

Greenlee County

Annual Financial and
Single Audit Reports

Year Ended June 30, 2024

A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





The Arizona Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

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ANNUAL FINANCIAL REPORT



ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Melanie M. Chesney, Deputy Auditor General

Independent auditors' report

Members of the Arizona State Legislature

The Board of Supervisors of
Greenlee County, Arizona

Report on the audit of the financial statements

Qualified and unmodified 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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Summary of opinions

Opinion Unit

Governmental activities
Major fund—General Fund
Major fund—Health Services Fund
Major fund—Local Assistance and Tribal Consistency Fund
Aggregate remaining fund information

Type of Opinion

Qualified
Unmodified
Unmodified
Unmodified
Qualified

Qualified opinions on the governmental activities and aggregate remaining fund information

In our opinion, except for the possible effects of the matters described in the basis for qualified and unmodified opinions section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and aggregate remaining fund information of Greenlee County as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Unmodified opinion on each major fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the County as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for qualified and unmodified 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.

Matters giving rise to the qualified opinions on governmental activities and aggregate remaining fund information

The County did not perform inventorying and other recordkeeping procedures, such as tagging and tracking machinery and equipment, for nearly \$2.9 million of machinery and equipment capital assets and an unknown quantity of unused supplies at fiscal year-end to ensure that these assets were controlled and safeguarded; that accounting records were updated, accurate, and complete; and that balances were correctly reported in its financial statements.

Consequently, we identified nearly \$1.3 million in misstatements and misclassifications related to machinery and equipment capital assets that the County corrected, but we were unable to determine if any additional adjustments or disclosures were necessary related to the machinery and equipment portion of the County's capital asset balance comprising nearly 6% of total assets and deferred outflows of resources reported in the County's governmental activities as of June 30, 2024. As a result of this matter, we were unable to obtain sufficient appropriate audit evidence for the County's governmental activities capital assets and net position financial statement line items as of June 30, 2024.

Further, although the County purchased approximately \$333,143 in supplies during fiscal year 2024, the County's records did not support what portion of this amount, as well as any supplies purchased in previous years, remained unused as of June 30, 2024, and should have been reported as supplies inventory in its financial statements. Therefore, the County did not report an unused supplies inventory balance at fiscal year-end in its financial statements. As a result of this matter, we were unable to obtain sufficient appropriate audit evidence to determine what inventory and fund balance financial statement line items should have been reported in the County's aggregate remaining fund information as of June 30, 2024.

Emphasis of matters

As discussed in Note 1 to the financial statements, for the year ended June 30, 2024, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 100, *Accounting Changes and Error Corrections*. 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/fund balances of its financial statements for the year ended June 30, 2024, to correct misstatements 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 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 U.S. 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 U.S. 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 a-1 through a-11, budgetary comparison schedules on pages 38 through 40, schedule of the County's proportionate share of the net pension liability—cost-sharing plans on page 43, schedule of changes in the County's net pension liability and related ratios—Public Safety Personnel Retirement System on page 44, and schedule of County pension contributions on pages 45 through 46 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.

Supplementary information

Schedule of expenditures of federal awards

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the accompanying schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 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.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

November 24, 2025

Greenlee County

Management's Discussion and Analysis

June 30, 2024

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, 2024. Please read it in conjunction with the County's basic financial statements, which begin on page 1.

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 \$25.7 million (*net position*).

- The County's total net position increased \$4.5 million, which represents a 21.3 percent increase from the prior fiscal year. This growth was primarily driven by a significant reduction in PSPRS pension contribution expenses and overall expenditures that were lower than budgeted across the County.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$31.4 million, an increase of \$1.8 million in comparison with the prior year. Approximately 68 percent of this amount (\$21.4 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 \$24.5 million, or approximately 147 percent of total General Fund expenditures.
- The County's total outstanding long-term liabilities decreased by \$(5.3) million during the current fiscal year primarily due to the reduction of the net pension and other post employment benefits liability.

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.

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).

Greenlee County

Management's Discussion and Analysis

June 30, 2024

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 1 and 2 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 are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

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

The County maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Health Services, and LATCF 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 3 through 6 of this report.

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 7 and 8 of this report.

Notes to the financial statements 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.

Greenlee County

Management's Discussion and Analysis

June 30, 2024

Other information in 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

Statement of 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 \$25.7 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, 2024 and 2023:

	Governmental activities	
	2024	2023, as restated
Current and other assets	\$36,768,138	\$34,177,187
Capital assets, net	<u>9,861,630</u>	<u>8,280,400</u>
Total assets, net	<u>46,629,768</u>	<u>42,457,587</u>
Deferred outflows of resources	<u>3,201,533</u>	<u>5,789,748</u>
Long-term liabilities outstanding	17,113,703	22,462,433
Other liabilities	<u>4,140,576</u>	<u>3,608,625</u>
Total liabilities	<u>21,254,279</u>	<u>26,071,058</u>
Deferred inflows of resources	<u>2,898,376</u>	<u>998,805</u>
Net investment in capital assets	7,655,147	6,955,694
Restricted	7,753,983	6,570,208
Unrestricted	<u>10,269,516</u>	<u>7,651,570</u>
Total net position	<u>\$25,678,646</u>	<u>\$21,177,472</u>

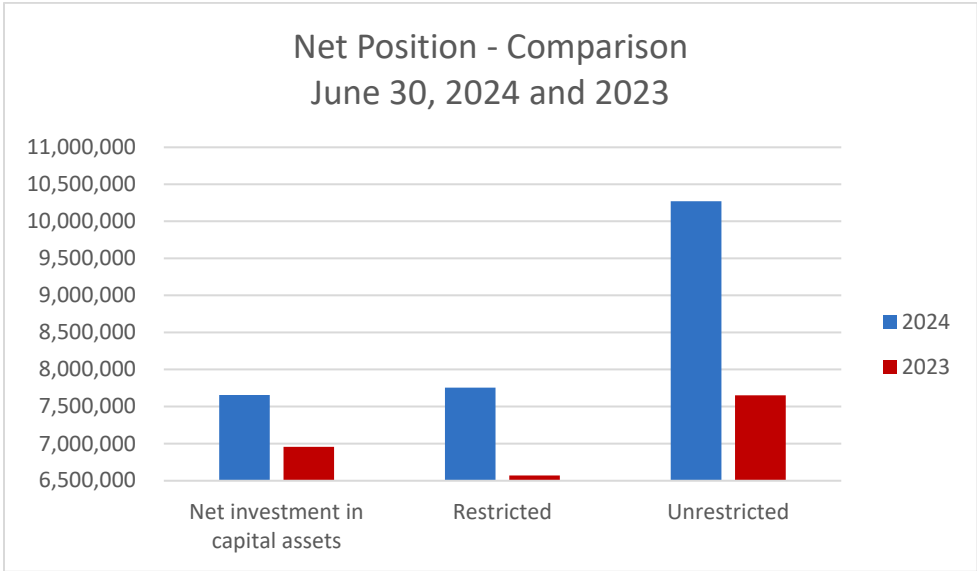
The largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, improvements, machinery, equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide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

Greenlee County
Management’s Discussion and Analysis
June 30, 2024

health services, waste tire program, fair and racing program, airport improvements, roads and schools, flood control, elections and net pension/other post employment benefits.

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 \$10.3 million. The increase is attributed to the county sales tax and additional contributions in revenue.



During the current fiscal year, net position increased \$4.5 million from a beginning balance of \$21.2 million to an ending balance of \$25.7 million.

The County’s financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation/amortization 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, 2024:

- Cash and cash equivalents increased by \$2.8 million, primarily driven by investment income and prudent spending within General Fund, which resulted in a positive net change in fund balance.
- The new issuances of \$908,490 for financed purchases of additional vehicles and machinery.
- Leases payable was increased by \$465,686 due to the acquisition of additional vehicles.
- The principal retirement of \$341,556, \$84,264 and \$66,579 of financed purchases, lease payables and subscription liability, respectively.
- The decrease of \$(6.4) million of net pension and OPEB liabilities, decrease \$(2.6) million of deferred outflows of resources related to pensions and OPEB, and increase of \$1.9 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, 2024, and a measurement date of June 30, 2023.

Greenlee County

Management's Discussion and Analysis

June 30, 2024

Changes in net position

The County's total revenues for the fiscal year ended June 30, 2024 were \$26.1 million. The total cost of all programs and services was \$21.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2024 and 2023:

Statement of Activities - Governmental Activities

	Year Ended June 30,	
	2024	2023
Revenues:		
Program revenues:		
Charges for services	\$ 1,215,825	\$ 1,298,609
Operating grants and contributions	7,929,711	7,716,196
General revenues:		
Property taxes	4,915,504	4,981,836
County sales taxes for general purposes	1,459,459	2,275,342
Other taxes	14,400	14,638
Share of state sales taxes	5,777,413	6,030,387
Share of state vehicle license tax	422,327	412,616
Grants and contributions not restricted to specific programs	3,050,753	4,326,584
Other	<u>1,349,247</u>	<u>507,867</u>
Total revenues	<u>26,134,639</u>	<u>27,564,075</u>
Expenses:		
General government	10,556,106	8,229,334
Public safety	5,510,028	8,962,233
Highways and streets	1,494,106	1,812,146
Sanitation	534,550	604,273
Health and welfare	2,434,751	2,610,819
Culture and recreation	368,286	387,708
Education	603,941	613,390
Economic development	18,050	85,414
Interest on long-term debt	<u>113,647</u>	<u>52,271</u>
Total expenses	<u>\$21,633,465</u>	<u>\$23,357,588</u>
Change in net position	4,501,174	4,206,487
Net position, beginning	22,078,783	17,872,296
Error correction	<u>(901,311)</u>	
Net position, beginning, as restated	<u>21,177,472</u>	<u>17,872,296</u>
Net position, ending	<u>\$25,678,646</u>	<u>\$22,078,783</u>

The following are significant transactions that have had an impact on the change in net position during the fiscal year ended June 30, 2024.

Greenlee County

Management's Discussion and Analysis

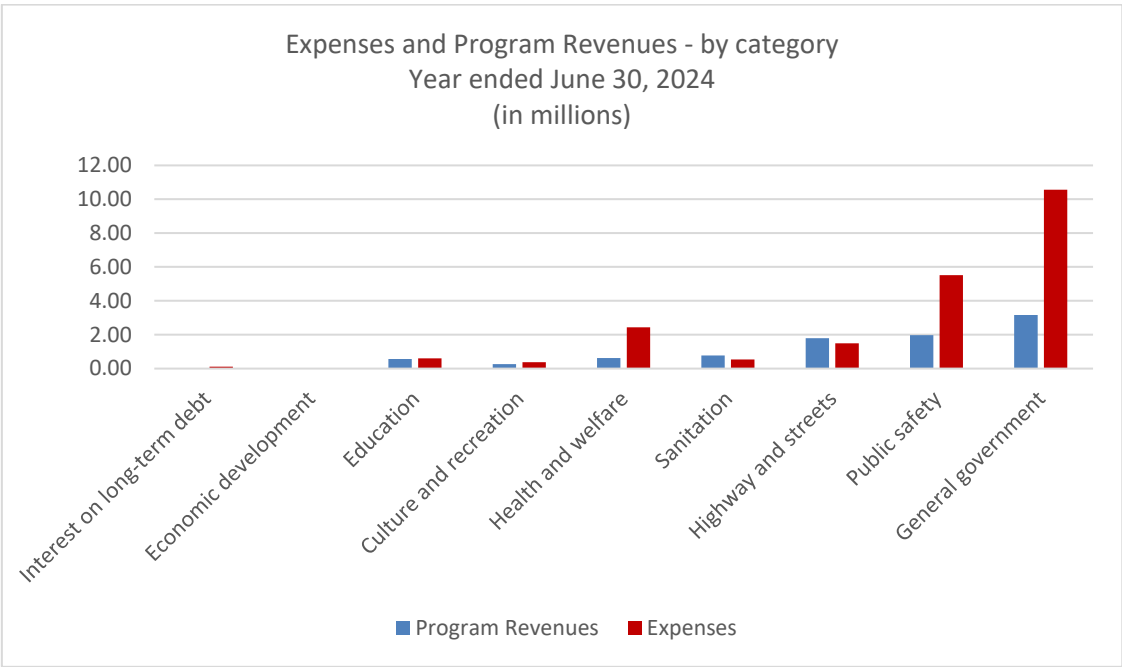
June 30, 2024

- County sales taxes for general purpose decreased by \$816 thousand in FY24. This reduction was primarily due to the ruling of a multi-year tax litigation case that was settled in the Arizona tax court regarding the taxation of electricity used in mining operations.
- Grants and contributions not restricted for specific programs decreased \$(1.3) million, primarily because the one-time \$1.3 million contribution received from the mining company in the prior fiscal year did not reoccur in the current fiscal year.
- Other revenues increased by \$841 thousand in FY24, primarily due to higher investment income.
- General government expenses increased by \$2.3 million primarily from higher operating costs such as computer maintenance, professional services, health insurance premiums, and community college reimbursements.
- Public and safety expenditures decreased \$(3.5) million, primarily due to a reduction in Public Safety Personnel Retirement System (PSPRS) required contributions and the fact that additional contributions made in the prior year to reduce the PSPRS unfunded actuarial accrued liability (UAAL) balance did not reoccur in the current year.
- Highways and streets expenditures decreased \$(318) thousand, primarily due to lower material costs and the absence of a chip seal project in the current fiscal year.

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

	2024		2023	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Governmental Activities				
General government	\$10,556,106	\$ (7,397,584)	\$ 8,229,334	\$ (5,259,724)
Public safety	5,510,028	(3,536,196)	8,962,233	(7,528,479)
Highway and streets	1,494,106	296,213	1,812,146	134,998
Sanitation	534,550	238,815	604,273	401,393
Health and welfare	2,434,751	(1,812,568)	2,610,819	(1,896,979)
Culture and recreation	368,286	(103,483)	387,708	(139,145)
Education	603,941	(41,429)	613,390	82,838
Economic development	18,050	(18,050)	85,414	(85,414)
Interest on long-term debt	113,647	(113,647)	52,271	(52,271)
Total	<u>\$21,633,465</u>	<u>\$(12,487,929)</u>	<u>\$23,357,588</u>	<u>\$(14,342,783)</u>

Greenlee County
Management’s Discussion and Analysis
June 30, 2024



The cost of all governmental activities this year was \$21.6 million.

Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$9.1 million.

Net cost of governmental activities of \$12.5 million was financed by general revenues, which are made up primarily of taxes of \$6.4 million, shared state tax revenues of \$6.2 million, and grants and contributions not restricted to specific programs of \$3.1 million.

Financial analysis of the county’s funds

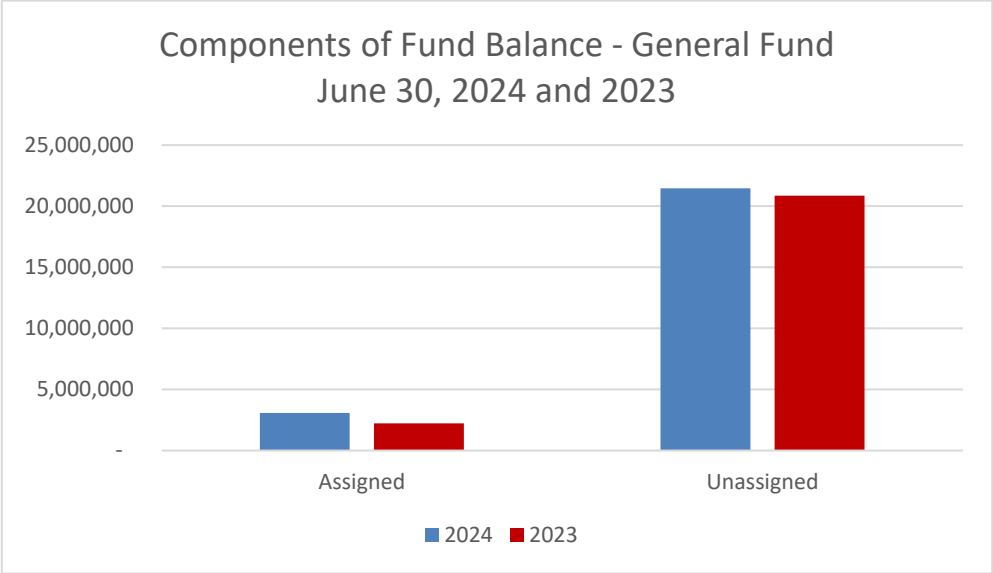
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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.

