

Greenlee County, Arizona

Annual Financial Report

June 30, 2025

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Greenlee County
ANNUAL FINANCIAL REPORT
Year ended June 30, 2025

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ARIZONA AUDITOR GENERAL

Lindsey A. Perry, 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, 2025, 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	Type of Opinion
Governmental activities	Qualified
Major fund—General Fund	Unmodified
Major fund—Health Services Fund	Unmodified
Major fund—Local Assistance and Tribal Consistency Fund	Unmodified
Major fund—Highway User Revenue Fund	Qualified
Aggregate remaining fund information	Unmodified

Qualified opinions on the governmental activities and Highway User Revenue Fund

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 Highway User Revenue Fund of Greenlee County as of June 30, 2025, 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 of the other major funds and aggregate remaining fund information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund except the Highway User Revenue Fund, and the aggregate remaining fund information of the County as of June 30, 2025, 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 Highway User Revenue Fund

The County did not perform inventorying procedures for nearly \$4.2 million of capital assets and an unknown quantity of unused supplies at year-end. Further, it did not perform other recordkeeping procedures for \$216,484 of capital assets to ensure that these assets were controlled and safeguarded; that accounting records were updated, accurate, and complete; and that balances were correctly reported in the financial statements.

Consequently, we identified \$887,105 in misstatements and misclassifications related to machinery and equipment and construction in progress capital assets that the County corrected, but we were unable to determine if any additional adjustments or disclosures were necessary related to machinery and equipment and construction in progress capital assets comprising nearly 9.8% of total assets and deferred outflows of resources reported in the County's governmental activities as of June 30, 2025. 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, 2025.

Further, although the County purchased approximately \$661,271 of supplies during fiscal year 2025, 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, 2025, and should have been reported as supplies inventory 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 Highway User Revenue Fund as of June 30, 2025.

Emphasis of matter

As discussed in Note 2 to the financial statements, the County restated beginning fund balances of its financial statements for the year ended June 30, 2025 to record changes to or within the reporting entity and 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

While the issues identified in finding 2025-02 resulted in a qualified opinion for the Highway User Revenue Fund, those issues were related to financial reporting requirements and did not result in noncompliance over the use of Highway User Revenue Fund monies the County received. 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 9 through 19, budgetary comparison schedules on pages 69 through 72, schedule of the County's proportionate share of the net pension liability—cost-sharing plans on pages 73 through 74, schedule of changes in the County's net pension liability and related ratios—Public Safety Personnel Retirement System on page 77 and schedule of County pension contributions on pages 75 through 76 be presented to supplement the basic financial statements. Such information is management's responsibility and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of

the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2026, 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

September 24, 2026

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

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Greenlee County
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2025

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, 2025. Please read it in conjunction with the County's basic financial statements, which begin on page 22.

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 \$26.1 million (*net position*).

- The County's total net position increased \$405,744, which represents a 1.6 percent increase from the prior fiscal year. This growth was chiefly attributable to modest increases in general revenues, encompassing property taxes, state-shared revenues, and unrestricted contribution revenues collected during the fiscal year.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$31.2 million, a decrease of \$(247,460) in comparison with the prior year. Approximately 72 percent of this amount (\$22.5 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 \$25.8 million, or approximately 151 percent of total General Fund expenditures.
- The County's total outstanding long-term liabilities increased by \$2.1 million this year, mainly because of higher net pension and post-employment benefit obligations.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

Greenlee County
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2025

OVERVIEW OF FINANCIAL STATEMENTS - Continued

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

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

The government-wide financial statements can be found on pages 22 and 23 of this report.

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

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

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

The County maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Health Services, HURF 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 24 through 27 of this report.

Greenlee County
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2025

OVERVIEW OF FINANCIAL STATEMENTS - Continued

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

The fiduciary fund financial statements can be found on pages 28 and 29 of this report.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$26.1 million at the close of the most recent fiscal year.

The following table presents a summary of the County's net position for the fiscal years ended June 30, 2025 and 2024:

	Governmental Activities	
	2025	2024
Current and other assets	\$ 36,248,384	\$ 36,768,138
Capital assets, net	<u>11,406,316</u>	<u>9,861,630</u>
Total assets, net	<u>47,654,700</u>	<u>46,629,768</u>
Deferred outflows of resources	<u>2,713,405</u>	<u>3,201,533</u>
Long-term liabilities outstanding	19,220,462	17,113,703
Other liabilities	<u>3,937,781</u>	<u>4,140,576</u>
Total liabilities	<u>23,158,243</u>	<u>21,254,279</u>
Deferred inflows of resources	<u>1,125,472</u>	<u>2,898,376</u>
Net investment in capital assets	9,833,415	7,655,147
Restricted	6,113,919	7,753,983
Unrestricted	<u>10,137,056</u>	<u>10,269,516</u>
Total net position	<u>\$ 26,084,390</u>	<u>\$ 25,678,646</u>

Greenlee County
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

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

An additional portion of the County's net position represents resources that are subject to external restrictions on how they may be used. These resources are restricted for the following purposes: information systems, judicial activities, law enforcement activities, jail facilities and operations, public health services, waste tire program, fair and racing program, airport improvements, roads and schools, flood control, elections, and net pension/other postemployment 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 \$10.1 million. The decrease is attributed to the changes in the charges for services and operating grants and contributions.

During the current fiscal year, net position increased \$405.7 thousand from a beginning balance of \$25.7 million to an ending balance of \$26.1 million.

The County's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant transactions that have had an impact on the Statement of Net Position for the fiscal year ended June 30, 2025:

- Capital assets, net of accumulated depreciation/amortization increased by \$1.5 million from the prior year. This growth was primarily attributed to additions in constructions-in-progress projects totaling \$877 thousand, including the Bard Extension, dance floor project at the fairgrounds, Loma Linda Park upgrade projects, and airport drainage improvements. Additionally, the County replaced vehicles and equipment in the public works departments, totaling \$1.2 million approximately.
- The decrease of \$(2.2) million of net pension and OPEB liabilities, decrease \$(0.5) million of deferred outflows of resources related to pensions and OPEB, and decrease of \$(1.8) 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 as of June 30, 2025, and a measurement date of June 30, 2024.
- The new issuances of \$360,030 for financed purchases of additional vehicles and machinery.
- The principal retirement of \$373,879, \$553,154 and \$66,579 of financed purchases, lease payables and subscription liability, respectively.
- The reduction in other liabilities primarily results from the recognition of unearned revenue carried forward from the previous period, which was counterbalanced by an increase in accounts payable.

