\$ 6,812,860	\$ 9,556,281	\$ 7,936,415	\$ 8,294,942	\$ 8,983,928	\$ 9,127,738	\$ 8,451,877	\$ 7,421,858	Information not available
County's covered payroll	\$ 6,885,375	\$ 6,046,264	\$ 6,019,727	\$ 5,737,661	\$ 6,307,981	\$ 5,812,078	\$ 5,311,705	\$ 4,839,651	\$ 4,521,505	
County's proportionate share of the net pension liability as a percentage of its covered payroll	127.92 %	112.68 %	158.75 %	138.32 %	131.50 %	154.57 %	171.84 %	174.64 %	164.15 %	
Plan fiduciary net position as a percentage of the total pension liability	74.26 %	78.58 %	69.33 %	73.24 %	73.40 %	69.92 %	67.06 %	68.35 %	69.49 %	

CORP - AOC Pension

	Reporting Fiscal Year (Measurement Date)									
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
County's proportion of the net pension liability	0.19 %	0.21 %	0.19 %	0.15 %	0.23 %	0.29 %	0.26 %	0.26 %	0.29 %	Information not available
County's proportionate share of the net pension liability	\$ 868,018	\$ 761,290	\$ 899,520	\$ 674,420	\$ 852,612	\$ 1,164,581	\$ 728,597	\$ 620,393	\$ 650,481	Information not available
County's covered payroll	\$ 530,910	\$ 1,037,836	\$ 571,084	\$ 371,104	\$ 279,932	\$ 362,136	\$ 291,346	\$ 285,739	\$ 311,381	
County's proportionate share of the net pension liability as a percentage of its covered payroll	163.50 %	73.35 %	157.51 %	181.73 %	304.58 %	321.59 %	250.08 %	217.12 %	208.90 %	
Plan fiduciary net position as a percentage of the total pension liability	57.52 %	62.53 %	50.07 %	51.99 %	53.72 %	49.21 %	54.81 %	57.89 %	58.59 %	

See the accompanying notes to this schedule.

Greenlee County, Arizona

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

June 30, 2023

EORP - Pension

	Reporting Fiscal Year (Measurement Date)									
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
County's proportion of the net pension liability	1.04 %	1.05 %	1.06 %	1.05 %	1.26 %	1.01 %	0.99 %	0.94 %	0.93 %	Information not available
County's proportionate share of the net pension liability	\$ 7,014,346	\$ 6,407,504	\$ 7,155,424	\$ 7,026,319	\$ 7,943,505	\$ 12,199,806	\$ 9,409,348	\$ 7,311,329	\$ 6,222,698	
State's proportionate share of the net pension liability associated with the County	<u>682,969</u>	<u>644,058</u>	<u>680,061</u>	<u>660,401</u>	<u>1,361,068</u>	<u>2,559,564</u>	<u>1,942,787</u>	<u>2,279,368</u>	<u>1,907,937</u>	
Total	<u>\$ 7,697,315</u>	<u>\$ 7,051,562</u>	<u>\$ 7,835,485</u>	<u>\$ 7,686,720</u>	<u>\$ 9,304,573</u>	<u>\$ 14,759,370</u>	<u>\$ 11,352,135</u>	<u>\$ 9,590,697</u>	<u>\$ 8,130,635</u>	
County's covered payroll	\$ 1,068,346	\$ 979,097	\$ 800,083	\$ 880,090	\$ 1,008,209	\$ 799,934	\$ 749,936	\$ 758,591	\$ 841,387	
County's proportionate share of the net pension liability as a percentage of its covered payroll	656.56 %	654.43 %	894.34 %	798.36 %	787.88 %	1,525.10 %	1,254.69 %	963.80 %	739.58 %	
Plan fiduciary net position as a percentage of the total pension liability	32.01 %	36.28 %	29.80 %	30.14 %	30.36 %	19.66 %	23.42 %	28.32 %	31.91 %	