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Management’s Discussion and Analysis
June 30, 2024

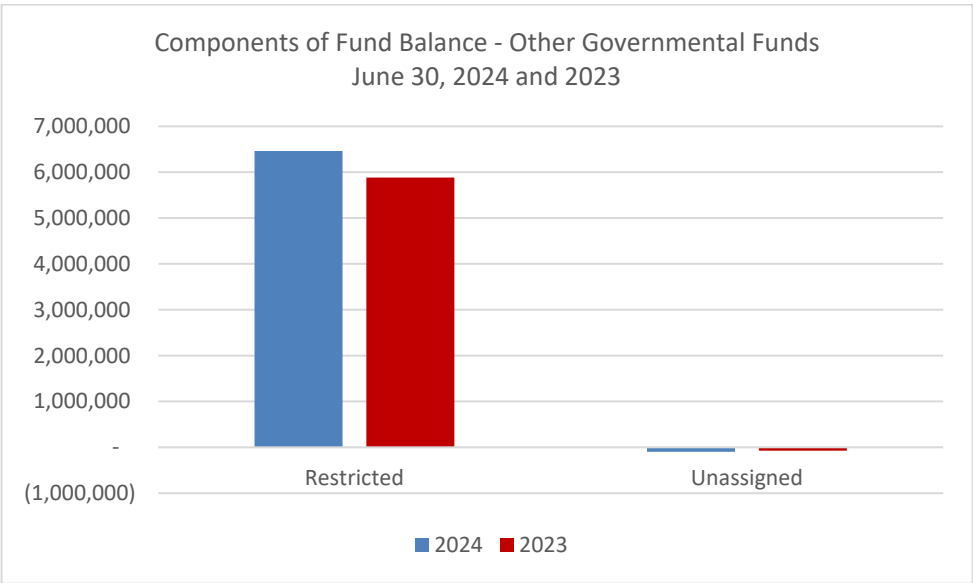
At June 30, 2024, the County’s governmental funds reported a combined fund balance of \$31.4 million, an increase of \$1.8 million in comparison with the prior year. Approximately 68 percent of this amount (\$21.4 million) constitutes *unassigned fund balance*, which is available for spending at the County’s discretion. The remainder of the fund balance is either restricted or assigned to indicate that it is (1) restricted for particular purposes (\$7.0 million) or (2) assigned for particular purposes (\$3.1 million).



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 \$21.5 million, while total fund balance increased to \$24.5 million. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 129 percent of total General Fund expenditures, while total fund balance represents approximately 147 percent of that same amount.

The fund balance of the County’s General Fund increased \$1.4 million during the current fiscal year, primarily due to higher investment income and reduced PSPRS contribution expenditures.

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Management’s Discussion and Analysis
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The Health Services Fund, a major fund, experienced a decrease in fund balance during the current fiscal year of \$(192,341) during the current fiscal year, resulting in an ending fund balance of \$520,241. This decline was primarily due to lower property tax revenue and reductions in intergovernmental revenues.

General fund budgetary highlights

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

- Intergovernmental revenues were \$463,010 less than budgeted, primarily from State Shared Transaction Privilege Tax.
- Investment earnings exceeded estimates by \$897,162 due to better than expected trends in the market.
- County administration expenditures were \$695,022 less than the budgeted amount due to staff salaries being redirected to State and Local Fiscal Recovery Fund (SLFRF) funding.
- Public safety – probation and sheriff expenditures were less than the budgeted by \$302,482 and \$755,114, respectively, due to staffing shortages.

Capital assets and debt administration

The County’s investment in capital assets as of June 30, 2024 totaled \$9.9 million (net of accumulated depreciation/amortization). This investment includes land, infrastructure, buildings, improvements, machinery, equipment, intangible assets, and construction in progress. The total increase in capital assets for the current fiscal year was approximately 19 percent.

Greenlee County

Management's Discussion and Analysis

June 30, 2024

The following schedule presents a summary of capital asset balances (net of accumulated depreciation/amortization) as of June 30, 2024 and 2023.

	2024	2023, as restated
Land	\$ 283,992	\$ 283,992
Land improvements	572,091	584,958
Infrastructure	1,246,027	1,242,218
Buildings and improvements	3,689,531	3,615,238
Machinery and equipment	2,895,873	2,150,541
Right-to-use subscription assets	143,944	215,916
Right-to-use lease assets	619,756	156,049
Construction in progress	410,416	31,488
Total capital assets, net	<u>\$9,861,630</u>	<u>\$8,280,400</u>

Major capital asset events during the current fiscal year included purchasing of vehicles for the Public Works and Sheriff's department, improvements to land including flood and sewer projects, and upgrades to communication equipment.

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 \$1.5 million in financed purchases with \$346,961 due within one year. The current year payments totaled \$341,556.

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.

Economic factors and next year's budget

The County's economy remained heavily reliant on copper mining in 2024, primarily driven by Freeport-McMoRan's Morenci Mine operations. This concentration led to slow job growth and a rising unemployment rate, reaching 4.1%. For FY2025, the county anticipates sustained mining contributions to support fiscal stability. However, this outlook is tempered by potential volatility in commodity prices and ongoing efforts to diversify the economy through strategic development initiatives, with the population expected to hold steady. The fiscal year 2025 budget continues to use one-time revenues for one-time projects. Although additional one-time federal funds are not expected, the use of existing remaining funds can be leveraged with other funding sources for enhanced capital improvement efficiency. The budget also includes \$400,000 applied to unanticipated grants received throughout the fiscal year for immediate use. For the first time since its inception, the expenditure limit is not the County's limiting factor. This budget and future budgets will be constrained by revenues and sound conservative fiscal policies. The budget is built on principle, and the County will not spend what it does not have. When federally sourced dollars, which are dedicated to current capital projects, are removed from the budget, and notwithstanding an across the board 5% wage increase, the overall budget for routine day-to-day expenses is only .52% higher than the fiscal year 2024 budget. The overall increase to budget is 16.89% when including the

Greenlee County

Management's Discussion and Analysis

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federal funding. Elected Officials and Managers have found forgone upward budget adjustments for projects and personnel in FY25 to pursue them in subsequent years when revenues have stabilized. Staff have identified and reduced line-item balances where additional budget capacity had grown in the past three years when revenue streams were well above normal projections. With vehicles becoming more available, the County has pivoted back to competitive bidding processes using installment debt where terms are favorable and cash where current revenues will support outright purchase. The County will continue to evaluate fleet leasing against the stable methods that have traditionally served the County well. The County is at 96.7% funded for the PSPRS UAAL balance which is acceptable. Fiscal year 2025 is the first year the County will realize the full impact of having paid down the balance in previously flushed budgets. The budget continues to see dramatic savings from the reduced out of County tuition liability of approximately \$1 million annually. The County focus remains on maximizing efficiency within revenue limits along with sound conservative decisions.

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.

Greenlee County
Statement of net position
June 30, 2024

	Governmental activities
Assets	
Cash and cash equivalents	\$ 34,527,932
Property taxes receivable	14,646
Accounts receivable	46,170
Settlement receivable, net	306,136
Due from other governments	924,942
Other assets	215,890
Net pension and other postemployment benefits asset	732,422
Capital assets, not being depreciated/amortized	694,408
Capital assets, being depreciated/amortized, net	<u>9,167,222</u>
Total assets	<u>46,629,768</u>
 Deferred outflows of resources	
Deferred outflows related to pensions and other postemployment benefits	<u>3,201,533</u>
 Liabilities	
Accounts payable	685,741
Accrued payroll and employee benefits	503,543
Unearned revenues	2,951,292
Noncurrent liabilities	
Due within 1 year	1,016,889
Due in more than 1 year	<u>16,096,814</u>
Total liabilities	<u>21,254,279</u>
 Deferred inflows of resources	
Deferred inflows related to pensions and other postemployment benefits	<u>2,898,376</u>
 Net position	
Net investment in capital assets	7,655,147
Restricted for:	
Information systems	415,035
Judicial activities	1,146,533
Law enforcement activities	1,746,273
Jail facilities and operations	368,949
Public health services	833,510
Waste tire program	25,207
Fair and racing program	261,704
Airport improvements	65,467
Roads and schools	1,515,201
Flood control	637,036
Elections	6,646
Net pension/other post employment benefits	732,422
Unrestricted	<u>10,269,516</u>
Total net position	<u>\$ 25,678,646</u>

See accompanying notes to financial statements.

Greenlee County
Statement of activities
Year ended June 30, 2024

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	\$ 10,556,106	\$ 343,555	\$ 2,814,967	\$ (7,397,584)
Public safety	5,510,028	47,880	1,925,952	(3,536,196)
Highways and streets	1,494,106		1,790,319	296,213
Sanitation	534,550	773,365		238,815
Health and welfare	2,434,751	9,272	612,911	(1,812,568)
Culture and recreation	368,286	41,753	223,050	(103,483)
Education	603,941		562,512	(41,429)
Economic development	18,050			(18,050)
Interest on long-term debt	113,647			(113,647)
Total governmental activities	21,633,465	1,215,825	7,929,711	(12,487,929)

General revenues:

Taxes	
Property taxes, levied for general purposes	\$ 3,664,232
Property taxes, levied for public health services	1,123,382
Property taxes, levied for flood control	127,890
County sales taxes for general purposes	1,459,459
Other taxes	14,400
State shared sales tax	5,777,413
State shared vehicle license tax	422,327
Grants and contributions not restricted to specific programs	3,050,753
Investment earnings	1,197,797
Miscellaneous	151,450
Total general revenues	16,989,103
Change in net position	4,501,174
Net position, July 1, 2023	22,078,783
Aggregate amount of adjustments to and restatements of beginning net position	(901,311)
Net position, July 1, 2023, as restated	21,177,472
Net position, June 30, 2024	\$ 25,678,646

See accompanying notes to financial statements.

Greenlee County
Balance sheet
Governmental funds
June 30, 2024

	General Fund	Health Services Fund	LATCF Fund	Non-major governmental funds	Total governmental funds
Assets					
Cash and cash equivalents	\$ 24,616,341	\$ 562,822	\$ 2,147,804	\$ 7,200,965	\$ 34,527,932
Property taxes receivable	9,736	2,998		1,912	14,646
Settlement receivable, net				306,136	306,136
Accounts receivable	46,170				46,170
Due from governmental entities	370,531	56,076		513,047	939,654
Due from other funds	83,162			57,868	141,030
Other assets	215,890				215,890
Total assets	<u>\$ 25,341,830</u>	<u>\$ 621,896</u>	<u>\$ 2,147,804</u>	<u>\$ 8,079,928</u>	<u>\$ 36,191,458</u>
Liabilities					
Accounts payable	\$ 437,181	\$ 12,052		\$ 236,508	\$ 685,741
Accrued payroll and employee benefits	316,284	47,676		139,583	503,543
Unearned revenue	6,033		2,146,246	799,013	2,951,292
Due to governmental entities				14,712	14,712
Due to other funds	42,514			98,516	141,030
Total liabilities	<u>802,012</u>	<u>59,728</u>	<u>2,146,246</u>	<u>1,288,332</u>	<u>4,296,318</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	5,752	1,771		1,162	8,685
Unavailable revenues - intergovernmental		40,156		426,895	467,051
Total deferred inflows of resources	<u>5,752</u>	<u>41,927</u>		<u>428,057</u>	<u>475,736</u>
Fund balances					
Restricted		520,241	1,558	6,461,606	6,983,405
Assigned	3,072,707				3,072,707
Unassigned	21,461,359			(98,067)	21,363,292
Total fund balances	<u>24,534,066</u>	<u>520,241</u>	<u>1,558</u>	<u>6,363,539</u>	<u>31,419,404</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,341,830</u>	<u>\$ 621,896</u>	<u>\$ 2,147,804</u>	<u>\$ 8,079,928</u>	<u>\$ 36,191,458</u>

See accompanying notes to financial statements.

Greenlee County

Reconciliation of the governmental funds balance sheet to the government-wide statement of net position June 30, 2024

Fund balances—total governmental funds		\$ 31,419,404
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	36,000,079	
Less accumulated depreciation	<u>(26,138,449)</u>	9,861,630
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	3,201,533	
Deferred inflows of resources related to pensions/OPEB	<u>(2,898,376)</u>	303,157
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the funds		475,736
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	(1,520,171)	
Leases Payable	(553,154)	
Compensated absences payable	(479,150)	
Subscriptions liability	(133,158)	
Landfill closure and postclosure care costs payable	(1,960,774)	
Net pension and OPEB liability	<u>(12,467,296)</u>	(17,113,703)
Net pension asset held in trust for future benefits is not available for County operations and, therefore, is not reported in the funds.		<u>732,422</u>
Net position of governmental activities		<u>\$ 25,678,646</u>

See accompanying notes to financial statements.

Greenlee County

Statement of revenues, expenditures, and changes in fund balances

Governmental funds

Year ended June 30, 2024

	General Fund	Health Services Fund	LATCF Fund	ARPA Fund	Non-Major Governmental Funds	Total governmental funds
Revenues:						
Property taxes	\$ 3,664,232	\$ 1,123,382			\$ 127,890	\$ 4,915,504
Taxes	1,459,459				14,400	1,473,859
Licenses and permits	2,227					2,227
Intergovernmental	8,805,435	619,411			5,775,420	15,200,266
Charges for services	814,680	7,798			217,458	1,039,936
Fines and forfeits	99,192				117	99,309
Investment earnings	997,162	27,457			173,178	1,197,797
Contributions	1,801,440				1,834	1,803,274
Miscellaneous	33,366	9,879			108,205	151,450
Total revenues	<u>17,677,193</u>	<u>1,787,927</u>			<u>6,418,502</u>	<u>25,883,622</u>
Expenditures:						
Current:						
General government	9,673,574				1,456,659	11,130,233
Public safety	5,145,943	153,639			2,203,648	7,503,230
Highways and streets					2,106,707	2,106,707
Sanitation	445,382					445,382
Health and welfare	211,949	2,203,607			28,039	2,443,595
Culture and recreation	236,504				335,408	571,912
Education	337,600				264,686	602,286
Economic development	18,050					18,050
Debt service:						
Principal retirement	492,399					492,399
Interest and fiscal charges	113,647					113,647
Total expenditures	<u>16,675,048</u>	<u>2,357,246</u>			<u>6,395,147</u>	<u>25,427,441</u>
Excess (deficiency) of revenues over expenditures	<u>1,002,145</u>	<u>(569,319)</u>			<u>23,355</u>	<u>456,181</u>
Other financing sources (uses):						
Financed purchase agreements	908,490					908,490
Lease agreements	465,686					465,686
Transfers in	182,368	376,978			869,874	1,429,220
Transfers out	<u>(1,153,650)</u>				<u>(275,570)</u>	<u>(1,429,220)</u>
Total other financing sources and (uses)	<u>402,894</u>	<u>376,978</u>			<u>594,304</u>	<u>1,374,176</u>
Net change in fund balances	<u>1,405,039</u>	<u>(192,341)</u>			<u>617,659</u>	<u>1,830,357</u>
Fund balances (deficit), July 1, 2023	23,069,648	731,991		(17,810)	5,810,127	29,593,956
Aggregate amount of adjustments to and restatements of beginning fund balances	<u>59,379</u>	<u>(19,409)</u>	<u>1,558</u>	<u>17,810</u>	<u>(64,247)</u>	<u>(4,909)</u>
Fund balances, July 1, 2023, as restated	<u>23,129,027</u>	<u>712,582</u>	<u>1,558</u>		<u>5,745,880</u>	<u>29,589,047</u>
Fund balances, June 30, 2024	<u>\$ 24,534,066</u>	<u>\$ 520,241</u>	<u>\$ 1,558</u>		<u>\$ 6,363,539</u>	<u>\$ 31,419,404</u>

See accompanying notes to financial statements.

Greenlee County

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, 2024

Net change in fund balances—total governmental funds \$1,830,357

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/amortization expense.