Greenlee County
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Changes in net position - The County's total revenues for the fiscal year ended June 30, 2025 were \$25.7 million. The total cost of all programs and services was \$25.3 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2025 and 2024:

Statement of Activities - Governmental Activities

	Year Ended June 30,	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	\$ 924,744	\$ 1,215,825
Operating grants and contributions	7,052,898	7,929,711
General revenues:		
Property taxes	5,144,078	4,915,504
County sales taxes for general purposes	1,414,535	1,459,459
Other taxes	14,584	14,400
Share of state sales taxes	5,915,969	5,777,413
Share of state vehicle license tax	433,883	422,327
Grants and contributions not restricted to specific programs	3,533,260	3,050,753
Other	<u>1,287,591</u>	<u>1,349,247</u>
Total revenues	<u>25,721,542</u>	<u>26,134,639</u>
Expenses:		
General government	9,714,509	10,556,106
Public safety	8,383,754	5,510,028
Highways and streets	2,729,989	1,494,106
Sanitation	642,912	534,550
Health and welfare	2,712,080	2,434,751
Culture and recreation	648,190	368,286
Education	339,284	603,941
Economic development	1,800	18,050
Interest on long-term debt	<u>143,280</u>	<u>113,647</u>
Total expenses	<u>25,315,798</u>	<u>21,633,465</u>
Change in net position	405,744	4,501,174
Net position, beginning	<u>25,678,646</u>	<u>21,177,472</u>
Net position, ending	<u>\$ 26,084,390</u>	<u>\$ 25,678,646</u>

Greenlee County
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

The following are significant transactions that have had an impact on the change in net position during the fiscal year ended June 30, 2025.

- Service charges decreased by \$(291) thousand compared to the prior year, primarily due to a significant reduction in landfill fees (\$188 thousand) and lower Opioid settlement collections (\$60 thousand) during the current fiscal period.
- Operating grants and contributions decreased by \$(877) thousand, mainly attributed to reduced revenue from the American Rescue Plan Act (approximately \$566 thousand) and a decrease in National Forest Fee receipts (\$510 thousand).
- Grants and contributions not restricted for specific programs increased \$483 thousand, largely as a result of unrestricted contributions received from United Way totaling \$435 thousand.
- General government expenses decreased by \$(0.8) million primarily due to lower maintenance and professional service expenditures in the current fiscal year.
- Public and safety expenditures increased \$2.9 million, mainly reflecting higher pension and other OPEB liabilities.
- Highways and streets expenditures rose by \$1.2 million, driven by greater costs for road maintenance materials and supplies, as well as working vehicles.

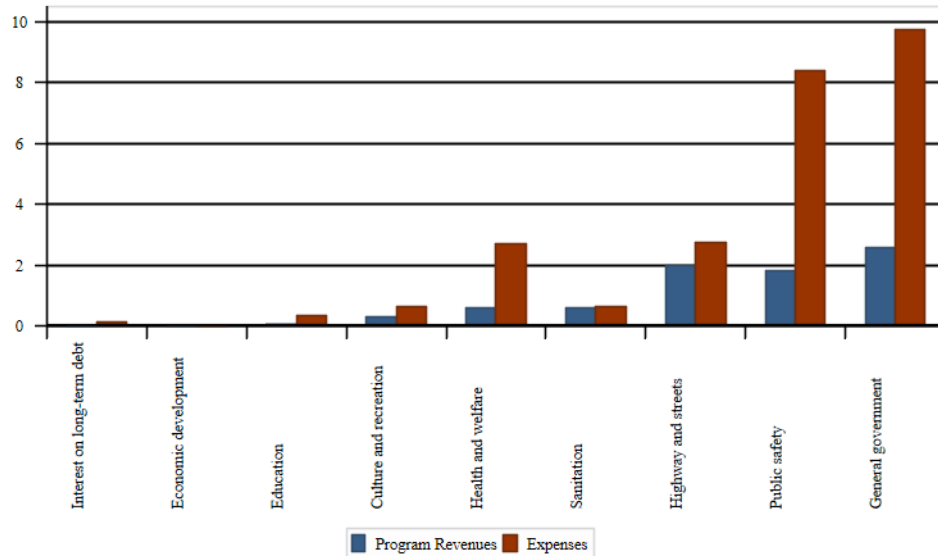
The following table presents the cost of the County's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid and contributions provided for specific programs). The net cost shows the financial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

Governmental Activities	2025		2024	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
General government	\$ 9,714,509	\$ (7,131,487)	\$ 10,556,106	\$ (7,397,584)
Public safety	8,383,754	(6,543,593)	5,510,028	(3,536,196)
Highway and streets	2,729,989	(725,471)	1,494,106	296,213
Sanitation	642,912	(57,520)	534,550	238,815
Health and welfare	2,712,080	(2,091,256)	2,434,751	(1,812,568)
Culture and recreation	648,190	(356,795)	368,286	(103,483)
Education	339,284	(286,954)	603,941	(41,429)
Economic development	1,800	(1,800)	18,050	(18,050)
Interest on long-term debt	143,280	(143,280)	113,647	(113,647)
Total	<u>\$ 25,315,798</u>	<u>\$ (17,338,156)</u>	<u>\$ 21,633,465</u>	<u>\$ (12,487,929)</u>

Greenlee County
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Expenses and Program Revenues - by category
Year ended June 30, 2025
(in millions)



The cost of all governmental activities this fiscal year was \$25.3 million.

Federal and state governments and charges for services subsidized certain programs with grants, contributions, and other local revenues of \$8.0 million.