EORP-Health Insurance Premium Benefit

	Reporting Fiscal Year (Measurement Date)						
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2013
County's proportion of the net OPEB asset	1.69 %	1.89 %	1.78 %	1.64 %	1.48 %	1.46 %	Information not available
County's proportionate share of the net OPEB asset	\$ 216,872	\$ 300,809	\$ 170,268	\$ 161,268	\$ 153,272	\$ 132,786	
County's covered payroll	\$ 1,068,346	\$ 979,097	\$ 800,083	\$ 880,090	\$ 1,008,209	\$ 799,934	
County's proportionate share of the net OPEB asset as a percentage of its covered payroll	20.30 %	30.72 %	21.28 %	18.32 %	15.20 %	16.60 %	
Plan fiduciary net position as a percentage of the total OPEB asset	198.38 %	231.29 %	169.80 %	169.72 %	177.16 %	164.84 %	

See the accompanying notes to this schedule.

Greenlee County, Arizona

SCHEDULE OF COUNTY PENSION/OPEB CONTRIBUTIONS

June 30, 2023

ASRS - Pension	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 802,957	\$ 841,792	\$ 727,970	\$ 728,987	\$ 677,044	\$ 687,570	\$ 626,542	\$ 576,320	\$ 527,038	\$ 483,801
Contribution in relation to the statutorily required contribution	<u>802,957</u>	<u>841,792</u>	<u>727,970</u>	<u>728,987</u>	<u>677,044</u>	<u>687,570</u>	<u>626,542</u>	<u>576,320</u>	<u>527,038</u>	<u>483,801</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
County's covered payroll	\$ 6,674,614	\$ 6,885,375	\$ 6,046,264	\$ 6,019,727	\$ 5,737,661	\$ 6,307,981	\$ 5,812,078	\$ 5,311,705	\$ 4,839,651	\$ 4,521,505
Contributions as a percentage of covered payroll	12.03 %	12.23 %	12.04 %	12.11 %	11.80 %	10.90 %	10.78 %	10.85 %	10.89 %	10.70 %
 PSPRS - Pension	 2023	 2022	 2021	 2020	 2019	 2018	 2017	 2016	 2015	 2014
Actuarially required contribution	\$ 366,198	\$ 501,960	\$ 1,825,666	\$ 384,003	\$ 412,129	\$ 253,165	\$ 253,830	\$ 238,095	\$ 165,012	\$ 160,337
Contribution in relation to the actuarially required contribution	<u>2,292,160</u>	<u>1,001,960</u>	<u>325,666</u>	<u>384,003</u>	<u>412,129</u>	<u>125,659</u>	<u>253,830</u>	<u>238,095</u>	<u>165,012</u>	<u>160,337</u>
Contribution deficiency (excess)	<u>\$ 1,925,962</u>	<u>\$ (500,000)</u>	<u>\$ 1,500,000</u>	<u>\$</u>	<u>\$</u>	<u>\$ 127,506</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
County's covered payroll	\$ 1,811,757	\$ 1,292,282	\$ 1,037,836	\$ 1,117,683	\$ 1,072,318	\$ 936,772	\$ 1,054,988	\$ 1,011,019	\$ 940,239	\$ 846,389
Contributions as a percentage of covered payroll	126.52 %	77.53 %	31.38 %	34.36 %	38.43 %	13.41 %	24.06 %	23.55 %	17.55 %	18.94 %
 CORP - AOC - Pension	 2023	 2022	 2021	 2020	 2019	 2018	 2017	 2016	 2015	 2014
Statutorily required contribution	\$ 99,535	\$ 90,451	\$ 83,808	\$ 76,716	\$ 64,349	\$ 63,294	\$ 72,717	\$ 55,647	\$ 42,518	\$ 45,088
Contribution in relation to the statutorily required contribution	<u>99,535</u>	<u>90,451</u>	<u>83,808</u>	<u>76,716</u>	<u>64,349</u>	<u>63,294</u>	<u>72,717</u>	<u>55,647</u>	<u>42,518</u>	<u>45,088</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
County's covered payroll	\$ 543,375	\$ 530,910	\$ 532,718	\$ 571,084	\$ 371,104	\$ 279,932	\$ 362,136	\$ 291,346	\$ 285,739	\$ 311,381
Contributions as a percentage of covered payroll	18.32 %	17.04 %	15.73 %	13.43 %	17.34 %	22.61 %	20.08 %	19.10 %	14.88 %	14.48 %