Capital outlay	2,761,190	
Depreciation expense	<u>(1,179,960)</u>	1,581,230

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds 253,389

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	(517,265)	
Pension/OPEB contributions	1,828,727	
State's non-employer pension contributions	<u>536,153</u>	1,847,615

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	492,399	
Financed purchases incurred	(908,490)	
Leases payable incurred	<u>(465,686)</u>	(881,777)

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	(40,472)	
Increase in landfill closure and postclosure care costs	<u>(89,168)</u>	<u>(129,640)</u>

Change in net position of governmental activities \$4,501,174

See accompanying notes to financial statements.

Greenlee County
Statement of fiduciary net position
Fiduciary funds
June 30, 2024

		<u>Custodial funds</u>	
	<u>Private-purpose trust funds</u>	<u>External investment pool</u>	<u>Other</u>
Assets			
Cash and cash equivalents	\$ 20,498	\$ 11,380,333	\$ 204,433
Taxes receivable for other governments			69,240
Total assets	<u>20,498</u>	<u>11,380,333</u>	<u>273,673</u>
Net Position			
Restricted for:			
Pool participants		11,380,333	
Individuals, organizations, and other governments	<u>20,498</u>		<u>273,673</u>
Total net position	<u>\$ 20,498</u>	<u>\$ 11,380,333</u>	<u>\$ 273,673</u>

See accompanying notes to financial statements.

Greenlee County
Statement of changes in fiduciary net position
Fiduciary funds
Year ended June 30, 2024

		Custodial funds	
	Private-purpose trust funds	External investment pool	Other
Additions:			
Contributions from other governments		\$ 16,115,232	
Property tax collections for other governments			\$ 12,489,434
Collections for individuals	\$ 111,305		
Inmate collections			27,003
Other			626,865
Total additions	<u>111,305</u>	<u>16,115,232</u>	<u>13,143,302</u>
Deductions:			
Distributions to pool participants		15,471,620	
Beneficiary payments to individuals	119,537		
Property tax distributions to other governments			12,475,158
Payments to inmates			19,571
Other			574,618
Total deductions	<u>119,537</u>	<u>15,471,620</u>	<u>13,069,347</u>
Net change in fiduciary net position	(8,232)	643,612	73,955
Net position, July 1, 2023	<u>28,730</u>	<u>10,736,721</u>	<u>199,718</u>
Net position, June 30, 2024	<u>\$ 20,498</u>	<u>\$ 11,380,333</u>	<u>\$ 273,673</u>

See accompanying notes to financial statements.

Greenlee County
Notes to financial statements
June 30, 2024

Note 1 - Summary of significant accounting policies

Greenlee County’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, 2024, the County implemented the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections in previously issued financial statements to provide more understandable, reliable, consistent, and comparable information for making decisions and accountability.

The County's significant accounting policies are described below.

A. Reporting entity

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

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

The following table describes the County’s component units:

Component unit	Description; criteria for inclusion	Reporting method	For separate financial statements
Greenlee County Flood Control District	A tax-levying district that provides flood control systems; the County’s Board of Supervisors serves as the board of directors, and County management has operational responsibility for the district.	Blended	Not available
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

Greenlee County

Notes to financial statements

June 30, 2024

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.

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 *Local Assistance and Tribal Consistency Fund (LATCF)*, authorized under the American Rescue Plan Act of 2021 and extended by the Consolidated Appropriations Act of 2023, provides flexible federal assistance to eligible revenue-sharing counties. The County has allocated the LATCF funds for capital projects under the County Capital Improvement Plan approved by the Board of Supervisors.

Greenlee County

Notes to financial statements

June 30, 2024

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.

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 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.

Greenlee County
Notes to financial statements
June 30, 2024

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:

	Capitalization threshold	Depreciation/ Amortization method	Estimated useful life
Land	\$10,000		
Construction in progress	10,000		
Land improvements	5,000	Straight-line	10-40 years
Infrastructure	10,000	Straight-line	40 years
Buildings and improvements	10,000	Straight-line	40 years
Machinery and equipment	5,000	Straight-line	3-10 years
Intangibles:			
Right-to-use subscription assets	25,000	Straight-line	Varies
Right-to-use lease assets:			
Equipment	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.

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the County is reasonably certain of being exercised, in which case the lease asset is amortized over the useful life of the underlying 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.

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June 30, 2024

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.

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.

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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. Leases and subscription-based information technology arrangements

Leases

As lessee, the County recognizes lease liabilities with an initial, individual value of \$25,000 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 right-of-use lease assets and liabilities were measured using the interest rate stated in the lease agreement.

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.

Note 2 – Accounting Changes and Error Corrections

During fiscal year 2024, accounting changes and error corrections resulted in adjustments to and restatements of beginning net position and/or fund balances, as follows:

	Net position/ fund balance June 30, 2023, as previously reported	Change to or within the reporting entity - Major Funds to Non-Major	Change to or within the reporting entity- Non- Major Funds to Major Funds	Error Correction- Capital Assets	Error Correction- GASB 87	Error Correction- Treasurer's Cash	Net position/ fund balance July 1, 2023, as restated
Government-wide							
Governmental activities	<u>\$22,078,783</u>	<u> </u>	<u> </u>	<u>\$ (912,301)</u>	<u>\$ 15,899</u>	<u>\$ (4,909)</u>	<u>\$21,177,472</u>
Governmental funds							
General fund	23,069,648					59,379	23,129,027
Health services fund	731,991					(19,409)	712,582
ARPA fund	(17,810)	\$ 17,810					
LATCF fund			\$ 1,558				1,558
Non-major governmental funds	<u>5,810,127</u>	<u>(17,810)</u>	<u>(1,558)</u>			<u>(44,879)</u>	<u>5,745,880</u>
Total governmental funds	<u>\$29,593,956</u>	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>	<u>\$ (4,909)</u>	<u>\$29,589,047</u>

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Changes to or within the Financial Reporting Entity

The ARPA Fund and RC Interoperability Communication System Fund were previously reported as major funds in the prior year. These funds are now recorded as part of Non-Major Governmental Funds. The RC Interoperability Communication System Fund did not have a fund balance at June 30, 2023, therefore there were no effects from this change within the financial reporting entity to report in the table above.

The LATCF Fund was previously reported as part of the Non-Major Governmental Funds in the prior year. This fund is now separately recorded as a major fund. The effects of that change within the financial reporting entity are shown in the table above.

Correction of Errors in Previously Issued Financial Statements

During the fiscal year 2024, the County identified errors in the prior-period recording and classification of capital assets, resulting from incorrect capitalization thresholds, misclassified construction-in-progress, and assets that were not properly deleted. These errors required correction, resulting in a net decrease to beginning capital assets of \$912,301.

Additionally, the County discovered classification errors involving four lease contracts and cash balances. The leases were previously reported as financed purchases but should have been recorded as leases under GASB Statement No. 87, requiring recognition of right-of-use assets and lease liabilities. Certain cash balances were also incorrectly classified as restricted rather than unrestricted. As a result, beginning long-term liabilities were understated by \$15,899, and beginning cash and cash equivalents was overstated by \$4,909.

Note 3 – Stewardship, compliance, and accountability

Deficit Fund Balances—At June 30, 2024, the following non-major funds reported deficits in fund balance:

Fund	Deficit
Non-Major Governmental Funds:	
State Crime Victim Comp Fund	4,789
Casa Special Advocate Program	1,212
State Library Grant Fund	9,779
Bioterrorism Fund	42,848
COVID ELC Enhancement Fund	11,409
Health 5 Year Workforce Grant Fund	3,971
Bridge Access Program Grant Fund	7,159
State Aid Enhancement Fund	10,007
Juvenile Standard Probation Fund	2,271
JTSF Fund	2,121

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.

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Notes to financial statements

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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.

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 investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial Credit Risk—Statutes require collateral for deposits 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, 2024, the carrying amount of the County's deposits was \$46,123,696 and the bank balance was \$47,001,453.

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.

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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>46,123,696</u>
Total	<u>\$46,133,196</u>
<u>Statement of Net Position</u>	
Governmental activities	\$34,527,932
Private-purpose trust funds	20,498
External investment pool	11,380,333
Other custodial funds	<u>204,433</u>
Total	<u>\$46,133,196</u>

Note 5 - Receivables

Amounts due from other governments at June 30, 2024, as reported in the Governmental funds balance sheet, include \$158,194 in Highway User Revenues, \$14,327 in state shared auto lieu taxes, \$122,688 in County sales tax, \$219,207 in state shared sales tax, \$15,273 in county jail fees, and \$409,965 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 \$125,634 through June 30, 2024, and anticipates receiving additional payments through 2038. At June 30, 2024, the estimated settlement receivable balance, net of allowance for uncollectibles, is \$306,136.

Note 6 - Capital assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023, as restated*	Increases	Decreases	Balance June 30, 2024
Governmental activities:				
Capital assets not being depreciated/ amortized:				
Land	\$ 283,992			\$ 283,992
Construction in progress	<u>31,488</u>	<u>\$ 378,928</u>		<u>410,416</u>
Total capital assets not being depreciated/amortized	<u>315,480</u>	<u>378,928</u>		<u>694,408</u>
Capital assets being depreciated/amortized:				
Land improvements	5,787,305	106,096		5,893,401
Infrastructure	1,517,670	46,971		1,564,641
Buildings and improvements	12,228,627	313,679		12,542,306
Machinery and equipment	13,323,744	1,464,138	\$(522,983)	14,264,899
Intangibles:				
Right-to-use subscription assets	287,888			287,888
Right-to-use lease assets:				
Equipment	<u>176,072</u>	<u>576,464</u>		<u>752,536</u>
Total	<u>33,321,306</u>	<u>2,507,348</u>	<u>\$(522,983)</u>	<u>35,305,671</u>

Greenlee County
Notes to financial statements
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	Balance July 1, 2023, as restated*	Increases	Decreases	Balance June 30, 2024
Less accumulated depreciation/amortization for:				
Land improvements	\$ (5,202,347)	\$ (118,963)		\$ (5,321,310)
Infrastructure	(275,452)	(43,162)		(318,614)
Buildings and improvements	(8,613,389)	(239,386)		(8,852,775)
Machinery and equipment	(11,173,203)	(593,720)	397,897	(11,369,026)
Intangibles:				
Right-to-use subscription assets	(71,972)	(71,972)		(143,944)
Right-to-use lease assets:				
Equipment	(20,023)	(112,757)		(132,780)
Total	<u>(25,356,386)</u>	<u>(1,179,960)</u>	<u>397,897</u>	<u>(26,138,449)</u>
Total capital assets being depreciated/ amortized, net	<u>7,964,920</u>	<u>1,327,388</u>	<u>(125,086)</u>	<u>9,167,222</u>
Governmental activities capital assets, net	<u>\$ 8,280,400</u>	<u>\$ 1,706,316</u>	<u>\$ (125,086)</u>	<u>\$ 9,861,630</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental activities:	
General government	\$ 525,716
Public safety	209,486
Highways and streets	375,310
Health and welfare	42,629
Culture and recreation	25,575
Education	1,244
Total	<u>\$1,179,960</u>

* See Note 2 for a discussion of the prior-period restatement.

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, 2024. 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.

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The schedule presented below is a summation of the activity related to the line of credit during the fiscal year ended June 30, 2024:

	<u>Beginning Balance</u>	<u>Drawdowns</u>	<u>Principal Payments</u>	<u>Ending Balance</u>	<u>Interest Payments</u>
Line of credit	\$ -	\$2,919,905	\$2,919,905	\$ -	\$11,919
Total	\$ -	\$2,919,905	\$2,919,905	\$ -	\$11,919

Note 8 - Long-term liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2024:

	<u>Balance July 1, 2023, as restated*</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2024</u>	<u>Due within 1 year</u>
Governmental activities:					
Financed purchases	\$ 953,237	\$ 908,490	\$ 341,556	\$ 1,520,171	\$ 346,961
Leases payable	171,732	465,686	84,264	553,154	119,088
Subscriptions liability	199,737		66,579	133,158	66,579
Compensated absences payable	438,678	475,154	434,682	479,150	479,150
Landfill closure and postclosure care costs payable	1,871,606	89,168		1,960,774	5,111
Net pension and other postemployment benefits liability	<u>18,827,443</u>	<u> </u>	<u>6,360,147</u>	<u>12,467,296</u>	<u> </u>
Total governmental activities long- term liabilities	<u>\$22,462,433</u>	<u>\$1,938,498</u>	<u>\$7,287,228</u>	<u>\$17,113,703</u>	<u>\$1,016,889</u>

* See Note 2 for a discussion of the prior-period restatement.

Financed purchases—The County has acquired vehicles and machinery and equipment under contract agreements at a total purchase price of \$1,520,171. The following schedule details debt service requirements to maturity for the County's financed purchases at June 30, 2024:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 346,961	\$80,753
2026	276,862	62,766
2027	270,018	47,093
2028	354,236	24,991
2029	186,858	8,840
2030-2031	<u>85,236</u>	<u>1,534</u>
Total	<u>\$1,520,171</u>	<u>\$225,977</u>

Leases—The County has obtained the right to use several vehicles under the provisions of various lease agreements. The leases have interest rates between 7.44% and 8.04%.

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

Total intangible right-to-use lease assets	\$ 752,536
Less: accumulated amortization	<u>(132,780)</u>
Carrying value	<u>\$ 619,756</u>

The following schedule details minimum lease payments to maturity for the County's leases payable at June 30, 2024:

Year ending June 30	Governmental activities	
	Principal	Interest
2025	\$ 119,088	\$ 38,551
2026	128,848	28,791
2027	139,409	18,230
2028	127,289	7,352
2029	38,520	581
Total	<u>\$ 553,154</u>	<u>\$ 93,505</u>

Subscription-based Information Technology Arrangements—The County has obtained the right to use IT cybersecurity solutions under the provisions of various subscription-based information technology arrangements (SBITAs).

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

Total intangible right-to-use subscription assets	\$ 287,888
Less: accumulated amortization	<u>(143,944)</u>
Carrying value	<u>\$ 143,944</u>

The following schedule details minimum subscription payments to maturity for the County's subscriptions liability at June 30, 2024:

Year ending June 30:	Principal	Interest
2025	\$ 66,579	5,392
2026	<u>66,579</u>	<u>5,392</u>
Total	<u>\$133,158</u>	<u>\$10,784</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.

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The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The \$1,960,774 reported as landfill closure and postclosure care liability at June 30, 2024, represents the cumulative amount reported to date based on the use of 95% of the estimated capacity of the landfills less expenditures already paid as follows:

Landfill	Estimated capacity Used to date
Blue	100%
Loma Linda	98%
Loma Linda construction and demolition	95%

The County will recognize the remaining estimated cost of closure and postclosure care of \$61,238 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 2024. 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 4 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 2024, the County paid for compensated absences as follows: 72 percent from the General Fund, 10 percent from a major fund, and 18 percent from other funds.

Note 9 – Fund balance classifications of the Governmental funds

The fund balance classifications of the governmental funds as of June 30, 2024, were as follows:

	General fund	Health services fund	LATCF fund	Non-major Governmental funds	Total
Fund balances:					
Restricted for:					
Information systems				\$ 415,035	\$ 415,035
Judicial activities				1,146,533	1,146,533
Law enforcement activities				1,746,273	1,746,273
Jail facilities and operations				368,949	368,949
Waste tire program				25,207	25,207
Fair and racing program				261,704	261,704
Airport improvements				65,467	65,467
Public health services		\$520,241	\$1,558	273,555	795,354
Roads and schools				1,515,201	1,515,201
Flood control				637,036	637,036
Elections				6,646	6,646
Total restricted		<u>520,241</u>	<u>1,558</u>	<u>6,461,606</u>	<u>6,983,405</u>

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Assigned to:					
Information systems	\$ 4,169				4,169
Judicial activities	115,821				115,821
Law enforcement activities	32,366				32,366
Jail facilities and operations	726				726
Public health services	5,314				5,314
Landfill closure and development	2,835,954				2,835,954
Wellness program	<u>78,357</u>	<u> </u>	<u> </u>		<u>78,357</u>
Total assigned	<u>3,072,707</u>	<u> </u>	<u> </u>		<u>3,072,707</u>
Unassigned	<u>21,461,359</u>	<u> </u>	<u> </u>	<u>(98,067)</u>	<u>21,363,292</u>
Total fund balances	<u>\$24,534,066</u>	<u>\$520,241</u>	<u>\$1,558</u>	<u>\$6,363,539</u>	<u>\$31,419,404</u>

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 \$25,000 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 9 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

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actuarial valuation. If a pool were to become insolvent, the County would be assessed an additional contribution.