Net cost of governmental activities of \$17.3 million was financed by general revenues, which are made up primarily of taxes of \$6.6 million, shared state tax revenues of \$6.3 million, and grants and contributions not restricted to specific programs of \$3.5 million.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

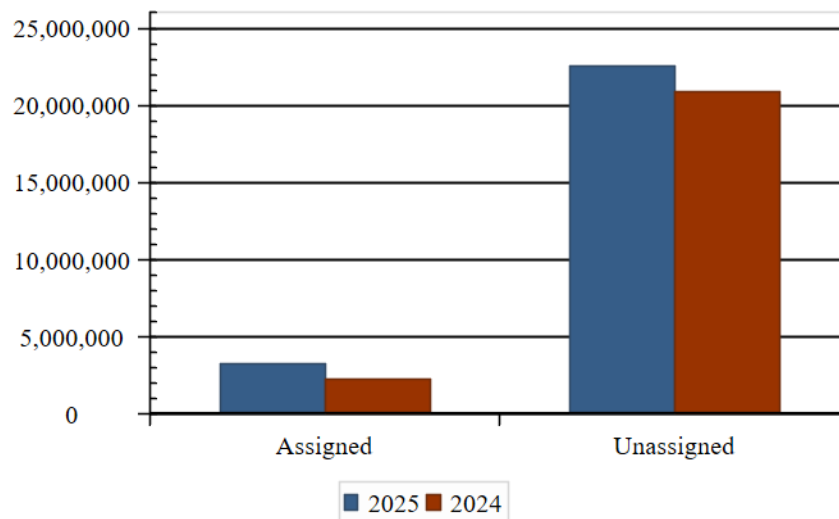
Governmental funds - The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful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

Greenlee County
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2025

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS - Continued

At June 30, 2025, the County's governmental funds reported a combined fund balance of \$31.2 million, a decrease of \$(0.2) million in comparison with the prior year. Approximately 72 percent of this amount (\$22.5 million) constitutes *unassigned fund balance*, which is available for spending at the County's discretion. The remainder of the fund balance is either restricted or assigned to indicate that it is (1) restricted for particular purposes (\$5,295,816) or (2) assigned for particular purposes (\$3,336,239).

Components of Fund Balance - General Fund
June 30, 2025 and 2024



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 \$22.6 million, while total fund balance increased to \$25.8 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 132 percent of total General Fund expenditures, while total fund balance represents approximately 151 percent of that same amount.

The County's General Fund experienced a \$1.3 million increase in fund balance during the current fiscal year, aligning with prior periods. This growth was primarily due to prudent budgeting practices and the postponement of certain planned capital projects that were not completed within the fiscal year.

The Health Services Fund, one of the main funds, saw its balance drop by \$(241,657) this fiscal year, ending with a fund balance of \$278,584. The decrease was largely caused by intergovernmental revenue falling short of expectations.

The HURF Fund's expenditures increased by \$413,664 primarily due to higher road material costs and increased vehicle service and maintenance costs during the current year. These increases were the primary factors contributing to the \$467,422 decrease in fund balance.

Greenlee County
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2025

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Intergovernmental revenues were \$(1,272,430) less than budgeted, primarily because unearned Local Assistance and Tribal Consistency Fund (LATCF) revenue was not realized as anticipated.
- Contribution revenues were \$(1,362,377) under budgeted, primarily because the anticipated additional contribution for shared revenue loss was not received.
- Investment earnings exceeded the budget by \$490,278, primarily due to favorable interest rates.
- Board of supervisors expenditures exceeded the budget due to additional costs incurred for fairgrounds building and grounds supplies.
- Public safety expenditures were under budgeted by \$(552,678), primarily due to staff vacancies.
- Capital outlay expenditures were \$(1,565,988) less than the budgeted due to the timing of capital projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets - The County's investment in capital assets as of June 30, 2025 totaled \$11.4 million (net of amortization/accumulated depreciation). This investment includes land, infrastructure, buildings, improvements, machinery, equipment, and construction in progress. The total increase in capital assets for the current fiscal year was approximately 16 percent.

The following schedule presents a summary of capital asset balances (net of accumulated depreciation) as of June 30, 2025 and 2024.

	2025	2024
Land	\$ 320,070	\$ 283,992
Land improvements	535,264	572,091
Infrastructure	1,202,047	1,246,027
Buildings and improvements	3,838,354	3,689,531
Machinery and equipment	4,161,211	2,895,873
Right-to-use subscription assets	71,972	143,944
Right-to-use lease assets	465,244	619,756
Construction in progress	812,154	410,416
Total capital assets, net	<u>\$ 11,406,316</u>	<u>\$ 9,861,630</u>

Major capital asset events during the current fiscal year included purchases of vehicles for the Public Works, Sheriff's department, and election equipment.

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

Greenlee County
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

Long-term debt - At the end of the current fiscal year, the County had \$1.5 million in financed purchases with \$315,844 due within one year. The current year payments totaled \$373,879.

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 fiscal year 2026 budget continues to prioritize remaining federally sourced COVID funds (LATCF) for park and building upgrades, leaving locally funded Capital Improvement Funds for future projects and flexibility for unanticipated capital needs. The proposed budget anticipates bringing several of the County's most significant one-time projects to a conclusion or near conclusion using federal sourced one-time revenue or general fund derivative funds. Although there will be no additional federal COVID or other significant federal funds, use of the existing remaining federally sourced funds will continue to be leveraged with other funding sources(grants) for enhanced capital improvement efficiency and accelerated capital project completion. The Board will continue to pursue Capital Projects with lasting value and positive cost-benefit ratios which are built to minimize future maintenance costs. The budget includes capacity of \$400,000 which will allow the County to receive grant funds that are already in the application process and the ability to search for other opportunities if these grants aren't realized. Rather than being limited as the County always has been by a constitutional expenditure limit, this budget and future budgets will be constrained by revenues and sound, conservative fiscal policies. This budget is built on principle, and the County will not spend what we do not have.

The fiscal year 2026 budget is \$1,156,263 higher than the fiscal year 2025 general fund budget which represents a 5.51 percent increase from fiscal year 2025. On the expense side, this represents increases in overall wages, target market wage adjustments, the full-year impact of Elected Officials' salary increases, and targeted line-item adjustments. On the revenue side, this represents higher than projected State Shared Sales Tax Revenue and structural cost savings resulting in a stronger cash position to meet current fiscal year needs. Most of the budget stability for fiscal year 2026 comes from both Elected Officials and Department Managers being patient on upward budget adjustments for projects and personnel in fiscal year 2025 until revenues stabilized in fiscal year 2026. The Board staff has also continued to identify and reduce line-item balances where budget capacity has grown larger than necessary over the past years when revenue streams were well above normal projections. Additionally, staff have reviewed every position in the County for accuracy. The current budget reflects actual wages for each position. With the Board having adopted a more expansive policy for purchasing vehicles, the County will now be able to spend County dollars more wisely based not only on lowest and best prices, but also the most efficient purchasing method without discarding any of the purchase options the County has traditionally used. The County will evaluate fleet leasing, state or cooperative purchasing, traditional bidding, disposal options and any other purchase method that translates to the best overall value for the County.