See the accompanying notes to this schedule.



Greenlee County, Arizona

SCHEDULE OF COUNTY PENSION/OPEB CONTRIBUTIONS

June 30, 2023

EORP - Pension	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 456,266	\$ 494,222	\$ 470,261	\$ 491,491	\$ 362,621	\$ 193,544	\$ 181,863	\$ 176,235	\$ 178,269	\$ 197,726
Contribution in relation to the statutorily required contribution	<u>456,266</u>	<u>494,222</u>	<u>470,261</u>	<u>491,491</u>	<u>362,621</u>	<u>25,997</u>	<u>181,863</u>	<u>176,235</u>	<u>178,269</u>	<u>197,726</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 167,547</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
County's covered payroll	\$ 873,258	\$ 1,068,346	\$ 979,097	\$ 800,083	\$ 880,090	\$ 1,008,209	\$ 799,934	\$ 749,936	\$ 758,591	\$ 841,387
Contributions as a percentage of covered payroll	52.25 %	46.26 %	48.03 %	61.43 %	41.20 %	2.58 %	22.73 %	23.50 %	23.50 %	23.50 %

The County was not required and did not contribute to the EORP health insurance premium benefit plan for fiscal years 2022, 2021, 2020, 2019, 2018, or 2017. Information for fiscal years 2016 through 2013 is not available.

See the accompanying notes to this schedule.

Greenlee County, Arizona

SCHEDULE OF CHANGES IN THE COUNTY'S PENSION/OPEB LIABILITY  
AND RELATED RATIOS  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
June 30, 2023