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

Note 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, 2024, the County reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of net position and statement of activities	Governmental Activities
Net pension and OPEB liability	\$12,467,296
Net pension and OPEB asset	732,422
Deferred outflows of resources related to pensions and OPEB	3,201,533
Deferred inflows of resources related to pensions and OPEB	2,898,376
Pension and OPEB expense	517,265

The County’s accrued payroll and employee benefits includes \$94,895 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2024.

Also, the County reported \$1,828,727 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 EORP pension plans are described below. The PSPRS County Investigators pension and OPEB, and all other OPEB plans are recorded in the financial statements, but not disclosed due to their relative insignificance to the County’s financial statements.

A. Arizona State Retirement System

Plan description—County employees that are not covered by the other pension plans described below 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.

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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 and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

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

Contributions—In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended, June 30, 2024, statutes required active ASRS members to contribute at the actuarially determined rate of 12.14 percent for retirement of the members’ annual covered payroll, and statute required the County to contribute at the actuarily determined rate of 12.03 percent of the active members' annual covered payroll. The County's contributions to the pension plan for the year ended June 30, 2024, was \$822,191.

During fiscal year 2024, the County paid for ASRS pension as follows: 55 percent from the General Fund, 12 percent from major funds, and 33 percent from other funds.

Liability—At June 30, 2024, the County reported a net pension liability of \$7,954,798 for its proportionate share of ASRS’ net pension liability.

The net liability was measured as of June 30, 2023. 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, 2022, to the measurement date of June 30, 2023.

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, 2023. The County's proportion measured as of June 30, 2023, was 0.04916 percent, which was a decrease of (0.00480) from the prior year.

Expense—For the year ended June 30, 2024, the County recognized \$756,910 in pension expense for ASRS.

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Deferred outflows/inflows of resources—For the year ended June 30, 2024, 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	\$ 179,747	
Net difference between projected and actual earnings on pension plan investments		\$281,448
Changes in proportion and differences between County contributions and proportionate share of contributions	102,408	487,901
County contributions subsequent to the measurement date	<u>822,191</u>	
Total	<u>\$1,104,346</u>	<u>\$769,349</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, 2025. 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
2025	\$(209,200)
2026	(546,337)
2027	303,317
2028	(34,974)

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

ASRS	
Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

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, 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.

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

ASRS		
Asset class	Target allocation	Long-term expected geometric real rate of return
Public equity	44%	3.50%
Credit	23%	5.90%
Real estate	17%	5.90%
Private equity	10%	6.70%
Interest rate sensitive	6%	1.50%
Total	<u>100%</u>	

Discount rate—At June 30, 2023, 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 ASRS 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%)
County's proportionate share of the net pension liability	\$11,915,120	\$7,954,798	\$4,652,591

Pension plan fiduciary net position—Detailed information about the pension plans' fiduciary net position is available in the separately issued ASRS financial report.

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

Plan descriptions—The County's Sheriff employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension 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

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PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the County's financial statements.

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

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

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

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

*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.

Employees covered by benefit terms—At June 30, 2024, the following employees were covered by the agent plans' benefit terms:

	PSPRS Sheriff- Pension
Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	4
Active employees	<u>7</u>
Total	<u>21</u>

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 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, 2024, are indicated below. Rates are a percentage of active members' annual covered payroll.

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	Active member— pension	County—pension
PSPRS Sheriff	7.65%	30.32%
CORP AOC	8.41% or 9.81%	39.43 or 40.94%

The County's contributions to the pension plans for the year ended June 30, 2024 were:

	Pension
PSPRS Sheriff	\$334,003
CORP AOC	109,173

During fiscal year 2024, the County paid for PSPRS and CORP pension contributions as follows: 75 percent from the General Fund, and 25 percent from other non-major funds.

Liability—At June 30, 2024, the County reported the following net pension liabilities:

	Net pension liability
PSPRS Sheriff	\$525,692
CORP AOC	948,038

The net liabilities were measured as of June 30, 2023, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

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

PSPRS and CORP—pension	
Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.0% - 6.25%
Price inflation	2.50%
Cost-of-living adjustment	1.85%
Mortality rates	PubS-2010 tables

Actuarial assumptions used in the June 30, 2023, 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:

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PSPRS and CORP		
Asset class	Target allocation	Long-term expected geometric real rate of return
U.S. public equity	24%	3.98%
International public equity	16%	4.49%
Global private equity	20%	7.28%
Other assets (capital appreciation)	7%	4.49%
Core bonds	6%	1.90%
Private credit	20%	6.19%
Diversifying strategies	5%	3.68%
Cash - Mellon	<u>2%</u>	0.69%
Total	<u>100%</u>	

Discount rates—At June 30, 2023, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.2 percent. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability PSPRS-Sheriff	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) – (b)
Balances at June 30, 2023	<u>\$ 9,697,884</u>	<u>\$7,565,996</u>	<u>\$ 2,131,888</u>
Changes for the year:			
Service cost	137,453		137,453
Interest on the total liability	690,550		690,550
Differences between expected and actual experience in the measurement of the pension liability	422,282		422,282
Contributions—employer		2,219,648	(2,219,648)
Contributions—employee		60,401	(60,401)
Net investment income		581,476	(581,476)
Benefit payments, including refunds of employee contributions	(488,724)	(488,724)	
Administrative expense		(4,857)	4,857
Other changes		(187)	187
Net changes	<u>761,561</u>	<u>2,367,757</u>	<u>(1,606,196)</u>
Balances at June 30, 2024	<u>\$ 10,459,445</u>	<u>\$9,933,753</u>	<u>\$ 525,692</u>

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, 2023. The County's proportion measured as of June 30, 2023, was 0.20976 percent, which was an increase of 0.01526 from its proportion measured as of June 30, 2022.

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Sensitivity of the County's net pension liability to changes in the discount rate—The following table presents the County's net pension liabilities calculated using the discount rate of 7.2 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.2 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	\$1,901,680	\$525,692	\$(598,146)
CORP AOC			
County's proportionate share of the net pension liability	1,270,441	948,038	685,368

Pension plan fiduciary net position—Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS and CORP financial reports.

Pension expense—For the year ended June 30, 2024, the County recognized the following pension expense:

	Pension expense
PSPRS Sheriff	\$818,422
CORP AOC (County's proportionate share)	111,041

Deferred outflows/inflows of resources—At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
PSPRS—Sheriff		
Differences between expected and actual experience	\$ 596,768	\$66,658
Changes of assumptions or other inputs	40,879	
Net difference between projected and actual earnings on pension plan investments	211,779	
County contributions subsequent to the measurement date	<u>334,003</u>	
Total	<u>\$1,183,429</u>	<u>\$66,658</u>
CORP—AOC		
Differences between expected and actual experience	\$ 51,294	\$ 9,219
Changes of assumptions or other inputs	17,381	
Net difference between projected and actual earnings on pension plan investments	10,433	
Changes in proportion and differences between County contributions and proportionate share of contributions	97,288	25,302
County contributions subsequent to the measurement date	<u>109,173</u>	
Total	<u>\$285,569</u>	<u>\$34,521</u>

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The amounts reported as deferred outflows of resources related to pension 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as expenses as follows:

	PSPRS Sheriff	CORP AOC
Year ending June 30		
2025	\$647,302	\$59,625
2026	(45,794)	15,471
2027	175,742	47,090
2028	5,518	19,689

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

Benefits provided—The EORP provides retirement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

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

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

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

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, 2024, 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 76.51 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 64.37 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 70.51 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 plan for the year ended June 30, 2024, was \$545,590. During fiscal year 2024, the County's General Fund paid for EORP pension contributions.

Liability—At June 30, 2024, 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	\$3,032,259
State's proportionate share of the EORP net pension liability associated with the County	<u>3,390,223</u>
Total	<u>\$6,422,482</u>

The net liability was measured as of June 30, 2023, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

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, 2023. The County's proportion measured as of June 30, 2023, was 0.4838 percent, which was a decrease of (0.5552) from its proportion measured as of June 30, 2022.

Expense—For the year ended June 30, 2024, the County recognized a negative pension expense for EORP of \$(1,127,092), and revenue of \$536,153 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, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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EORP	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 12,719	
Changes in proportion and differences between County contributions and proportionate share of contributions		\$1,857,074
County contributions subsequent to the measurement date	<u>545,590</u>	
Total	<u>\$558,309</u>	<u>\$1,857,074</u>

The amounts reported as deferred outflows of resources related to EORP pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized as expenses as follows:

Year ending June 30

2025	\$(1,859,500)
2026	(16,612)
2027	34,467
2028	(2,710)

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

EORP

Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.25%
Price inflation	2.5%
Cost-of-living adjustment	1.85%
Mortality rates	PubG-2010 tables

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

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:

EORP		Long-term expected geometric real rate of return
Asset class	Target allocation	
U.S. public equity	24%	3.98%
International public equity	16%	4.49%
Global private equity	20%	7.28%
Other assets (capital appreciation)	7%	4.49%
Core bonds	6%	1.90%
Private credit	20%	6.19%

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Diversifying strategies	5%	3.68%
Cash - Mellon	<u>2%</u>	0.69%
Total	<u>100%</u>	

Discount rate—At June 30, 2023, the discount rate used to measure the EORP total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on 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 EORP net pension liability to changes in the discount rate—The following table presents the County’s proportionate share of the net pension liability calculated using the discount rates of 7.2 percent noted above, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

EORP	1% Decrease (6.2%)	Current discount rate (7.2%)	1% Increase (8.2%)
County's proportionate share of the net pension liability	\$3,503,064	\$3,032,259	\$2,628,592

Pension plan fiduciary net position—Detailed information about the pension plans’ 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, 2024, were as follows:

Transfers to	Transfers from		
	General Fund	Non-major governmental funds	Total
General Fund		\$182,368	\$ 182,268
Health Services Fund	\$ 376,978		376,978
Non-major Governmental Funds	<u>776,672</u>	<u>93,202</u>	<u>869,874</u>
Total	<u>\$1,153,650</u>	<u>\$275,570</u>	<u>\$1,429,220</u>

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, 2024 were as follows:

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Due to	Due from		
	General Fund	Non-major governmental funds	Total
General Fund		\$83,162	\$ 83,162
Non-major Governmental Funds	<u>\$42,514</u>	<u>15,354</u>	<u>57,868</u>
Total	<u>\$42,514</u>	<u>\$98,516</u>	<u>\$141,030</u>

The interfund balances resulted from time lags between the funds. The amounts resulted from various developments, primarily from federal aid reimbursements, and various indirect costs. All interfund balances are expected to be paid in one year.

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 \$303,518 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	\$ 45,829,678
Net position	<u>\$ 45,829,678</u>
Net position held for:	
Internal participants	34,449,345
External participants	<u>11,380,333</u>
Total net position	<u>\$ 45,829,678</u>

Statement of changes in fiduciary net position

Total additions	\$ 67,754,244
Total deductions	<u>(64,343,829)</u>
Net increase	<u>3,410,415</u>
Net position:	
July 1, 2023	<u>42,419,263</u>
June 30, 2024	<u>\$ 45,829,678</u>

Other Required Supplementary Information

Greenlee County
Required supplementary information
Budgetary comparison schedule
General Fund
Year ended June 30, 2024

	Original and Final Budget amounts	Actual amounts	Variance with final budget
Revenues:			
Property taxes	\$ 3,662,109	\$ 3,664,232	\$ 2,123
Taxes	1,520,000	1,459,459	(60,541)
License and permits	51,500	2,227	(49,273)
Intergovernmental revenue	9,268,445	8,805,435	(463,010)
Charges for services	73,192	41,315	(31,877)
Fines and forfeits	82,600	99,192	16,592
Investment earnings	100,000	997,162	897,162
Contributions	1,800,000	1,801,440	1,440
Miscellaneous	60,000	33,366	(26,634)
Total revenues	<u>16,617,846</u>	<u>16,903,828</u>	<u>285,982</u>
Expenditures:			
General government:			
Board of supervisors	580,151	491,027	89,124
Airport	18,650	4,494	14,156
Assessor	565,610	458,615	106,995
Attorney	674,442	450,617	223,825
Constable no. 1	42,517	31,241	11,276
Constable no. 2	53,994	40,614	13,380
Contingency	500,000	1,012	498,988
County administration	733,324	38,302	695,022
Elections	185,109	96,370	88,739
Fleet	911,486	910,099	(1,387)
Information systems	1,127,684	901,864	225,820
General services	1,621,545	1,822,556	(201,011)
Ground and maintenance	1,059,815	750,323	309,492
Justice of the peace no. 1	313,597	268,368	45,229
Justice of the peace no. 2	299,582	268,944	30,638
Planning and zoning	150,742	145,862	4,880
Public fiduciary	86,883	81,150	5,733
Recorder	331,020	291,260	39,760
Superior court	1,142,930	885,914	257,016
Treasurer	384,896	348,709	36,187
Voter registration	55,592	12,057	43,535
Total general government	<u>10,839,569</u>	<u>8,299,398</u>	<u>2,540,171</u>

See accompanying notes to budgetary comparison schedule.

Greenlee County
Required supplementary information
Budgetary comparison schedule
General Fund
Year ended June 30, 2024

	Original and final budget amounts	Actual amounts	Variance with final budget
Public safety:			
Emergency services	\$ 202,510	\$ 204,793	\$ (2,283)
Probation	303,000	518	302,482
Sheriff	5,695,746	4,940,632	755,114
Total public safety	<u>6,201,256</u>	<u>5,145,943</u>	<u>1,055,313</u>
Health and welfare -			
AHCCCS/ALTCS payments	<u>211,900</u>	<u>211,949</u>	<u>(49)</u>
Culture and recreation:			
County library	43,967	71,850	(27,883)
Parks and recreation	133,581	164,654	(31,073)
Total culture and recreation	<u>177,548</u>	<u>236,504</u>	<u>(58,956)</u>
Education:			
School superintendent	312,079	304,574	7,505
U of A extension service	33,026	33,026	
Total education	<u>345,105</u>	<u>337,600</u>	<u>7,505</u>
Economic development	122,000	18,050	103,950
Capital outlay	50,000		50,000
Total expenditures	<u>17,947,378</u>	<u>14,249,444</u>	<u>3,697,934</u>
Excess (deficiency) of revenues over (under) expenditures	(1,329,532)	2,654,384	3,983,916
Other financing sources:			
Transfers in	2,020,000	182,368	(1,837,632)
Transfers out	(5,876,673)	(1,153,650)	4,723,023
Total other financing sources	<u>(3,856,673)</u>	<u>(971,282)</u>	<u>2,885,391</u>
Net change in fund balances	<u>(5,186,205)</u>	<u>1,683,102</u>	<u>6,869,307</u>
Fund balances, July 1, 2023	23,069,648	23,069,648	
Aggregate amount of adjustments to and restatements of beginning fund balance	<u>59,379</u>	<u>59,379</u>	
Fund balances, July 1, 2023, as restated	<u>23,129,027</u>	<u>23,129,027</u>	
Fund balances, June 30, 2024	<u>\$ 17,942,822</u>	<u>\$ 24,812,129</u>	<u>\$ 6,869,307</u>

See accompanying notes to budgetary comparison schedule.

Greenlee County
Required supplementary information
Budgetary comparison schedule
Health Services Fund
Year ended June 30, 2024

	Original and final budget amounts	Actual amounts	Variance with final budget
Revenues:			
Property taxes	\$ 1,127,774	\$ 1,123,382	\$ (4,392)
Intergovernmental revenue	2,139,795	619,411	(1,520,384)
Charges for services		7,798	7,798
Investment earnings		27,457	27,457
Miscellaneous		9,879	9,879
Total revenues	<u>3,267,569</u>	<u>1,787,927</u>	<u>(1,479,642)</u>
Expenditures:			
Current:			
Public safety		153,639	(153,639)
Health and welfare	<u>2,687,256</u>	<u>2,203,607</u>	<u>483,649</u>
Total expenditures	<u>2,687,256</u>	<u>2,357,246</u>	<u>330,010</u>
Excess (deficiency) of revenues over (under) expenditures	<u>580,313</u>	<u>(569,319)</u>	<u>(1,149,632)</u>
Other financing sources (uses):			
Transfer in	356,000	376,978	20,978
Transfer out	<u>(356,000)</u>		<u>356,000</u>
Total other financing sources (uses)		<u>376,978</u>	<u>376,978</u>
Net change in fund balances	<u>580,313</u>	<u>(192,341)</u>	<u>(772,654)</u>
Fund balances, July 1, 2023	731,991	731,991	
Error correction	<u>(19,409)</u>	<u>(19,409)</u>	
Fund balances, July 1, 2023, as restated	<u>712,582</u>	<u>712,582</u>	
Fund balances, June 30, 2024	<u>\$ 1,292,895</u>	<u>\$ 520,241</u>	<u>\$ (772,654)</u>

See accompanying notes to budgetary comparison schedule.