Greenlee County
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year ended June 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET - Continued

The County's Unfunded Pension Liability is currently funded at 94 percent. Long-term market growth and annual adjustments to contribution rates will maintain and increase funding levels. The paydown of the Unfunded Pension Liability balance has saved the County approximately \$150,000 a year, which will continue over the next 20-30 years. The Out-of-County Tuition savings have ranged from approximately \$400,000 a year to \$1,000,000 a year. The fiscal year 2026 Out of County Tuition obligation will be \$197,300 instead of \$580,900 based off the old formula. This represents a permanent change to the County's structural budget. The structural budget gains by way of permanent cost reductions have stabilized and strengthen the County cash position. This made revenue fluctuations easier to manage, and increased sustainability in our budget over the long term. There were higher than expected state shared sales tax revenues that have strengthened the County's cash position which allowed no increase in the primary tax rate while the net assessed value decreased by approximately \$10,000,000. The total budget increased over fiscal year 2025 is 11.09 percent. The increase in the total budget is due to increased grant funding, and budgeting previously saved funds for fiscal year 2026 projects, such as building the C & D Cell at the landfill.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

Greenlee County
STATEMENT OF NET POSITION
June 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 33,737,273
Property taxes receivable	14,868
Accounts receivable	103,035
Settlement receivable, net	299,625
Due from other governments	1,047,406
Other assets	228,074
Net pension and other postemployment benefits asset	818,103
Capital assets, not being depreciated/amortized	1,132,224
Capital assets, being depreciated/amortized, net	<u>10,274,092</u>
Total assets	<u>47,654,700</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions and other postemployment benefits	<u>2,713,405</u>
LIABILITIES	
Accounts payable	1,041,648
Accrued payroll and employee benefits	607,405
Unearned revenues	2,269,431
Due to other governments	19,297
Noncurrent liabilities	
Due within 1 year	653,341
Due in more than 1 year	<u>18,567,121</u>
Total liabilities	<u>23,158,243</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions and other postemployment benefits	<u>1,125,472</u>
NET POSITION	
Net investment in capital assets	9,833,415
Restricted for:	
Information systems	342,785
Judicial activities	1,341,729
Law enforcement activities	654,309
Jail facilities and operations	243,071
Public health services	591,417
Waste tire program	42,153
Fair and racing program	294,260
Airport improvements	36,324
Roads and schools	1,047,893
Flood control	689,912
Elections	11,963
Net pension and other postemployment benefits asset	818,103
Unrestricted	<u>10,137,056</u>
Total net position	<u>\$ 26,084,390</u>

See accompanying notes to financial statements.

Greenlee County
STATEMENT OF ACTIVITIES
Year ended June 30, 2025

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	\$ 9,714,509	\$ 211,606	\$ 2,371,416	\$ (7,131,487)
Public safety	8,383,754	75,303	1,764,858	(6,543,593)
Highways and streets	2,729,989		2,004,518	(725,471)
Sanitation	642,912	585,392		(57,520)
Health and welfare	2,712,080	15,227	605,597	(2,091,256)
Culture and recreation	648,190	37,216	254,179	(356,795)
Education	339,284		52,330	(286,954)
Economic development	1,800			(1,800)
Interest on long-term debt	<u>143,280</u>			<u>(143,280)</u>
Total governmental activities	\$ <u>25,315,798</u>	\$ <u>924,744</u>	\$ <u>7,052,898</u>	<u>(17,338,156)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	3,832,437
Property taxes, levied for public health services	1,173,334
Property taxes, levied for flood control	138,307
County sales taxes for general purposes	1,414,535
Other taxes	14,584
State shared sales tax	5,915,969
State shared vehicle license tax	433,883
Grants and contributions not restricted to specific programs	3,533,260
Investment earnings	1,076,206
Miscellaneous	<u>211,385</u>
Total general revenues	<u>17,743,900</u>
Change in net position	405,744

Net position, July 1, 2024 25,678,646

Net position, June 30, 2025 \$ 26,084,390

See accompanying notes to financial statements.

Greenlee County
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Health Services Fund	LATCF Fund	HURF Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 25,643,086	\$ 298,225	\$ 2,122,309	\$ 1,284,339	\$ 4,389,314	\$ 33,737,273
Property taxes receivable	9,732	2,998			2,138	14,868
Settlement receivable, net					299,625	299,625
Accounts receivable	103,035					103,035
Due from other governments	482,494	50,011		156,024	358,877	1,047,406
Due from other funds	166,415				57,868	224,283
Other assets	228,074					228,074
Total assets	<u>\$ 26,632,836</u>	<u>\$ 351,234</u>	<u>\$ 2,122,309</u>	<u>\$ 1,440,363</u>	<u>\$ 5,107,822</u>	<u>\$ 35,654,564</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 348,214	\$ 22,670	\$ 1,178	\$ 321,061	\$ 348,525	\$ 1,041,648
Accrued payroll and employee benefits	425,078	47,943	2,741	71,523	60,120	607,405
Unearned revenue			2,118,390		151,041	2,269,431
Due to other governments					19,297	19,297
Due to other funds	42,850				181,433	224,283
Total liabilities	<u>816,142</u>	<u>70,613</u>	<u>2,122,309</u>	<u>392,584</u>	<u>760,416</u>	<u>4,162,064</u>
Deferred inflows of resources:						
Unavailable revenues - property taxes	6,615	2,037			1,428	10,080
Unavailable revenues - intergovernmental					28,619	28,619
Unavailable revenues - settlement					281,857	281,857
Total deferred inflows of resources	<u>6,615</u>	<u>2,037</u>			<u>311,904</u>	<u>320,556</u>
Fund balances:						
Restricted		278,584		1,047,779	3,969,453	5,295,816
Assigned	3,236,076				100,163	3,336,239
Unassigned	22,574,003				(34,114)	22,539,889
Total fund balances	<u>25,810,079</u>	<u>278,584</u>		<u>1,047,779</u>	<u>4,035,502</u>	<u>31,171,944</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,632,836</u>	<u>\$ 351,234</u>	<u>\$ 2,122,309</u>	<u>\$ 1,440,363</u>	<u>\$ 5,107,822</u>	<u>\$ 35,654,564</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, 2025