PSPRS - Sheriff Pension

	Reporting Fiscal Year (Measurement Date)									
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Total pension liability:										
Service cost	\$ 153,639	\$ 165,271	\$ 162,687	\$ 181,679	\$ 166,566	\$ 160,116	\$ 171,279	\$ 170,932	\$ 140,956	Information
Interest on the total pension liability	627,663	616,746	527,808	541,988	500,806	415,416	411,203	391,023	315,179	not
Changes of benefit terms						68,497	77,036		100,080	available
Differences between expected and actual experience in the measurement of the pension liability	601,350	(166,643)	925,885	(513,657)	147,053	685,944	(293,002)	(114,998)	16,756	
Changes of assumptions or other inputs	122,636			92,057		234,218	204,433		543,017	
Benefit payments, including refunds of employee contributions	<u>(503,781)</u>	<u>(404,606)</u>	<u>(396,673)</u>	<u>(357,308)</u>	<u>(355,289)</u>	<u>(322,025)</u>	<u>(207,444)</u>	<u>(172,679)</u>	<u>(156,937)</u>	
Net change in total pension liability	1,001,507	210,768	1,219,707	(55,241)	459,136	1,242,166	363,505	274,278	959,051	
Total pension liability—beginning	<u>8,696,377</u>	<u>8,485,609</u>	<u>7,265,902</u>	<u>7,321,143</u>	<u>6,862,007</u>	<u>5,619,841</u>	<u>5,256,336</u>	<u>4,982,058</u>	<u>4,023,007</u>	
Total pension liability—ending (a)	<u>\$ 9,697,884</u>	<u>\$ 8,696,377</u>	<u>\$ 8,485,609</u>	<u>\$ 7,265,902</u>	<u>\$ 7,321,143</u>	<u>\$ 6,862,007</u>	<u>\$ 5,619,841</u>	<u>\$ 5,256,336</u>	<u>\$ 4,982,058</u>	
Plan fiduciary net position:										
Contributions—employer	\$ 868,138	\$ 1,804,464	\$ 336,687	\$ 395,675	\$ 238,915	\$ 198,711	\$ 234,075	\$ 165,012	\$ 160,337	
Contributions—employee	56,181	71,772	75,402	78,797	76,777	91,411	116,399	103,877	94,828	
Net investment income	(292,599)	1,335,140	58,701	232,949	281,707	420,406	20,853	120,579	389,564	
Benefit payments, including refunds of employee contributions	(503,781)	(404,606)	(396,673)	(357,308)	(355,289)	(322,025)	(207,444)	(172,679)	(156,937)	
Hall/Parker settlement					(127,506)					
Administrative expense	(5,285)	(6,316)	(4,788)	(5,042)	(4,988)	(4,120)	(3,401)	(3,316)	(3,137)	
Other changes	<u>-</u>	<u>(23,156)</u>	<u>-</u>	<u>(9,931)</u>	<u>55</u>	<u>200,342</u>	<u>(40,326)</u>	<u>(2,680)</u>	<u>-</u>	
Net change in plan fiduciary net position	122,654	2,777,298	69,329	335,140	109,671	584,725	120,156	210,793	484,655	
Plan fiduciary net position—beginning	7,443,342	4,666,044	4,596,714	4,261,613	4,151,942	3,567,217	3,447,061	3,236,268	2,751,613	
Adjustment to beginning of year	<u>-</u>	<u>-</u>	<u>1</u>	<u>(39)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Plan fiduciary net position—ending (b)	<u>\$ 7,565,996</u>	<u>\$ 7,443,342</u>	<u>\$ 4,666,044</u>	<u>\$ 4,596,714</u>	<u>\$ 4,261,613</u>	<u>\$ 4,151,942</u>	<u>\$ 3,567,217</u>	<u>\$ 3,447,061</u>	<u>\$ 3,236,268</u>	
County's net pension liability - ending (a) - (b)	\$ 2,131,888	\$ 1,253,035	\$ 3,819,565	\$ 2,669,188	\$ 3,059,530	\$ 2,710,065	\$ 2,052,624	\$ 1,809,275	\$ 1,745,790	
Plan fiduciary net position as a percentage of the total pension liability	78.02 %	85.59 %	54.99 %	63.26 %	58.21 %	60.51 %	63.48 %	65.58 %	64.96 %	
Covered payroll	\$ 1,292,282	\$ 1,037,836	\$ 1,117,683	\$ 1,072,318	\$ 936,772	\$ 1,054,988	\$ 1,011,019	\$ 940,239	\$ 846,389	
County's net pension liability as a percentage of covered payroll	164.97 %	120.74 %	341.74 %	248.92 %	326.60 %	256.88 %	203.03 %	192.43 %	206.26 %	

See the accompanying notes to this schedule.

Greenlee County, Arizona

SCHEDULE OF CHANGES IN THE COUNTY'S PENSION/OPEB LIABILITY  
AND RELATED RATIOS  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
June 30, 2023