Greenlee County
Required supplementary information
Notes to budgetary comparison schedules
June 30, 2024

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.

Note 2 – Budgetary basis of accounting

The County's budget is prepared on a basis consistent with generally accepted accounting principles, except that the following items are not budgeted: Landfill financial activity and the present value of net minimum lease payments.

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

General fund	Total revenues	Total expenditures	Total other financings sources (uses)	Fund balances July 1, 2023, as restated	Fund balances, June 30, 2024
Statement of revenues, expenditures, and changes in fund balances	\$17,677,193	\$16,675,048	\$ 402,894	\$23,129,027	\$24,534,066
Present value of net minimum capital lease payments		(1,980,222)	(1,374,176)		606,046
Activity budgeted as special revenue funds	<u>(773,365)</u>	<u>(445,382)</u>	<u> </u>	<u> </u>	<u>(327,983)</u>
Budgetary comparison schedule	<u>\$16,903,828</u>	<u>\$14,249,444</u>	<u>\$ (971,282)</u>	<u>\$23,129,027</u>	<u>\$24,812,129</u>

Note 3 - Expenditures in excess of appropriations

For the year ended June 30, 2024, expenditures exceeded the budget amounts at the department level (the legal level of budgetary control) as follows:

Fund/Department	Excess
General Fund:	
Fleet	1,387
General services	201,011
Emergency services	2,283
Health and welfare –	49
AHCCCS/ALTCS payments	
County library	27,883

Greenlee County
Required supplementary information
Notes to budgetary comparison schedules
June 30, 2024

Parks and recreation	31,073
Health Services Fund:	
Public safety	153,639

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

Greenlee County
Required supplementary information
Schedule of the County's proportionate share of the net pension liability
Cost-sharing pension plans
June 30, 2024

Arizona State Retirement System	Reporting fiscal year (Measurement date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
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%	0.05%
County's proportionate share of the net pension liability	\$ 7,954,798	\$ 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
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
County's proportionate share of the net pension liability as a percentage of its covered payroll	119.18%	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	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%
Corrections Officer Retirement Plan— Administrative Office of the Courts	Reporting fiscal year (Measurement date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
County's proportion of the net pension liability	0.21%	0.19%	0.21%	0.19%	0.15%	0.23%	0.29%	0.26%	0.26%	0.29%
County's proportionate share of the net pension liability	\$ 948,038	\$ 868,018	\$ 761,290	\$ 899,520	\$ 674,420	\$ 852,612	\$ 1,164,581	\$ 728,597	\$ 620,393	\$ 650,481
County's covered payroll	543,375	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	174.47%	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	59.28%	57.52%	62.53%	50.07%	51.99%	53.72%	49.21%	54.81%	57.89%	58.59%
Elected Officials Retirement Plan	Reporting fiscal year (Measurement date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
County's proportion of the net pension liability	0.48%	1.04%	1.05%	1.06%	1.05%	1.26%	1.01%	0.99%	0.94%	0.93%
County's proportionate share of the net pension liability	\$ 3,032,259	\$ 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>3,390,223</u>	<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>\$ 6,422,482</u>	<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	\$ 873,258	\$ 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	347.24%	656.56%	654.43%	894.34%	798.36%	787.88%	1525.10%	1254.69%	963.80%	739.58%
Plan fiduciary net position as a percentage of the total pension liability	38.63%	32.01%	36.28%	29.80%	30.14%	30.36%	19.66%	23.42%	28.32%	31.91%

See accompanying notes to pension plan schedules.

Greenlee County
Required supplementary information
Schedule of changes in the County's net pension liability and related ratios
Public Safety Personnel Retirement System
June 30, 2024

	Reporting fiscal year (Measurement date)									
Public Safety Personnel Retirement System—Sheriff	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Total pension liability										
Service cost	\$ 137,453	\$ 153,639	\$ 165,271	\$ 162,687	\$ 181,679	\$ 166,566	\$ 160,116	\$ 171,279	\$ 170,932	\$ 140,956
Interest on the total pension liability	690,550	627,663	616,746	527,808	541,988	500,806	415,416	411,203	391,023	315,179
Changes of benefit terms							68,497	77,036		100,080
Differences between expected and actual experience in the measurement of the pension liability	422,282	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	(488,724)	(503,781)	(404,606)	(396,673)	(357,308)	(355,289)	(322,025)	(207,444)	(172,679)	(156,937)
Net change in total pension liability	761,561	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	9,697,884	8,696,377	8,485,609	7,265,902	7,321,143	6,862,007	5,619,841	5,256,336	4,982,058	4,023,007
Total pension liability—ending (a)	<u>\$ 10,459,445</u>	<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	\$ 2,219,648	\$ 868,138	\$ 1,804,464	\$ 336,687	\$ 395,675	\$ 238,915	\$ 198,711	\$ 234,075	\$ 165,012	\$ 160,337
Contributions—employee	60,401	56,181	71,772	75,402	78,797	76,777	91,411	116,399	103,877	94,828
Net investment income	581,476	(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	(488,724)	(503,781)	(404,606)	(396,673)	(357,308)	(355,289)	(322,025)	(207,444)	(172,679)	(156,937)
Hall/Parker settlement						(127,506)				
Pension plan administrative expense	(4,857)	(5,285)	(6,316)	(4,788)	(5,042)	(4,988)	(4,120)	(3,401)	(3,316)	(3,137)
Other changes	(187)		(23,156)		(9,931)	55	200,342	(40,326)	(2,680)	
Net change in plan fiduciary net position	2,367,757	122,654	2,777,298	69,329	335,140	109,671	584,725	120,156	210,793	484,655
Plan fiduciary net position—beginning	7,565,996	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				1	(39)					
Plan fiduciary net position—ending (b)	<u>\$ 9,933,753</u>	<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)	\$ 525,692	\$ 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	94.97%	78.02%	85.59%	54.99%	63.26%	58.21%	60.51%	63.48%	65.58%	64.96%
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
County's net pension liability as a percentage of covered payroll	29.02%	164.97%	120.74%	341.74%	248.92%	326.60%	256.88%	203.03%	192.43%	206.26%

See accompanying notes to pension plan schedules.

Greenlee County
Required supplementary information
Schedule of County pension contributions
June 30, 2024

Arizona State Retirement System

	Reporting fiscal year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 822,191	\$ 802,957	\$ 841,792	\$ 727,970	\$ 728,987	\$ 677,044	\$ 687,570	\$ 626,542	\$ 576,320	\$ 527,038
County's contributions in relation to the statutorily required contribution	<u>822,191</u>	<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>
County's 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	\$ 6,834,508	\$ 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
County's contributions as a percentage of covered payroll	12.03%	12.03%	12.23%	12.04%	12.11%	11.80%	10.90%	10.78%	10.85%	10.89%

**Corrections Officer Retirement Plan—
Administrative Office of the Courts**

	Reporting fiscal year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 109,173	\$ 99,535	\$ 90,451	\$ 83,808	\$ 76,716	\$ 64,349	\$ 63,294	\$ 72,717	\$ 55,647	\$ 42,518
County's contributions in relation to the statutorily required contribution	<u>109,173</u>	<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>
County's 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	\$ 616,488	\$ 543,375	\$ 530,910	\$ 532,718	\$ 571,084	\$ 371,104	\$ 279,932	\$ 362,136	\$ 291,346	\$ 285,739
County's contributions as a percentage of covered payroll	17.71%	18.32%	17.04%	15.73%	13.43%	17.34%	22.61%	20.08%	19.10%	14.88%

Elected Officials Retirement Plan

	Reporting fiscal year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 545,590	\$ 456,266	\$ 494,222	\$ 470,261	\$ 491,491	\$ 362,621	\$ 193,544	\$ 181,863	\$ 176,235	\$ 178,269
County's contributions in relation to the statutorily required contribution	<u>545,590</u>	<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>
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 952,152	\$ 873,258	\$ 1,068,346	\$ 979,097	\$ 800,083	\$ 880,090	\$ 1,008,209	\$ 799,934	\$ 749,936	\$ 758,591
County's contributions as a percentage of covered payroll	57.30%	52.25%	46.26%	48.03%	61.43%	41.20%	2.58%	22.73%	23.50%	23.50%

The County was not required and did not contribute to the EORP health insurance premium benefit plan for fiscal years 2024 through 2017. Information for fiscal years 2016 through 2015 is not available.

See accompanying notes to pension plan schedules.

Greenlee County
Required supplementary information
Schedule of County pension contributions
June 30, 2024
(Concluded)

Public Safety Personnel Retirement System—Sheriff	Reporting fiscal year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 334,003	\$ 366,198	\$ 501,960	\$ 1,825,666	\$ 384,003	\$ 412,129	\$ 253,165	\$ 253,830	\$ 238,095	\$ 165,012
County's contributions in relation to the actuarially determined contribution	<u>334,003</u>	<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>
County's contribution deficiency (excess)	<u>\$ -</u>	<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>
County's covered payroll	\$ 1,218,630	\$ 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
County's contributions as a percentage of covered payroll	27.41%	126.52%	77.53%	31.38%	34.36%	38.43%	13.41%	24.06%	23.55%	17.55%

The County made additional contributions to reduce the County's pension liabilities, improving the overall funded status of the pension plans for fiscal years 2022 through 2023.

See accompanying notes to pension plan schedules.

Greenlee County
Required supplementary information
Notes to pension plan schedules
June 30, 2024

Note 1 – Actuarially determined contribution rates

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

Actuarial cost method	Entry age normal
Amortization method	Level percentage-of-pay, closed
Remaining amortization period as of the 2022 actuarial valuation	15 years
Asset valuation method	7-year smoothed market value; 80%/120% corridor
Actuarial assumptions:	
Investment rate of return	In the 2022 actuarial valuation, the investment rate of return was decreased from 7.3% to 7.2%. 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 and from 4.0% -7.25% to 3.5%-6.5% for CORP. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS and from 4.5%-7.75% to 4.0%-7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS and from 5.0%-8.25% to 4.5%-7.75% for CORP.
Wage growth	In the 2022 actuarial valuation, wage growth was changed from 3.5% to a range of 3.0 - 6.25% for PSPRS and CORP. 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 and CORP. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 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).

Greenlee County
Required supplementary information
Notes to pension plan schedules
June 30, 2024

Note 2 – 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.

SINGLE AUDIT REPORT



ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Melanie M. Chesney, Deputy Auditor General

Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*

Members of the Arizona State Legislature

The Board of Supervisors of
Greenlee County, Arizona

We have audited, 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, the 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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 24, 2025. We qualified our opinion for the County's governmental activities and aggregate remaining fund information.

Specifically, the County did not perform inventorying and other recordkeeping procedures, such as tagging and tracking machinery and equipment, for nearly \$2.9 million of machinery and equipment capital assets and an unknown quantity of unused supplies at fiscal year-end. We identified nearly \$1.3 million in misstatements and misclassifications related to machinery and equipment capital assets that the County corrected but we were unable to determine if any additional adjustments or disclosures were necessary related to the machinery and equipment portion of its capital assets balances. Additionally, the County's records did not support what portion of supplies purchased in the current and previous years remained unused as of June 30, 2024, and should have been reported as supplies inventory in its financial statements. Consequently, we were unable to obtain sufficient appropriate audit evidence for the County's governmental activities capital assets and net position financial statement line items as of June 30, 2024, and determine what inventory and fund balance financial statement line items should have been reported in the County's aggregate remaining fund information as of June 30, 2024.

Report on internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's basic financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-01 and 2024-02 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-03, 2024-04, 2024-05 and 2024-06 to be significant deficiencies.

Report on compliance and other matters


As part of obtaining reasonable assurance about whether the County's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit that are presented in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lindsey A. Perry, CPA, CFE
Auditor General

November 24, 2025



ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Melanie M. Chesney, Deputy Auditor General

Independent auditors' report on compliance for each major federal program and report on internal control over compliance

Members of the Arizona State Legislature

The Board of Supervisors of
Greenlee County, Arizona

Report on compliance for each major federal program

Opinion on each major federal program

We have audited Greenlee County's compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for opinion on each major federal program

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the U.S. Comptroller General, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the auditors' responsibilities for the audit of compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Management's responsibilities for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditors' responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. 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 U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we express no such opinion.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other matters

The results of our auditing procedures disclosed an other instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and that is described in the accompanying schedule of findings and questioned costs as item 2024-101. Our opinion on each major federal program is not modified with respect to this matter.

Report on internal control over compliance

Our consideration of internal control over compliance was for the limited purpose described in the auditors' responsibilities for the audit of compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned

functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-101 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

County response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the noncompliance and internal control over compliance findings that are presented in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

November 24, 2025



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of auditors' results

Financial statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles

Unmodified for all opinion units except for the governmental activities and the aggregate remaining fund information, which were qualified.

Is a going concern emphasis-of-matter paragraph included in the auditors' report? No

Internal control over financial reporting

Material weaknesses identified? Yes

Significant deficiencies identified? Yes

Noncompliance material to the financial statements noted? No

Federal awards

Internal control over major programs

Material weaknesses identified? No

Significant deficiencies identified? Yes

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? Yes

Identification of major programs

Assistance Listings number	Name of federal program or cluster
10.665	Forest Service Schools and Roads Cluster
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? No

Financial statement findings

2024-01

The County issued its Annual Financial Report 8 months late and its initial financial statements contained misstatements and misclassifications, delaying those who rely on the information to make decisions receiving the report and increasing the risk that those who rely on the financial statements could be misinformed if corrections are not made to the financial reporting process

Condition—Contrary to State law, the County issued its Annual Financial Report (AFR) for the year ended June 30, 2024, 17 months after fiscal year-end, which was 8 months later than required. Further, contrary to U.S. generally accepted accounting principles (GAAP), the County’s initial financial statements submitted to auditors contained errors we identified and recommended the County correct so that the County’s financial statements and note disclosures would contain accurate information. The County’s CFO and support staff subsequently corrected these errors from original drafts, including the significant misstatements and misclassifications shown in Table 1 below.

Table 1
County’s initial AFR submitted to auditors contained significant misstatements and misclassifications
Fiscal year 2024

Error Amount	Financial statement and/or note disclosure area	Description of misstatement or misclassification	Opinion unit affected ¹
\$762,568 overstatement	Capital assets (financial statement line item and note disclosure)	<p>The County improperly reported in its capital asset system:</p> <ul style="list-style-type: none">• \$396,000 in duplicate entries for 5 machinery and equipment capital assets.• \$250,000 for a machinery and equipment asset the County never owned.• \$68,154 for 7 machinery and equipment capital assets that the County sold or otherwise disposed of in a prior fiscal year.²• \$35,298 for 140 annual software licenses recorded as machinery and equipment capital assets that the County did not own or control.• \$13,116 net overstatement for 13 vehicles for which the County improperly calculated depreciation expense.²	Governmental Activities

Error Amount	Financial statement and/or note disclosure area	Description of misstatement or misclassification	Opinion unit affected ¹
\$509,686 misclassification	Long-term liabilities and capital assets (financial statement line items and note disclosures)	The County misclassified 9 leased vehicles as financed purchases and misclassified these intangible right-to-use assets as machinery and equipment capital assets.	Governmental Activities
\$174,369 misclassification	Capital assets (note disclosure)	The County misclassified construction in progress capital assets as \$88,076 of buildings and improvements and \$86,293 of land improvements.	Governmental Activities
\$38,156 misclassification	Deferred inflows	The County misclassified unavailable revenues (not received within 60 days of fiscal year-end) as intergovernmental revenue.	Health Services Fund

¹ Our report on the audit of the financial statements includes opinions for the financial statements of the Governmental Activities, each major fund, and aggregate remaining fund information. The County's major funds included the General Fund, Health Services Fund, and Local Assistance and Tribal Consistency Fund (LATCF) Fund.