Fund balances - total governmental funds	\$ 31,171,944
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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	\$ 38,538,442	
Less accumulated depreciation/amortization	<u>(27,132,126)</u>	11,406,316

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	2,713,405	
Deferred inflows of resources related to pensions/OPEB	<u>(1,125,472)</u>	1,587,933

Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the funds	320,556
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Some liabilities, including financed purchases, leases payable, 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	(1,506,322)	
Subscriptions liability	(66,579)	
Compensated absences payable	(820,865)	
Landfill closure and postclosure care costs payable	(2,115,537)	
Net pension and OPEB liability	<u>(14,711,159)</u>	(19,220,462)

Net pension/OPEB asset held in trust for future benefits is not available for County operations and, therefore, is not reported in the funds.	<u>818,103</u>
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Net position of governmental activities	\$ <u><u>26,084,390</u></u>
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See accompanying notes to financial statements.

Greenlee County
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year ended June 30, 2025

	General Fund	Health Services Fund	LATCF Fund	HURF Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 3,832,437	\$ 1,173,334			\$ 138,307	\$ 5,144,078
Taxes	1,414,535				14,584	1,429,119
Licenses and permits	3,573					3,573
Intergovernmental	8,962,226	605,597	\$ 27,854	\$ 1,747,632	3,505,446	14,848,755
Charges for services	659,845	13,240			143,544	816,629
Fines and forfeits	108,635				307	108,942
Investment earnings	890,278	24,591		49,467	111,870	1,076,206
Contributions	1,801,535	235,000			201,500	2,238,035
Miscellaneous	<u>32,923</u>	<u>22,847</u>		<u>574</u>	<u>155,041</u>	<u>211,385</u>
Total revenues	17,705,987	2,074,609	27,854	1,797,673	4,270,599	25,876,722
EXPENDITURES						
Current:						
General government	8,318,508		29,412		1,360,172	9,708,092
Public safety	5,202,883	157,926			1,887,695	7,248,504
Highways and streets				2,520,371		2,520,371
Sanitation	488,149					488,149
Health and welfare	22,360	2,290,896			58,860	2,372,116
Culture and recreation	217,732				400,824	618,556
Education	333,538				2,062	335,600
Economic development	1,800					1,800
Capital outlay	1,348,340	223,444		197,219	285,129	2,054,132
Debt service:						
Principal retirement	993,612					993,612
Interest and fiscal charges	<u>143,280</u>					<u>143,280</u>
Total expenditures	<u>17,070,202</u>	<u>2,672,266</u>	<u>29,412</u>	<u>2,717,590</u>	<u>3,994,742</u>	<u>26,484,212</u>
Excess (deficiency) of revenues over (under) expenditures	<u>635,785</u>	<u>(597,657)</u>	<u>(1,558)</u>	<u>(919,917)</u>	<u>275,857</u>	<u>(607,490)</u>
OTHER FINANCING SOURCES (USES)						
Financed purchase agreements	360,030					360,030
Transfers in	3,169,419	356,000		452,495	402,872	4,380,786
Transfers out	<u>(2,867,734)</u>				<u>(1,513,052)</u>	<u>(4,380,786)</u>
Total other financing sources (uses)	<u>661,715</u>	<u>356,000</u>		<u>452,495</u>	<u>(1,110,180)</u>	<u>360,030</u>
Net change in fund balances	1,297,500	(241,657)	(1,558)	(467,422)	(834,323)	(247,460)
Fund balances, July 1, 2024	24,534,066	520,241	1,558		6,363,539	31,419,404
Aggregate amount of adjustments to and restatements of beginning fund balances	<u>(21,487)</u>			<u>1,515,201</u>	<u>(1,493,714)</u>	
Fund balances, July 1, 2024, as restated	<u>24,512,579</u>	<u>520,241</u>	<u>1,558</u>	<u>1,515,201</u>	<u>4,869,825</u>	<u>31,419,404</u>
Fund balances, June 30, 2025	<u>\$ 25,810,079</u>	<u>\$ 278,584</u>	<u>\$</u>	<u>\$ 1,047,779</u>	<u>\$ 4,035,502</u>	<u>\$ 31,171,944</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, 2025

Net change in fund balances - total governmental funds \$ (247,460)

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

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

Capital outlay	\$ 2,863,057	
Depreciation expense	<u>(1,221,268)</u>	1,641,789

Collections of revenues in the governmental funds exceeded revenues reported in the Statement of Activities (155,180)

In the Statement of Activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets. (97,103)

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

Pension/OPEB expense	(2,716,022)	
Pension/OPEB contributions	1,697,292	
State's non-employer pension contributions	<u>145,324</u>	(873,406)

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	993,612	
Financed purchases incurred	<u>(360,030)</u>	633,582

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	(341,715)	
Increase in landfill closure and postclosure care costs	<u>(154,763)</u>	<u>(496,478)</u>

Change in net position of governmental activities \$ 405,744

See accompanying notes to financial statements.

Greenlee County

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2025

		Custodial funds	
	Private- purpose trust funds	External investment pool	Other
ASSETS			
Cash and cash equivalents	\$ 31,410	\$ 11,985,270	\$ 149,596
Taxes receivable for other governments			71,264
Total assets	<u>31,410</u>	<u>11,985,270</u>	<u>220,860</u>
NET POSITION			
Restricted for:			
Pool participants		11,985,270	
Individuals, organizations, and other governments	<u>31,410</u>	<u></u>	<u>220,860</u>
Total net position	<u>\$ 31,410</u>	<u>\$ 11,985,270</u>	<u>\$ 220,860</u>

See accompanying notes to financial statements.