PSPRS - Sheriff OPEB

	Reporting Fiscal Year (Measurement Date)						
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2014
Total OPEB liability:							
Service cost	\$ 3,607	\$ 3,785	\$ 3,645	\$ 3,288	\$ 3,461	\$ 3,079	Information not available
Interest on the total OPEB liability	9,800	8,923	8,697	10,633	8,125	7,763	
Changes of benefit terms						(3)	
Differences between expected and actual experience in the measurement of the OPEB liability	(24,197)	3,612	(3,600)	(36,971)	24,965	2,578	
Changes of assumptions or other inputs	737			1,098		(4,774)	
Benefit payments, including refunds of employee contributions	(4,096)	(4,153)	(4,210)	(4,911)	(3,522)	(1,581)	
Net change in total OPEB liability	(14,149)	12,167	4,532	(26,863)	33,029	7,062	
Total OPEB liability—beginning	132,690	120,523	115,991	142,854	109,825	102,763	
Total OPEB liability—ending (a)	<u>\$ 118,541</u>	<u>\$ 132,690</u>	<u>\$ 120,523</u>	<u>\$ 115,991</u>	<u>\$ 142,854</u>	<u>\$ 109,825</u>	
Plan fiduciary net position:							
Contributions—employer	-	-	-	-	\$ (39)	-	
Contributions—employee	-	-	-	-	-	-	
Net investment income	\$ (14,408)	\$ 80,021	\$ 3,677	\$ 15,129	18,582	\$ 28,277	
Benefit payments, including refunds of employee contributions	(4,096)	(4,153)	(4,210)	(4,911)	(3,522)	(1,581)	
Administrative expense	(256)	(329)	(299)	(261)	(283)	(250)	
Other changes	-	-	-	-	(1)	-	
Net change in plan fiduciary net position	(18,760)	75,539	(832)	9,957	14,737	26,446	
Plan fiduciary net position—beginning	366,541	291,002	291,834	281,838	267,101	240,655	
Adjustment to beginning of year	-	-	-	39	-	-	
Plan fiduciary net position—ending (b)	<u>\$ 347,781</u>	<u>\$ 366,541</u>	<u>\$ 291,002</u>	<u>\$ 291,834</u>	<u>\$ 281,838</u>	<u>\$ 267,101</u>	
County's net OPEB (asset) liability - ending (a) - (b)	\$ (229,240)	\$ (233,851)	\$ (170,479)	\$ (175,843)	\$ (138,984)	\$ (157,276)	
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	293.38 %	276.24 %	241.45 %	251.60 %	197.29 %	243.21 %	
Covered payroll	\$ 1,292,282	\$ 1,037,836	\$ 1,117,683	\$ 1,072,318	\$ 936,772	\$ 1,054,988	
County's net OPEB (asset) liability as a percentage of covered payroll	(17.74)%	(22.53)%	(15.25)%	(16.40)%	(14.84)%	(14.91)%	

See the accompanying notes to this schedule.

Greenlee County, Arizona

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

NOTE 1 - BUDGETING AND BUDGETARY CONTROL

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

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

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

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

General Fund

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Total Other Financing Sources (Uses)</u>	<u>Fund Balances, July 1, 2022,</u>	<u>Fund Balances, June 30, 2023</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 18,239,228	\$ 16,769,295	\$ 715,540	\$ 20,884,175	\$ 23,069,648
Present value of net minimum capital lease payments	-	(1,025,655)	(1,025,655)	-	-
Activity budgeted as special revenue funds	<u>(1,005,666)</u>	<u>(458,099)</u>	<u>-</u>	<u>1,848,364</u>	<u>1,300,797</u>
Budgetary comparison schedule	<u>\$ 17,233,562</u>	<u>\$ 15,285,541</u>	<u>\$ (310,115)</u>	<u>\$ 22,732,539</u>	<u>\$ 24,370,445</u>

Greenlee County, Arizona

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

NOTE 3 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2023, expenditures exceeded the budget amounts at department level (the legal level of budgetary control) as follows:

<u>Fund/Department</u>	<u>Excess</u>
General Fund:	
Ground and maintenance	\$ 151,759
Sheriff	1,077,207
County Library	11,874

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

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

## NOTE 4 - ACTUARIALLY DETERMINED CONTRIBUTION RATES

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

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period as of the 2021 actuarial valuation	16 years
Asset valuation method	7-year smoothed market value; 80%/120% corridor
Actuarial assumptions:	
Investment rate of return	In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5% for PSPRS. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5% for PSPRS.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

NOTE 5 - FACTORS THAT AFFECT TRENDS

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

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