² We noted that some of these misstatements were related to prior years' errors. Based on our recommended error corrections shown in Table 1 and other errors the County identified, the County adjusted its beginning balances for prior period errors to decrease beginning capital asset balances by \$912,301, increase beginning long-term liability balances by \$15,889, and decrease beginning cash balances by \$4,909 in the Governmental Activities opinion unit.

Source: Auditor General staff review of the County's draft financial statements as of June 30, 2024.

Finally, as described in Finding 2024-02, the County did not perform inventorying and other recordkeeping procedures for its nearly \$2.9 million machinery and equipment capital assets and an unknown quantity of unused supplies at year-end, and we were unable to determine whether any further financial statement adjustments or additional disclosures were necessary.

Effect—The County did not provide timely financial information to its Board of Supervisors and others who rely on it to make important decisions about the County's operations. Additionally, because the County had not issued timely financial statements, its Annual Expenditure Limitation Report (AELR), which relies on information from the financial statements and was due 9 months after fiscal year-end, will also be issued late.

In addition, while the County corrected the errors we identified in Table 1 before issuing its final financial statements, without implementing corrective action to improve its financial reporting process, there is an increased risk that the County's financial statements could contain significant errors and misinform those who are relying on the information.

Finally, as described in Finding 2024-02, we were unable to determine what balance should be reported on the financial statements for unused supplies as of June 30, 2024, or whether any adjustments to the machinery and equipment balances or additional disclosures were necessary. Consequently, we issued a qualified opinion on the financial statement opinion for governmental activities for the machinery and equipment portion of the capital asset balance and aggregate remaining fund information activity for the omission of inventory balances.

Cause—The County’s Chief Financial Officer (CFO) and support staff failed to provide key financial information, such as complete and accurate financial statements, associated note disclosures, and supporting schedules, to auditors by established deadlines agreed upon at the beginning of the audit. This information was provided to auditors over 3 months past agreed-upon deadlines, which was almost 12 months after the fiscal year-end.

Further, the County outsourced the preparation of its financial statements to a CPA firm in April 2017 without developing and implementing processes to require management or an independent knowledgeable individual to oversee and review the financial statement preparation process, including the information the County provided to the CPA firm, and to monitor the CPA firm’s progress to ensure established deliverable deadlines for key financial information were met. Specifically, the County did not review accounting records prior to providing them to the CPA firm to ensure the financial statements were accurate, complete, and adequately supported. In fact, the County did not provide accurate accounting records for capital assets and revenue recognition to the CPA firm for inclusion in the financial statements. In addition, the County’s informal review process of the financial statements prepared by the CPA firm did not detect errors.

The County also lacked financial reporting procedures for revenue recognition, such as preparing a schedule of revenues received within 60 days of fiscal year-end and evaluating whether they should be recognized in the current fiscal year or deferred and recognized as revenue in the next fiscal year.

Finally, the County’s capital assets policy lacked detailed step-by-step capital asset recordkeeping procedures, such as:

- Specifying criteria for capitalizing assets in accordance with GAAP, such as identifying capitalization thresholds, ensuring the County owns the asset or controls the right-to-use the asset, and differentiating between expenditures for improvements and for repairs and maintenance.
- Documenting the acquisition or disposal of assets and requiring supervisory approval prior to adding or removing assets in its capital asset system.
- Tracking and maintaining a listing of construction projects in progress.
- Reconcile the previous and current year’s capital asset fiscal year-end balances.
- Reconcile capital outlay expenditures to capital asset acquisitions during the fiscal year.
- Clearly define allowable depreciation methods and useful life determinations, ensuring depreciation begins when an asset is placed in service.

Criteria—State law requires the County to issue its audited financial statements and AELR within 9 months after fiscal year-end, or by March 31, 2025 (Arizona Revised Statutes §41-1279.07[C]). Also, the Governmental Accounting Standards Board sets the accounting and financial reporting standards that require the County to prepare its financial statements in accordance with GAAP. Accurate financial statements provide valuable information to those charged with the County’s governance and management, and others who rely on the reported financial information to make important decisions about the County’s financial operations.

Further, designing, implementing, and maintaining effective policies and procedures is necessary to achieve the County's financial reporting objectives and an essential part of internal control standards, such as the *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States.¹

Recommendations to the County

1. Issue the County's AFR by the statutory deadline.
2. Provide accurate and key financial information to auditors by agreed-upon deadlines established at the beginning of the audit to ensure timely issuance of its audited AFR.
3. Prepare the financial statements, associated note disclosures, and supporting schedules accurately and in accordance with GAAP.

Develop and implement written policies and procedures for preparing its financial statements in accordance with GAAP and train responsible employees on step-by-step procedures to:

4. Monitor the CPA firm's progress to ensure established deadlines for key financial information are met.
5. Require management or an independent knowledgeable individual to review the accounting records prior to providing them to the CPA firm to ensure the financial statements are accurate, complete, and adequately supported.
6. Require management or an independent knowledgeable individual to review the County's financial statements prepared by the CPA firm. This review should ensure that the financial statements are accurate and complete, properly supported, and presented in accordance with GAAP and to detect and correct misstatements in the financial statements before providing them for audit.
7. Prepare a schedule of revenues received within 60 days of fiscal year-end and evaluate whether they should be recognized in the current fiscal year or deferred and recognized as revenue in the next fiscal year.

Develop and implement written policies and procedures to effectively control, safeguard, and report capital assets, including depreciation, by including detailed capital asset recordkeeping requirements and training responsible employees on step-by-step procedures to:

8. Document the assessment of criteria for capitalizing assets in accordance with GAAP, such as identifying capitalization thresholds, ensuring the County owns the asset or controls the right-to-use the asset, and differentiating between expenditures for improvements and for repairs and maintenance.
9. Document the acquisition of assets using a prenumbered form that at a minimum lists the date the asset was placed into operation, tag number and/or other identifying number, description, department, and location.
10. Document the disposal of assets using a pre-numbered form that at a minimum lists the date, book value, sale/trade-in amount, and reason for the sale, disposal, transfer, or donation.
11. Perform and document supervisory approval prior to adding or removing assets in the capital asset system.
12. Track and maintain a listing of construction projects in progress that at a minimum lists the project code/name, description, location, department/fund responsible, and all direct and necessary costs to bring the asset to its intended use.

- 13. Reconcile the previous and current year’s capital asset fiscal year-end balances, considering current year acquisitions and disposals and investigating any differences.
- 14. Reconcile capital outlay expenditures to capital asset acquisitions during the fiscal year, investigating any difference.
- 15. Apply allowable depreciation methods and useful life determinations, ensuring depreciation begins when an asset is placed in service.

The County’s corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2023-003 and was initially reported in fiscal year 2023.

¹ U.S. Government Accountability Office (GAO). (2014). *Standards for internal control in the federal government*. Retrieved on 6/20/25 from <https://www.gao.gov/assets/670/665712.pdf>

2024-02

The County did not perform inventorying and other recordkeeping procedures for nearly \$2.9 million of capital assets and an unknown quantity of unused supplies at year-end, resulting in a qualified opinion on the financial statements and an increased risk that machinery and equipment and supplies could be stolen, lost, or misused

Condition—Contrary to U.S. generally accepted accounting principles (GAAP), the County’s Chief Financial Officer (CFO) and support staff and Public Works Department did not perform inventorying and other recordkeeping procedures for capital assets totaling \$2.9 million and an unknown quantity of unused supplies at year-end to ensure that they were controlled and safeguarded, that accounting records were updated, accurate, and complete, and balances were correctly reported in its financial statements as shown in Table 1 below.

Table 1
County did not perform inventorying and other recordkeeping procedures for nearly \$2.9 million of capital assets and an unknown quantity of unused supplies as of June 30, 2024

Procedure not performed	Details about procedure not performed	Opinion unit affected ¹
No inventory performed—machinery and equipment	<p>Contrary to County policy, the County’s CFO reported the County did not perform an inventory of capital assets classified as machinery and equipment since 2018.</p> <p>As of June 30, 2024, the County’s machinery and equipment was reported at nearly \$2.9 million, comprising nearly 6% of the County’s total assets and deferred outflows of resources for the year.</p>	Governmental activities

Procedure not performed	Details about procedure not performed	Opinion unit affected ¹
Assets not tagged and tracked—machinery and equipment	The County's CFO and support staff did not attach a numerical County tag or identify an alternative identifying number and record such numbers in the capital assets system to track 9 of 16 machinery and equipment items we tested with a total book value of \$73,272 as of June 30, 2024.	Governmental activities
No inventory performed—supplies inventory	<p>The County's Public Works Department did not perform a year-end inventory of its unused supplies and did not report an inventory balance on its financial statements.</p> <p>We found that the County purchased approximately \$333,143 in supplies during fiscal year 2024 to conduct County functions, such as maintaining streets and repairing or fueling County vehicles and equipment. However, it is unclear what portion of this amount and supplies purchased in previous years remained unused as of June 30, 2024, and should have been reported on its financial statements.</p>	Public Works funds reported in the aggregate remaining fund information

¹ Our report on the audit of the financial statements includes opinions for the financial statements of the governmental activities, each major fund, and aggregate remaining fund information. The County's major funds included the General Fund, Health Services Fund, and Local Assistance and Tribal Consistency Fund (LATCF) Fund.

Source: Auditor General staff review of County policies and procedures, capital assets system, inventory system, and financial statements as of June 30, 2024.

Effect—The County's not performing and maintaining a physical inventory of machinery and equipment and unused supplies at year-end or tagging or tracking machinery and equipment increased the risk that:

- The County's financial statements contain significant errors and misinform those who are relying on the information (see Finding 2024-01 for capital asset misstatements and misclassifications we identified that may have been prevented if inventory and recordkeeping procedures were in place).
- The County's assets and supplies were not safeguarded and exposed to potential theft, loss, and misuse.
- The County's supplies are overstocked, understocked, spoiled, or obsolete.

Further, we were unable to determine what balance should be reported on the financial statements for unused supplies as of June 30, 2024, or whether any adjustments to the machinery and equipment balances or additional disclosures were necessary. Consequently, we issued a qualified opinion on the financial statement opinion for governmental activities for the machinery and equipment portion of the capital asset balance and aggregate remaining fund information activity for the omission of inventory balances.

Cause—The County's CFO did not designate and train staff to perform an inventory of machinery and equipment at least once every 2 years. Also, the CFO's support staff reported that assets were not tagged because departments did not notify them when they received and placed the assets into operation.

Also, the County's capital assets policy lacked detailed requirements for inventorying and tagging procedures such as:

- Maintaining inventory documentation to evidence the procedures performed.
- Reconciling the inventory results with the capital asset records to ensure they are accurate and complete.
- Tagging machinery and equipment items with a prenumbered, numerically controlled, and sequentially issued County tag or alternative identifying number that is recorded in the capital assets system.

Further, the County's Public Works Department's management reported that it was not aware of the requirement to complete an inventory of its supplies to provide accurate information for the financial statements.

Although the Department has an inventory system that allows the recording and monitoring of useful inventory information, the County lacks policies and procedures for performing and maintaining a physical inventory of its supplies, including:

- Describing the inventory procedures to follow.
- Maintaining detailed records of supply purchases and inventory results.
- Safeguarding supplies inventory.
- Minimizing the risk of holding excessive or inadequate inventories to meet County requirements.
- Disposing of obsolete or damaged supplies inventory.

Criteria—The Governmental Accounting Standards Board sets the accounting and financial reporting standards that require the County to report its capital assets and supplies inventory in accordance with GAAP. In addition, federal regulation requires the County to perform a physical inventory of its machinery and equipment acquired with federal awards and reconcile the results to the County's records at least once every 2 years (2 Code of Federal Regulations [CFR], §200.313[d][2]). Federal regulation also requires maintaining an inventory of unused supplies acquired with federal awards to provide compensation to the federal agency or pass-through entity for their portion of unused supplies (2 CFR, §200.314). The County's capital assets policy requires an inventory of equipment and vehicles to be conducted every 2 years prior to June 1.¹

Finally, developing, documenting, and implementing policies and procedures for inventorying and other recordkeeping for the County's capital assets, such as machinery and equipment, and supplies inventory are an essential part of internal control standards, such as the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States, to ensuring the County's financial reporting and related compliance objectives are achieved.²

Recommendations to the County's Chief Financial Officer

1. Follow the County's existing capital assets policy to designate staff to perform a complete physical inventory of machinery and equipment capital assets located at all its departments at least once every 2 years.

Update County policies and procedures to effectively control, safeguard, and report capital assets, including depreciation, by including detailed capital asset inventorying requirements to:

2. Maintain inventory documentation evidencing the procedures performed.
3. Reconcile the inventory results to the capital asset records to ensure they are accurate and complete.
4. Require departments to notify the CFO and support staff when assets are received to ensure machinery and equipment assets are tagged before placing them into operation.
5. Tag all machinery and equipment assets with a prenumbered, numerically controlled, and sequentially issued County tag and record the tag number in the capital assets system. Alternatively, assets can be marked with an identifying number or specifically identified by some other means such as a serial number.
6. Train employees responsible for performing or reviewing the results of the capital asset and supplies inventories, and employees responsible for reconciling the results to the accounting records and preparing the financial statements to ensure accurate information is reported in the financial statements.

Recommendations to the County's Public Works Department

Develop and implement policies and procedures to effectively control, safeguard, and report supplies inventory, including requirements to:

7. Perform an annual inventory of supplies and materials held by the County near the end of each fiscal year.
8. Describe the inventory procedures to follow, including identifying the inventory locations, responsible individuals, valuation methodologies, and cost flow assumptions.
9. Utilize its inventory system to maintain detailed records of supply purchases and inventory results.
10. Safeguard supplies inventory by separating the responsibility for custody of inventory from that of maintaining inventory records, storing supplies in secured locations, and limiting physical access to the inventory locations.
11. Establish minimum and maximum stock levels to minimize the risk of holding excessive or inadequate inventories to meet County requirements.
12. Identify and dispose of obsolete or damaged supplies inventory.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

¹ Greenlee County capital assets policy. (December 7, 2010).

² U.S. Government Accountability Office (GAO). (2014). Standards for internal control in the federal government. Retrieved 6/20/25 from <https://www.gao.gov/assets/670/665712.pdf>

2024-03

The County allowed all 9 hourly employees to self-approve their time sheets and did not require supervisory review and approval to ensure accuracy, including 2 employees who self-approved \$71,737 in overtime costs, resulting in an increased risk of fraud and misuse of public monies and possible violation of the Arizona Constitution

Condition—The County allowed all 9 hourly employees to self-approve their time sheets in the County timekeeping system and did not require supervisory review and approval to ensure accuracy or post-reviews of their time sheets or payroll monitoring to verify the accuracy of hours charged, including overtime. For example, 2 employees self-approved 1,410 overtime hours totaling \$71,737 in overtime costs that the County paid during fiscal year 2024. Most of these overtime hours were charged by 1 employee who self-approved all his own time sheets during fiscal year 2024. Specifically, the County paid this employee \$71,554 for a reported 1,405 overtime hours during fiscal year 2024, without requiring supervisory approval or written justification. The overtime costs doubled his annual salary of \$70,616 for fiscal year 2024.¹

Effect—The County's allowing all 9 hourly employees to self-approve their time sheets and not requiring supervisory review and approval or conducting post reviews of time sheets or payroll monitoring increased the risk of fraud and misuse of public monies for the over \$657,000 in wages and overtime costs the County paid to all 9 hourly employees during fiscal year 2024. The County is at risk of employees intentionally or unintentionally misreporting their hours worked or leave taken, which could result in overpaying or underpaying them and possible violations of the Arizona Constitution if overpayments occur. Further, when public monies are misused, less monies are available for uses that benefit the County and its residents, such as for public safety and health and welfare programs.

Cause—The County had not restricted its timekeeping system access to prevent County employees from reviewing and approving their own time sheets and had not established designated supervisors to be responsible for reviewing and approving these time sheets. Specifically, the County granted supervisory access to 9 hourly employees that allowed the employee to approve employee time sheets including their own. However, 7 of the 9 employees also had a supervisor designated that approved their time sheets.

Further, the County's payroll policies lacked procedures for processing time sheets, including review and approval requirements or post review or payroll monitoring requirements, and the County had not trained employees how to use the County's timekeeping system.