Greenlee County

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year ended June 30, 2025

		Custodial funds	
	Private- purpose trust funds	External investment pool	Other
ADDITIONS:			
Contributions from pool participants		\$ 18,638,278	
Property tax collections for other governments			\$ 12,792,370
Collections for individuals	\$ 93,984		
Inmate collections			48,519
Other			671,379
Total additions	<u>93,984</u>	<u>18,638,278</u>	<u>13,512,268</u>
DEDUCTIONS:			
Distributions to pool participants		18,033,341	
Beneficiary payments to individuals	83,072		
Property tax distributions to other governments			12,790,346
Payments to inmates			34,919
Other			739,816
Total deductions	<u>83,072</u>	<u>18,033,341</u>	<u>13,565,081</u>
Net change in fiduciary net position	<u>10,912</u>	<u>604,937</u>	<u>(52,813)</u>
Net position, beginning of year	<u>20,498</u>	<u>11,380,333</u>	<u>273,673</u>
Net position, end of year	<u>\$ 31,410</u>	<u>\$ 11,985,270</u>	<u>\$ 220,860</u>

See accompanying notes to financial statements.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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, 2025, the County implemented provisions of GASB Statement No. 101, *Compensated Absences*, which requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Liabilities for compensated absences should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid or settled through noncash means. The standard also defines what type of salary-related payments should be included in the liability. The County evaluated the impact of implementing this standard and determined the effect on beginning net position was not material. Therefore, a restatement was not recorded. Also, during fiscal year 2025, the County implemented GASB Statement No. 102, *Certain Risk Disclosures*, which requires governments to disclose information about certain types of risks related to their financial statements, including risks associated with concentrations, constraints, and exposures. The county reviewed its operations and determined the implementation of GASB 102 did not have an impact on its financial statements and did not require additional disclosures.

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 is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize 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.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The following table describes the County's component units:

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

B. Basis of Presentation

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

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

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

The *Highway User Revenue Fund (HURF)* accounts for the County's share of gasoline tax money earmarked for streets and highways.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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	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 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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Employees may accumulate up to 1,920 hours of sick leave depending on years of service, but any sick leave hours in excess of the maximum amount that are unused at calendar year-end are forfeited. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Liabilities for compensated absences, such as sick leave more likely than not to be used for time off or otherwise paid in cash or settled through noncash means, need to be recognized and accrued as a liability in the government-wide financial statements in accordance with GASB Statement No. 101. The measurement incorporates leave usage flow assumptions, assuming that employees utilize accumulated sick leave on a last-in, first-out basis. Historical average usage trends and probability rates specific to each employee are applied to current accumulated balances to estimate the amount expected to be used prior to termination. Average sick leave usage was evaluated to determine the percentage of all other employees' accumulated sick leave hours that is now also accrued 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.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 2025, accounting changes resulted in adjustments to and restatements of beginning fund balances, as follows:

	Fund balance June 30, 2024 as previously reported	Error Correction - General Fund to Non-Major	Change to or within the reporting entity - Non-Major Funds to Major Funds	Fund balance July 1, 2024 as restated
Governmental Funds				
General Fund	\$ 24,534,066	\$ (21,487)		\$ 24,512,579
Health Services Fund	520,241			520,241
LATCF Fund	1,558			1,558
HURF Fund			\$ 1,515,201	1,515,201
Non-Major				
Governmental Funds	<u>6,363,539</u>	<u>21,487</u>	<u>(1,515,201)</u>	<u>4,869,825</u>
Total governmental funds	<u>\$ 31,419,404</u>	<u>\$</u>	<u>\$</u>	<u>\$ 31,419,404</u>

In fiscal year 2024, the Probation Fund was mistakenly reported in the General Fund. In fiscal year 2025, it was properly classified as a Special Revenue Fund, and the related fund balance of \$21,487 was reclassified from the General Fund to the Special Revenue Fund.

Changes to or within the Financial Reporting Entity

The HURF Fund was previously reported within the Non-Major Governmental Funds in the prior year. This fund is now separately reported as a major fund. The effects of that change to or within the financial reporting entity is shown in the change to or within the reporting entity - Non-Major Funds to Major Funds column on the table above.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances - At June 30, 2025, the following non-major funds reported deficits in fund balance:

Fund	Deficit
Non-Major Governmental Funds:	
State Crime Victim Comp Fund	\$ (5,265)
State Library Grant Fund	(5,269)
Greenlee-Graham Field Trainer Fund	(119)
Airport Improvement Fund	(35,289)
Flood Disaster Fund	(628)
ADHS COVID-19 Fund	(921)
Casa Support Fund	(1,091)
COVID ELC Enhancement Fund	(11,409)
RCAPD Grant Fund	(20)
Five Year Workforce Grant Fund	(29,162)
Morenci School Resource Officer Fund	(1,601)
JTSF Fund	(2,096)

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

NOTE 4 - CASH AND CASH EQUIVALENTS

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

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

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

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 4 - CASH AND CASH EQUIVALENTS - Continued

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, 2025, the carrying amount of the County's deposits was \$45,894,049 and the bank balance was \$47,375,093.

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

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

<u>Cash and Deposits</u>	
Cash on hand	\$ 9,500
Amount of deposits	<u>45,894,049</u>
Total	<u>\$45,903,549</u>
 <u>Statement of Net Position</u>	
Governmental activities	\$33,737,273
Private-purpose trust funds	31,410
External investment pool	11,985,270
Other custodial funds	<u>149,596</u>
Total	<u>\$45,903,549</u>

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 5 - RECEIVABLES

Amounts due from other governments at June 30, 2025, as reported in the Governmental Fund Balance Sheet and Government-wide Statement of Net Position, include \$156,024 in Highway User Revenues, \$17,983 in state shared auto lieu taxes, \$123,506 in County sales tax, \$325,901 in state shared sales tax, and \$423,992 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, 2025, and anticipates receiving additional payments through 2038. At June 30, 2025, the estimated settlement receivable balance, net of allowance for uncollectibles, is \$299,625.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