Criteria—The County developing, documenting, and implementing effective policies and procedures over processing time sheets and monitoring payroll are an essential part of internal control standards, such as the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States, and integral to ensuring public monies are not fraudulently or mistakenly misused.² Further, the Arizona Constitution, Art. IX, Sec. 7, bans gifts or loans of public monies, which would include payroll overpayments, to individuals by counties.

Recommendations to the County

1. Perform supervisory review and approval for each hourly employee's time sheet to help reduce the risk of fraud and misuse of public money.

- 2. Restrict the timekeeping system to no longer allow employees to self-approve their time sheets and ensure all employees' time sheets are independently reviewed and approved by County-designated supervisors prior to closing payroll. If system access cannot be restricted, develop additional monitoring procedures of hourly employees' payroll activities, such as performing independent post-reviews of their time sheets, and monitoring their payroll activity, such as overtime hours charged or leave taken.
- 3. Develop, document, and implement written policies and procedures for processing time sheets, using the timekeeping system, and monitoring payroll and train responsible employees on them.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

¹ This employee reported 1,405 hours of overtime in FY2024 for an average of 27 hours overtime hours per week. The employee reported that he was given a verbal approval from his supervisor to work the additional hours to ensure minimum staffing requirements and coverage for his department.

² U.S. Government Accountability Office (GAO). (2014). Standards for internal control in the federal government. Retrieved 6/20/25 from <https://www.gao.gov/assets/670/665712.pdf>

2024-04

The County paid \$53,704 for meals, lodging, and other expenses using credit cards without complying with policies and procedures and did not ensure \$1,249 of these purchases were for authorized County business purposes, resulting in an elevated risk of misuse of public monies and possible violation of the Arizona Constitution

Condition—The County paid \$53,704 in fiscal year 2024 for meals, lodging, and other expenses using credit cards without complying with its policies and procedures for 60 credit card purchases we tested. Specifically, for 8 of the 60 credit card purchases totaling \$1,249, the County did not ensure they were for authorized purposes necessary for official County business, and they also did not have prior approval in compliance with County policies and procedures, as described in Table 1 below. The remaining \$52,455 did not have prior approval in compliance with County policies and procedures.

Table 1
Summary of \$1,249 of public monies the County did not ensure were for authorized County business purposes and/or did not follow County policies
Fiscal year 2024

Purchase type	Details	Total purchase amount
Meals	<p>The County paid \$319 for meals, exceeding the County's allowable rates by \$204, without documenting the County business purpose, obtaining required preapproval for exceptions to County policy, and/or retaining itemized receipts, as follows:</p> <ul style="list-style-type: none">\$203 for the County administrator and a legislative member to have dinner at a steak house in Tucson,	\$319

Purchase type	Details	Total purchase amount
Meals (continued)	<p>Arizona, exceeding the County's allowable rate by \$178.</p> <ul style="list-style-type: none"> \$75 for 2 unallowable meals in Morenci, Arizona, for the County administrator, other employees, and a non-County employee from a State agency for 1 of these meals. Also, itemized restaurant receipts were not maintained. \$41 for the County administrator and a non-County employee from the Arizona Counties Insurance Pool to have lunch in Tempe, Arizona, exceeding the County's allowable rate by \$26. 	
Lodging	<p>The County paid \$477 more than the County's allowable lodging rates, without documenting the reasonableness and County business purpose of the excess charges, as follows:</p> <ul style="list-style-type: none"> \$220 in excess charges for an employee's \$460 2-night stay at the London Bridge Resort in Lake Havasu, Arizona, to attend a conference. \$144 in excess charges for an employee's \$680 3-night stay at the We-Ko-Pa Casino Resort in Fort McDowell, Arizona, to attend a conference. \$113 in excess charges for a non-County employee's \$211 2-night stay in Safford, Arizona, while performing at the Greenlee County Fair. Further, contrary to County policy, the cardholder did not submit a receipt or provide a written explanation in place of the missing receipt within 5 business days. 	\$477
Other	The County paid \$453 for the County administrator to renew his license to practice law with the State Bar of New Mexico without documenting the County business purpose.	\$453
Total		\$1,249

Source: Auditor General staff review of County policies and procedures.

Effect—The County put public monies at risk of being misspent or misused, which could also be a possible violation of the Arizona Constitution's ban on gifts or loans of public monies. Further, when public monies are misspent or misused, less monies are available for uses that benefit the County and its residents, such as for public safety and health and welfare programs.

Cause—The County's paying \$53,704 for meals, lodging, and other expenses using credit cards without complying with policies and procedures and not ensuring \$1,249 of these purchases were for authorized County business purposes was due to it not providing periodic training to its employees about its credit card and travel reimbursement policies, and the policies and procedures lacking sufficient details to detect or prevent potential misuse of public monies. Further, the County lacked sufficient credit card

review procedures to help detect noncompliance with policies. Specifically, the County had 3 credit cards—1 assigned to the County administrator, 1 assigned to the library district, and 1 shared amongst other County employees—and it did not provide periodic training to its credit card users and approvers over its credit card and travel reimbursement policies or require employees to sign an acknowledgement form stating they will follow County policies prior to allowing them to use a credit card.

Also, the County's policies and procedures did not require documentation to support the County business purpose or specify unallowable and allowable credit card uses and explain what would constitute an acceptable use of public monies, including whether public monies could be used for nontravel meal purchases or business meetings with nonemployees. Specifically, the County administrator reported that he considered the 3 meals we identified totaling \$319 to be business meetings with County employees and/or non-County employees that did not qualify as travel-status meals requiring him to follow the County's travel reimbursement policy. Therefore, he reported that he did not consider the County's allowable rates or restrictions on meals in Morenci to apply in these situations and did not consider the need for an exception to the policy.

In addition, the County's policies and procedures did not specify that:

- Itemized receipts are required.
- Followup procedures should be performed when receipts or a written explanation was not provided within 5 business days, such as seeking reimbursement from the employee or revoking the privilege to use the credit card.
- Specify when it would be reasonable to pay for negotiated conference lodging rates when staying at the hotel where a conference is being held.
- Specify penalties for purchasing cardholders who violate County policies.

Further, the credit card review process was not clearly defined in the credit card policy, and it was not effective at detecting noncompliance with County policies. Specifically, although the County's credit card policy required prior approvals, it did not include the requirement to document the prior approval, and there was no requirement to perform or document post purchase approvals to ensure County policies were followed. County management reported that it did perform both pre- and postpurchase approvals and documented them on the credit card transaction form that was typically prepared the day the transaction occurred. However, the approvals were not dated, and it was not clear whether or when a pre purchase approval occurred, and the preapproval should have been obtained prior to preparing the credit card transaction form, as specified in the credit card policy. Also, the review process was not effective at detecting noncompliance with County policies, such as lodging costs exceeding the County's allowable lodging rates and missing required receipts or written explanations.

Criteria—The County's credit card policy requires cardholders to obtain prior approval from authorized personnel before making purchases and to submit receipts for all purchases within 5 business days or provide a written explanation in place of missing receipts within 5 business days including the transaction amount, written description of the purpose, and required approval.¹

Additionally, the County's travel reimbursement policy requires cardholders to complete a credit card transaction form after preapproval is obtained. This policy also outlines the travel status qualifying criteria and establishes maximum reimbursement rates for lodging and meals, as follows: ²

- In-State meal reimbursements are \$10 for breakfast, \$15 for lunch, and \$25 for dinner.
- Travel must be outside a 35-mile radius from the employee's duty post for meal reimbursement consideration, and meal reimbursement for travel from the Morenci/Clifton area to Duncan or the reverse are not allowed.
- Special circumstances for meal reimbursements may be allowed if preapproved and adequately supported.
- Lodging rates are to follow the maximum lodging allowances for State agencies as outlined by the Arizona Department of Administration.
- Negotiated conference lodging rates will be reimbursed, within reason, when staying at the hotel where a conference is being held; however, the County expects that employees will seek the most economical travel and lodging possible.

Finally, State law bans gifts or loans of public monies by counties to individuals, which could potentially include purchasing card expenditures that are not authorized by County policies (Arizona Constitution, Art. IX, Sec. 7).

Recommendations to the County

Require credit cardholders to follow the County's policies and procedures to:

1. Obtain prior approval from authorized personnel before making purchases.
2. Limit meal and lodging costs to the maximum allowable rates or obtain preapproval and adequately support special circumstances for meal reimbursements.
3. Submit receipts for all purchases within 5 business days or provide a written explanation in place of missing receipts within 5 business days including the transaction amount, written description of the purpose, and required approval.

Update and implement changes to its existing County policies and procedures to:

4. Specify unallowable uses, such as for personal use and for alcoholic beverages.
5. Specify allowable credit card uses such as the allowability of nontravel meal purchases or business meetings with nonemployees and under what circumstances these purchases would be an acceptable use of public monies, such that they would serve a public purpose and benefit the County and its residents.
6. Specify that required prior approvals from authorized personnel must be documented. This should include documentation demonstrating or explaining the purchases' public purpose and benefit.
7. Require post purchase approvals from authorized personnel after making purchases to ensure County policies are followed.
8. Require cardholders to obtain itemized receipts for all purchases. This will ensure charges for items such as meals and lodging do not include unallowable items, such as alcoholic beverages.
9. Perform followup procedures when receipts or a written explanation is not provided within 5 business days, such as seeking reimbursement from the employee or revoking the privilege to use the credit card.

10. Specify when it would be reasonable to pay for negotiated conference lodging rates when staying at the hotel a conference is being held.
11. Require periodic training for all County credit card users and approvers. The training should provide clear guidance on obtaining pre- and post-purchase approvals, the documentation required both before and after a transaction, and the expected level of detail when describing the County business purpose of each purchase.
12. Require cardholders to sign an acknowledgement form stating that they agree to follow County policies prior to being authorized to use a credit card.
13. Specify penalties for purchasing cardholders who violate County policies, including revocation of card privileges.
14. Review the meal and lodging expenses that exceeded allowable rates and the other costs we identified that may not have served a County business purpose, and if such expenses are deemed unreasonable, require the cardholders to reimburse the County for the excess or inappropriate amounts.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2023-002 and was initially reported in fiscal year 2020.

¹ Greenlee County. (June 2014). *Credit Card Policy and Procedures*.

² Greenlee County. (November 2023). *Travel Reimbursement and Travel Cash Advance Policy*.

2024-05

The County's deficiencies in its process for managing and documenting its risks may put its operations and IT systems and data at unintended and unnecessary risk of potential harm

Condition—The County's process for managing and documenting its risks did not include an overall risk assessment process that included identifying, analyzing, and responding to the County-wide information technology (IT) risks, such as potential harm from unauthorized access, use, disclosure, disruption, modification, or destruction of IT systems and data. Also, it did not include identifying, classifying, and inventorying sensitive information that might need stronger access and security controls and evaluating and determining the business functions and IT systems that would need to be restored quickly if the County were impacted by disasters or other system interruptions.

Effect—The County's administration may put the County's operations and IT systems and data at unintended and unnecessary risk of potential harm.

Cause—The County's administration outsourced the IT support services and processes to a vendor as of October 2022 to identify, analyze, and reduce risks for the County without developing procedures to ensure the contracted professional support services were received as prescribed in the contract terms and subsequently dissolved the County's IT department in July 2023. Specifically, the County did not conduct effective oversight of its contracted professional support services or establish a process for the County to assess if services received were performed as agreed upon and sufficient to fulfil the County's needs. Further, the County's administration reported that the vendor started to draft policies and procedures over the areas listed in the condition above, but not all policies were drafted and presented to County governance for review and approval and implemented before the fiscal year ended.

Criteria—Establishing a process for managing risk that follows a credible industry source, such as the National Institute of Standards and Technology, helps the County to effectively manage risk related to IT systems and data. Effectively managing risk includes an entity-wide risk-assessment process that involves members of the County’s administration. An effective risk-assessment process helps the County determine the risks it faces as the County seeks to achieve its objectives to not only report accurate financial information and protect its IT systems and data but to also carry out its overall mission and compliance and service objectives. Additionally, an effective risk-management process provides the County the basis for developing appropriate responses based on identified risk tolerances and specific potential risks to which it might be subjected. To help ensure the County objectives can be met, an effective annual risk assessment considers and identifies IT risk in the County’s operating environment, analyzes and prioritizes each identified risk, and develops a plan to respond to each risk within the context of the County’s defined objectives and risk tolerances. Finally, effectively managing risk includes the County’s process for identifying, classifying, and inventorying sensitive information that might need stronger access and security controls to address the risk of unauthorized access and use, modification, or loss of that sensitive information and the process of evaluating risk of losing the continuity of business operations in the event of a disaster or system interruption.

Further, developing and implementing policies and procedures for managing contracted professional services is an essential part of internal control standards, such as the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States, and integral to ensuring the County’s financial reporting and related compliance objectives are achieved.¹

Recommendations to the County

1. Develop, document, and implement policies and procedures to effectively monitor contracted professional support services received to ensure they adhere to the contract terms and fulfil the County’s needs, including ensuring the vendor develops and documents IT policies and procedures to identify, analyze, and reduce risks to help prevent undesirable incidents and outcomes that could impact business functions and IT systems and data.
2. Perform an annual entity-wide IT risk-assessment process that includes evaluating and documenting risks and safeguards. Such risks may include inappropriate access that would affect financial data, system changes that could adversely impact or disrupt system operations, and inadequate or outdated system security.
3. Evaluate and manage the risks of holding sensitive information by identifying, classifying, and inventorying the information the County holds to assess where stronger access and security controls may be needed to protect data in accordance with State statutes and federal regulations.
4. Evaluate and determine the critical organization functions and IT systems that would need to be restored quickly given the potential impact disasters or other IT system interruptions could have on the organization’s operations, such as public safety and payroll and accounting, and determine how to prioritize and plan for recovery.

The County’s corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2023-004 and was initially reported in fiscal year 2023.

¹ U.S. Government Accountability Office (GAO). (2014). Standards for internal control in the federal government. Retrieved 6/20/25 from <https://www.gao.gov/assets/670/665712.pdf>

2024-06

The County's control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data

Condition—The County's control procedures were not sufficiently developed, documented, and implemented to respond to risks associated with its information technology (IT) systems and data. The County lacked sufficient procedures over the following:

- **Restricting access**—Procedures did not consistently help prevent or detect unauthorized or inappropriate access to its IT systems and data.
- **Managing system configurations and changes**—Procedures did not ensure configuration settings were securely maintained and all IT system changes were adequately managed.
- **Securing systems and data**—IT security policies and procedures lacked controls to prevent unauthorized or inappropriate access or use, manipulation, damage, or loss.
- **Ensuring operations continue**—Contingency plan lacked up-to-date key elements related to restoring operations in the event of a disaster or other system interruption.

Effect—There is an increased risk that the County may not adequately protect its IT systems and data, which could result in unauthorized or inappropriate access and/or the loss of confidentiality or integrity of systems and data. It also increases the County's risk of not being able to effectively continue daily operations and completely and accurately recover vital IT systems and data in the event of a disaster or system interruption.

Cause—The County's administration outsourced the IT support services for the County to a vendor as of October 2022 without developing procedures to ensure the contracted professional support services were received as prescribed in the contract terms and subsequently dissolved the County's IT department in July 2023. Specifically, the County did not conduct effective oversight of its contracted professional support services or establish a process for the County to assess if services received were performed as agreed upon and sufficient to fulfil the County's needs. Further, the vendor did not develop policies and procedures to respond to risks associated with the County's IT systems and data over the areas listed in the condition above.

Criteria—Implementing effective internal controls that follow a credible industry source, such as the National Institute of Standards and Technology, help the County to protect its IT systems and ensure the integrity and accuracy of the data it maintains as it seeks to achieve its financial reporting, compliance, and operational objectives.

Effective internal controls include the following:

- **Restrict access through logical and physical access controls**—Helps to ensure systems and data are accessed by users who have a need, systems and data access granted is appropriate, key systems and data access is monitored and reviewed, and physical access to its system infrastructure is protected.
- **Manage system configurations and changes through well-defined, documented configuration-management process**—Ensures the County's IT system configurations are documented and that changes to the systems are identified, documented, evaluated for security implications, tested, and approved prior to implementation. This helps limit the possibility of an adverse impact on the system's security or operation. Separating responsibilities is an important control for system changes; the same person who has authority to make system changes should not put the change into production. If those

responsibilities cannot be separated, a post-implementation review should be performed to ensure the change was implemented as designed and approved.

- **Secure systems and data through IT security internal control policies and procedures**—Helps prevent, detect, and respond to instances of unauthorized or inappropriate access or use, manipulation, damage, or loss to its IT systems and data.
- **Ensure operations continue through a comprehensive, documented, and tested contingency plan**—Provides the preparation necessary to place the plan in operation and helps to ensure business operations continue and systems and data can be recovered in the event of a disaster, system or equipment failure, or other interruption.

Further, developing and implementing policies and procedures for managing contracted professional services is an essential part of internal control standards, such as the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States, and integral to ensuring the County's financial reporting and related compliance objectives are achieved.¹

Recommendations to the County

1. Develop, document, and implement policies and procedures to effectively monitor contracted professional support services received to ensure they adhere to the contract terms and fulfill the County's needs, including ensuring the vendor develops and documents comprehensive IT policies and procedures and a process to ensure the procedures are consistently followed.

Restrict access—To restrict access to its IT systems and data, develop, document, and implement processes to:

2. Assign and periodically review employee user access ensuring appropriateness and compatibility with job responsibilities.
3. Remove terminated employees' access to IT systems and data.
4. Review all other account access to ensure it remains appropriate and necessary.
5. Evaluate the use and appropriateness of accounts shared by 2 or more users and manage the credentials for such accounts.
6. Enhance authentication requirements for IT systems.
7. Review data center physical access periodically to determine appropriateness.

Manage system configurations and changes—To configure IT systems securely and manage system changes, develop, document, and implement processes to:

8. Establish and follow a documented change-management process.
9. Review proposed changes for appropriateness, justification, and security impact.
10. Document changes, testing procedures and results, change approvals, and post-change review.
11. Develop and document a plan to roll back changes in the event of a negative impact to IT systems.
12. Test changes prior to implementation.
13. Separate responsibilities for the change management process or, if impractical, perform a post-implementation review to ensure the change was implemented as approved.
14. Maintain configurations for all system services, assets, and infrastructure; manage configuration changes; and monitor the system for unauthorized or unintended configuration changes.

Secure systems and data—To secure IT systems and data, develop, document, and implement processes to:

15. Perform proactive key user and system activity logging and log monitoring, particularly for users with administrative access privileges.
16. Prepare and implement a security incident response plan clearly stating how to report and handle such incidents.
17. Provide all employees ongoing training on IT security risks and their responsibilities to ensure systems and data are protected.
18. Develop an information security plan to protect the integrity of the financial reporting systems and data.
19. Ensure awarding and subsequent monitoring of IT vendor contracts is adequately conducted to ensure vendor qualifications and adherence to the vendor contract.

Ensure operations continue—To ensure operations continue, develop, document, and implement processes to:

20. Update the contingency plan and ensure it includes all critical elements to restore critical operations, including being prepared to move critical operations to a separate alternative site if necessary.
21. Test the contingency plan.
22. Train staff responsible for implementing the contingency plan.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2023-005 and was initially reported in fiscal year 2023.

¹ U.S. Government Accountability Office (GAO). (2014). Standards for internal control in the federal government. Retrieved 6/20/25 from <https://www.gao.gov/assets/670/665712.pdf>

Federal award findings and questioned costs

2024-101

Assistance Listings numbers and names: Not applicable

Questioned costs: Not applicable

Condition—Contrary to federal regulation, the County did not submit its June 30, 2024, Single Audit Report to the federal audit clearinghouse until November 24, 2025, which was nearly 8 months later than federal regulation requires.

Effect—The County submitting its Single Audit Report late prevents the federal government and other grantors of federal awards from having current information to effectively monitor their programs and could delay corrective actions that the County needs to take. Further, federal grantors may deny the County future federal awards or subject it to additional cash-monitoring requirements. This finding was not a result of internal control deficiencies of individual federal programs and, accordingly, did not have a direct and material effect on the compliance requirements over the County's major federal programs.

Cause—The County failed to prepare its June 30, 2024, Annual Financial Report in a timely manner for the reasons we reported in finding 2024-01, which delayed the completion of the Single Audit.

Criteria—Federal regulation requires the County to submit its Single Audit Report to the federal audit clearinghouse no later than 9 months after fiscal year-end, or by March 31, 2025, for the County's June 30, 2024, Single Audit Report (2 Code of Federal Regulations §200.512).

Recommendations to the County

1. The County should improve its financial reporting process, as noted in finding 2024-01, so that it can submit all future Single Audit Reports on or before the federally required submission deadline, which is no later than 9 months after fiscal year-end or by March 31 of the subsequent year.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2023-101 and was initially reported in fiscal year 2021.

COUNTY SECTION

GREENLEE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2024

<i>Federal Awarding Agency/Program Title</i>	<i>Assistance Listing Number</i>	<i>Additional Award Identification (Optional)</i>	<i>Name of Grantor Pass-Through Entity</i>	<i>Identifying Number Assigned By Grantor Pass-Through Entity</i>	<i>Federal Expenditures</i>	<i>Federal Program Total</i>	<i>Cluster Name</i>	<i>Cluster Total</i>
DEPARTMENT OF AGRICULTURE								
WIC SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	10.557		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS19-206550	\$119,909	\$119,909	N/A	\$0
SCHOOLS AND ROADS - GRANTS TO STATES	10.665				\$562,512	\$562,512	FOREST SERVICE SCHOOLS AND ROADS CLUSTER	\$562,512
WATERSHED PROTECTION AND FLOOD PREVENTION	10.904				\$170,318	\$170,318	N/A	\$0
TOTAL DEPARTMENT OF AGRICULTURE					<u>\$852,739</u>			
DEPARTMENT OF JUSTICE								
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738		ARIZONA CRIMINAL JUSTICE COMMISSION	DC-24-025	\$34,920	\$34,920	N/A	\$0
TOTAL DEPARTMENT OF JUSTICE					<u>\$34,920</u>			
DEPARTMENT OF TRANSPORTATION								
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2022-PTS-032	\$212	\$212	HIGHWAY SAFETY CLUSTER	\$212
TOTAL DEPARTMENT OF TRANSPORTATION					<u>\$212</u>			<u>\$212</u>
DEPARTMENT OF TREASURY								
COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19			\$781,333	\$781,333	N/A	\$0
TOTAL DEPARTMENT OF TREASURY					<u>\$781,333</u>			
THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES								
GRANTS TO STATES	45.310		ARIZONA SECRETARY OF STATE	2023-0010-03, 2023-0170-02, 2023-0260-09	\$26,177	\$26,177	N/A	\$0
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES					<u>\$26,177</u>			
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
SPECIAL PROGRAMS FOR THE AGING, TITLE III, PART B, GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS	93.044		SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION AREA AGENCY ON AGING	NONE	\$55,661	\$55,661	N/A	\$0
PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055212	\$156,173	\$156,173	N/A	\$0
IMMUNIZATION COOPERATIVE AGREEMENTS	93.268		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR060583, CTR060278	\$85,663	\$85,663	N/A	\$0
COVID-19 PUBLIC HEALTH EMERGENCY RESPONSE: COOPERATIVE AGREEMENT FOR EMERGENCY RESPONSE: PUBLIC HEALTH CRISIS RESPONSE	93.354	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055212	\$167,484	\$167,484	N/A	\$0
FOSTER CARE, TITLE IV-E	93.658		ARIZONA DEPARTMENT OF CHILD SAFETY	DC20-00028	\$310	\$310	N/A	\$0
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	93.994		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055257, CTR 059340	\$110,731	\$110,731	N/A	\$0
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					<u>\$576,022</u>			
TOTAL EXPENDITURE OF FEDERAL AWARDS					<u>\$2,271,403</u>			

Please Note:

Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

GREENLEE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2024

Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

10% De Minimis Cost Rate

The County did not elect to use the 10 percent de minimus indirect cost rate as covered in 2 CFR §200.414.

Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (schedule) includes Greenlee County's federal grant activity for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Federal Assistance Listings number

The program titles and Federal Assistance Listings numbers were obtained from the federal or pass through grantor or the 2024 Federal Assistance Listings.

COUNTY RESPONSE

DEREK D. RAPIER
County Administrator

BIANCA CASTAÑEDA
Clerk of the Board

PHONE (928) 865-2072
FACSIMILE (928) 865-9332



BOARD OF SUPERVISORS
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253 5TH STREET
CLIFTON, AZ 85533

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Chairman - District 1

RON CAMPBELL
District 2

WILLIAM WEARNE
District 3

November 13, 2025

Lindsey A. Perry
Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in *Government Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for each finding, we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Rene Ontiveros

Rene Ontiveros
Chief Finance Officer

Greenlee County
Corrective action plan
Year ended June 30, 2024

Financial statement findings

2024-01

The County issued its Annual Financial Report 8 Months late and its initial financial statements contained misstatements and misclassifications, delaying those who rely on the information from making decisions and increasing the risk that those who rely on the financial statements could be misinformed if corrections are not made to the financial reporting process.

Contact Name: Rene Ontiveros

Corrective Action Planned: The County will continue to improve by providing accurate classification in the financial statements and single audit report in a timely matter for submittal by the required deadline.

Anticipated Completion Date: March 31, 2027

2024-02

The County did not perform inventory and other recordkeeping procedures for nearly \$2.9 million of capital assets and an unknown quantity of unused supplies at year-end, resulting in a qualified opinion on the financial statements and an increased risk that machinery and equipment and supplies could be unaccounted for due to being stolen, lost, or misused.

Contact Name: Rene Ontiveros

Corrective Action Planned: The County is implementing an updated process to ensure all assets and supplies are accounted for, including procedures to ensure checks and balances are performed, reviewed and recorded to provide the physical and financial status for our machinery and equipment assets and unused supplies by year end.

Anticipated Completion Date: March 31, 2027

2024-03

The County allowed all 9 hourly employees to self-approve their time sheets and did not require supervisory review and approval to ensure accuracy, including 2 employees who self-approved \$71,737 in overtime costs, resulting in an increased risk of fraud and misuse of public monies and possible violation of the Arizona Constitution

Contact Name: Rene Ontiveros

Corrective Action Planned: The County will update protocols and procedures to prohibit self-approved time keeping and access to time approvers for all 9 employees listed to prevent this action from being entered into the system. The role/access was approved

Greenlee County
Corrective action plan
Year ended June 30, 2024

by elected officials and department heads when initially set up. The understanding was that final approvals are to be reviewed by elected officials and department heads along with review of their budget responsibilities. The County will ensure that the appropriate elected officials and/or department heads perform these approvals.

Anticipated Completion Date: November 30, 2025

2024-04

The County paid \$53,704 for meals, lodging, and other expenses using credit cards without complying with policies and procedures and did not ensure \$1,249 of these purchases were for authorized County business purposes, resulting in an elevated risk of misuse of public monies and possible violation of the Arizona Constitution

Contact Name: Rene Ontiveros

Corrective Action Planned: The County will ensure that all approvals and pre-approvals for credit card use will be documented and that detailed explanations accompany all credit card transactions to ensure transactions are for public purposes. Additionally, the county will develop policies that distinguish credit card use for transactions that are pursuant to the county's travel policy and those that are not. These additional layers of documentation and policy will address any concern that funds could have been misused.

Anticipated Completion Date: November 30, 2025

2024-05

The County's deficiencies in its process for managing and documenting its risks may put its operations and IT systems and data at unintended and unnecessary risk of potential harm.

Contact Name: Rene Ontiveros

Corrective Action Planned: The County IT office will continue to develop, address, and implement processes, procedures and policies to better manage and document the security of the County's data. The County also understands as it addresses the requirements to improve our IT operations, policies, security, and documentation, that the findings will continue to be noted until all have been addressed or corrected. The County will address auditors' recommendations to meet the requirements of the findings both with the county's services provider and internally.

Anticipated Completion Date: March 31, 2027

Greenlee County
Corrective action plan
Year ended June 30, 2024

2024-06

The County's control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data.

Contact Name: Rene Ontiveros

Corrective Action Planned: The County IT office will continue to develop, address, implement processes, procedures and policies to manage the control procedures over the IT systems and data for the security of the County's data. The County also understands as we are addressing the requirements to improve our IT operations that the findings will continue to be noted until all have been addressed. The County will be addressing the auditors' recommendations to meet the requirements of the findings.

Anticipated Completion Date: March 31, 2027

Federal award findings and questioned costs

2024-101

Assistance Listings numbers and names: Not applicable

Questioned costs: Not applicable

Contact Name: Rene Ontiveros

Corrective Action Planned: The County will continue to improve by providing accurate classification in the financial statements and single audit report in a timely matter for submittal by the required deadline.

Anticipated Completion Date: March 31, 2027

DEREK D. RAPIER
County Administrator

BIANCA CASTAÑEDA
Clerk of the Board

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Chairman - District 1

RON CAMPBELL
District 2

WILLIAM WEARNE
District 3

November 6, 2025

Lindsey A. Perry
Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying summary schedule of prior audit findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. This schedule also includes the status of audit findings reported in the prior audit's summary schedule of prior audit findings that were not corrected.

Sincerely,

Rene Ontiveros

Rene Ontiveros
Chief Finance Officer

Greenlee County
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2024

Status of Financial Statement Findings

Title: Cash Monitoring (Significant Deficiency: Repeat Finding)
Finding No.: 2023-001. This finding initially occurred in fiscal year 2019.
Status: Fully corrected

Title: Credit Card Approval (Significant Deficiency: Repeat Finding)
Finding No.: 2023-002
Status: Not corrected. This finding initially occurred in fiscal year 2020.
County Discussion: The County will ensure each signature required is there for the approval process on the forms submitted. The County can ensure all transactions are approved/reviewed by several employees, but due to verbal communication not noted in policy, an additional preapproval signature is required.

Anticipated Completion Date:

March 31, 2026

Title: Timely Account Reconciliation and Financial Statement Preparation (Material Weakness)
Finding No.: 2023-003. This finding initially occurred in fiscal year 2021
Status: Not corrected
County Discussion: The County will continue to work/develop better plans on getting financial statements/single audit submitted and reviewed in a timely manner to meet requirements for submittal.

Anticipated Completion Date:

March 31, 2026

Title: Financial Reporting Process (Significant Deficiency in Internal Control)
Finding No.: 2023-004. This finding initially occurred in fiscal year 2023.
Status: Not corrected
County Discussion: The County IT office will continue to develop, address, and implement processes, procedures and policies to better manage and document for the security of the County's data. The County also understands as we are addressing the requirements to improve our IT operations that the findings will continue to be noted until all have been established. The County will be addressing the auditors' recommendations to meet the requirements of the findings.

Anticipated Completion Date:

March 31, 2027

Greenlee County
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2024

Title: Financial Reporting Process (Significant Deficiency in Internal Control)
Finding No.: 2023-005. This finding initially occurred in fiscal year 2023.
Status: Not corrected
County Discussion: The County IT office will continue to develop, address, implement processes, procedures and policies to manage the control procedures over the IT systems and data for the security of the County's data. The County also understands as we are addressing the requirements to improve our IT operations that the findings will continue to be noted until all have been established. The County will be addressing the auditors' recommendations to meet the requirements of the findings.

Anticipated Completion Date: March 31, 2027

Status of Federal Award Findings and Questioned Costs

Assistance Listings Number and Program Name: 10.904 - Watershed Protection and Flood Prevention
21.027 - COVID-19 Coronavirus State and Local Fiscal Recovery Funds
21.032 - COVID-19 Local Assistance and Tribal Consistency Fund
Finding No.: 2023-101
Status: Not corrected. This finding initially occurred in fiscal year 2021.

County Discussion: The County will continue to work/develop better plans on getting financial statements/single audit submitted and reviewed in a timely manner to meet requirements for submittal.

Anticipated Completion Date: March 31, 2026

Assistance Listings Number and Program Name: 21.027 - COVID-19 Coronavirus State and Local Fiscal Recovery Funds
Finding No.: 2023-102. This finding initially occurred in fiscal year 2023.
Status: Fully corrected

Assistance Listings Number and Program Name: 10.665 - Forest Service Schools and Roads, U.S. Department of Agriculture
Finding No.: 2022-102. This finding initially occurred in fiscal year 2020.
Status: Fully corrected

Assistance Listings Number and Program Name: 93.069 - Public Health Emergency Preparedness and COVID-19 Public Health Emergency Preparedness, U.S. Department of Health and Human Services
Finding No.: 2021-101. This finding initially occurred in fiscal year 2021.
Status: Fully corrected