Governmental activities:	July 1, 2024	Increases	Decreases	June 30, 2025
Capital assets not being depreciated/amortized:				
Land	\$ 283,992	\$ 36,078		\$ 320,070
Construction in progress	<u>410,416</u>	<u>876,828</u>	<u>\$ (475,090)</u>	<u>812,154</u>
Total capital assets not being depreciated/amortized	<u>694,408</u>	<u>912,906</u>	<u>(475,090)</u>	<u>1,132,224</u>
Capital assets being depreciated/amortized:				
Land improvements	5,893,401	79,090		5,972,491
Infrastructure	1,564,641			1,564,641
Buildings and improvements	12,542,306	396,000		12,938,306
Machinery and equipment	14,264,899	1,950,151	(324,694)	15,890,356
Intangibles:				
Right-to-use subscription assets	287,888			287,888
Right-to-use lease assets:				
Equipment	<u>752,536</u>			<u>752,536</u>
Total	<u>35,305,671</u>	<u>2,425,241</u>	<u>(324,694)</u>	<u>37,406,218</u>
Less accumulated depreciation/amortization for:				
Land improvements	(5,321,310)	(115,917)		(5,437,227)
Infrastructure	(318,614)	(43,980)		(362,594)
Buildings and improvements	(8,852,775)	(247,177)		(9,099,952)
Machinery and equipment	(11,369,026)	(587,710)	227,591	(11,729,145)
Intangibles:				
Right-to-use subscription assets	(143,944)	(71,972)		(215,916)
Right-to-use lease assets:				
Equipment	<u>(132,780)</u>	<u>(154,512)</u>		<u>(287,292)</u>
Total	<u>(26,138,449)</u>	<u>(1,221,268)</u>	<u>227,591</u>	<u>(27,132,126)</u>
Total capital assets being depreciated/amortized, net	<u>9,167,222</u>	<u>1,203,973</u>	<u>(97,103)</u>	<u>10,274,092</u>
Governmental activities capital assets, net	<u>\$ 9,861,630</u>	<u>\$ 2,116,879</u>	<u>\$ (572,193)</u>	<u>\$ 11,406,316</u>

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 6 - CAPITAL ASSETS - Continued

Depreciation/amortization expense was charged to functions as follows:

Governmental activities:	
General government	\$ 416,354
Public safety	176,671
Highways and streets	538,838
Health and welfare	53,071
Culture and recreation	<u>36,334</u>
Total	<u>\$ 1,221,268</u>

NOTE 7 - LINE OF CREDIT

The County maintains a revolving line of credit with Zions First National Bank, dba National Bank of Arizona to cover cash flow needs in a fiduciary capacity for school districts that are political subdivisions of the County. This line of credit has a \$3,500,000 limit with interest payable at the same time as principal, which is contingent on the County's receipt of "nonrestricted operating revenues" as defined by A.R.S. §11-604.01(7). The credit line is secured by "nonrestricted operating revenues" received by the County Treasurer. Any unpaid principal and interest became due on the maturity date of June 30, 2025. The interest rate is at a rate per annum equal to sixty five percent of the bank's prime rate provided that in no event shall the interest rate exceed ten percent per annum.

The schedule presented below is a summation of the activity related to the line of credit during the fiscal year ended June 30, 2025:

	Beginning Balance	Drawdowns	Principal Payments	Ending Balance	Interest Payments
Line of credit	<u>\$ -</u>	<u>\$ 3,152,464</u>	<u>\$ 3,152,464</u>	<u>\$ -</u>	<u>\$ 15,250</u>
Total	<u>\$ -</u>	<u>\$ 3,152,464</u>	<u>\$ 3,152,464</u>	<u>\$ -</u>	<u>\$ 15,250</u>

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 8 - LONG-TERM LIABILITIES

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2025:

	Balance at July 1, 2024	Additions	Reductions	Balance at June 30, 2025	Due Within One Year
Governmental activities:					
Financed purchases	\$ 1,520,171	\$ 360,030	\$ 373,879	\$ 1,506,322	\$ 315,844
Leases payable	553,154		553,154		
Subscriptions liability	133,158		66,579	66,579	66,579
Compensated absences payable, net	479,150	341,715		820,865	265,807
Landfill closure and postclosure care costs payable	1,960,774	154,763		2,115,537	5,111
Net pension and other postemployment benefits liability	<u>12,467,296</u>	<u>2,243,863</u>	<u></u>	<u>14,711,159</u>	<u></u>
Total	<u>\$17,113,703</u>	<u>\$3,100,371</u>	<u>\$ 993,612</u>	<u>\$ 19,220,462</u>	<u>\$ 653,341</u>

Financed Purchases - The County has acquired vehicles, machinery, and equipment under contract agreements at a total purchase price of \$2,930,005. The following schedule details debt service requirements to maturity for the County's financed purchases at June 30, 2025:

Year ending June 30:	Principal	Interest
2026	\$ 315,844	\$ 83,585
2027	311,473	65,439
2028	398,323	40,706
2029	233,746	21,754
2030	129,848	11,698
2031	<u>117,088</u>	<u>10,367</u>
Total	<u>\$ 1,506,322</u>	<u>\$ 233,549</u>

Leases - The County has obtained the right to use several vehicles under the provisions of various lease agreements. As of June 30, 2025, the County fully paid off all leases payable.

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>(287,292)</u>
Carrying value	<u>\$ 465,244</u>

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 8 - LONG-TERM LIABILITIES - Continued

Subscription-based Information Technology Arrangements - The County has obtained the right to use IT cybersecurity solutions under the provisions of a subscription-based information technology arrangement (SBITA).

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>(215,916)</u>
Carrying value	<u><u>\$ 71,972</u></u>

The following schedule details minimum subscription payments to maturity for the County's subscription liability at June 30, 2025:

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

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

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The \$2,115,537 reported as landfill closure and postclosure care liability at June 30, 2025, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfills less expenditures already paid as follows:

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 8 - LONG-TERM LIABILITIES - Continued

During fiscal year 2025, the County reached 100% of the permitted capacity at both the Loma Linda Landfill and the Loma Linda Construction and Demolition Landfill. The County owns additional unused parcels adjacent to the existing landfill sites, which may be used to open additional cells as needed. The County intends to continue using both landfills in the future and is currently working with the Arizona Department of Environmental Quality (ADEQ) to obtain the required permits. Until those permits are received, the County has estimated all closure and postclosure care costs as though both landfills closed in fiscal year 2025 and thus these amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2025. Actual costs may vary due to landfill expansions, inflation, changes in technology, or changes in regulations. The Blue Landfill 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.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - FUND BALANCE CLASSIFICATIONS OF THE GOVERNMENTAL FUNDS

The fund balance classifications of the governmental funds as of June 30, 2025, were as follows:

	<u>General Fund</u>	<u>Health Services Fund</u>	<u>LATCF Fund</u>	<u>HURF</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Fund balances:						
Restricted for:						
Information systems					\$ 342,785	\$ 342,785
Judicial activities					1,341,729	1,341,729
Law enforcement activities					654,309	654,309
Jail facilities and operations					243,071	243,071
Waste tire program					42,153	42,153
Fair and racing program					294,260	294,260
Airport improvements					36,324	36,324
Public health services		\$ 278,584			312,833	591,417
Roads				\$ 1,047,779	114	1,047,893
Flood control					689,912	689,912
Election					11,963	11,963
Total restricted	<u> </u>	<u>278,584</u>	<u> </u>	<u>1,047,779</u>	<u>3,969,453</u>	<u>5,295,816</u>
Assigned to:						
Information systems	\$ 4					4
Judicial activities	100,326				28,682	129,008
Law enforcement activities	21,101					21,101
Jail facilities and operations	750				71,481	72,231
Public health services	5,314					5,314
Landfill closure and development	3,026,426					3,026,426
Wellness program	<u>82,155</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>82,155</u>
Total assigned	<u>3,236,076</u>	<u> </u>	<u> </u>	<u> </u>	<u>100,163</u>	<u>3,336,239</u>
Unassigned	<u>22,574,003</u>	<u> </u>	<u> </u>	<u> </u>	<u>(34,114)</u>	<u>22,539,889</u>
Total fund balances	<u>\$ 25,810,079</u>	<u>\$ 278,584</u>	<u>\$ </u>	<u>\$ 1,047,779</u>	<u>\$ 4,035,502</u>	<u>\$ 31,171,944</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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 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.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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, 2025, the County reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities
Net pension and OPEB liability	\$ 14,711,159
Net pension and OPEB asset	(818,103)
Deferred outflows of resources related to pensions and OPEB	2,713,405
Deferred inflows of resources related to pensions and OPEB	1,125,472
Pension and OPEB expense	2,716,022

The County's accrued payroll and employee benefits includes \$112,662 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2025.

Also, the County reported \$1,697,292 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, EODCRS, 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 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.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

ASRS	Retirement Initial Membership Date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service 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, 2025, statutes required active ASRS members to contribute at the actuarially determined rate of 12.12 percent for retirement of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 12.05 percent for retirement of the active members' annual covered payroll. The County's contributions to the pension plan for the year ended June 30, 2025, was \$871,461.

During fiscal year 2025, the County paid for ASRS pension contributions as follows: 63 percent from the General Fund, 26 percent from major funds, and 11 percent from other funds.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Liability - At June 30, 2025, the County reported the following liability for its proportionate share of ASRS' net pension liability.

<u>ASRS</u>	<u>Net pension liability</u>
Pension	\$ 8,093,561

The net liability was measured as of June 30, 2024. 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, 2023, to the measurement date of June 30, 2024.

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, 2024. The County's proportion measured as of June 30, 2024, and the change from its proportions measured as of June 30, 2023, were:

<u>ASRS</u>	<u>Proportion June 30, 2024</u>	<u>Increase from June 30, 2023</u>
Pension	0.05058%	0.00142

Expense - For the year ended June 30, 2025, the County recognized the following pension expense.

<u>ASRS</u>	<u>Pension expenses</u>
Pension	\$ 604,090

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Deferred Outflows/Inflows of Resources - At June 30, 2025, 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	\$ 451,775	
Net difference between projected and actual earnings on pension plan investments		\$ 516,862
Changes in proportion and differences between County contributions and proportionate share of contributions	151,601	216,844
County contributions subsequent to the measurement date	871,461	
Total	\$ <u>1,474,837</u>	\$ <u>733,706</u>

The amounts reported as deferred outflows of resources related to ASRS pensions resulting from the County's contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pension will be recognized as expenses as follows:

Year ending June 30,	Pension
2026	\$ (372,373)
2027	467,728
2028	(130,835)
2029	(94,850)

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

ASRS

Actuarial valuation date	June 30, 2023
Actuarial roll forward date	June 30, 2024
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, 2023 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

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

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

ASRS

Asset Class	Target Allocation	Long-Term expected Geometric Real Rate of Return
Public equity	44%	4.48%
Credit	23%	4.40%
Real estate	17%	6.05%
Private equity	10%	6.11%
Interest rate sensitive	6%	(0.45)%
Total	100%	

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Discount Rate - At June 30, 2024, 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 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 (6.0 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%)
Net pension liability	\$ 12,392,897	\$ 8,093,561	\$ 4,510,440

Plan Fiduciary Net Position - Detailed information about the 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 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.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

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

Benefits Provided - The PSPRS and CORP provide retirement 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	

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

*With actuarially reduced benefits.

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, 2025, the following employees were covered by the agent plan's benefit terms:

	PSPRS - Sheriff Pension
Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	3
Active employees	7
Total	20

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Contributions - State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension plans. 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, 2025, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member - pension	County - pension
PSPRS - Sheriff	7.65%	16.71%
CORP - AOC	8.41% or 8.38%	39.15 or 40.67

The County's contributions to the pension plans for the year ended June 30, 2025 were:

	Pension
PSPRS - Sheriff	\$ 178,334
CORP - AOC	108,700

During fiscal year 2025, the County paid for PSPRS and CORP pension contributions as follows: 61 percent from the General Fund, and 39 percent from other non-major funds.

Liability - At June 30, 2025, the County reported the following pension liabilities:

	Net pension liability
PSPRS - Sheriff	\$ 570,883
CORP - AOC	847,632

The net liabilities were measured as of June 30, 2024, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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, 2024
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.0 - 6.25%
Price inflation	2.5%
Cost-of-living adjustment	1.85%
Mortality rates	PubS-2010 tables

Actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2021.

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

PSPRS and CORP Asset Class	Target Allocation	Long-term expected geometric real rate of return
U.S. public equity	24%	3.62%
International public equity	16%	4.47%
Global private equity	27%	7.05%
Core bonds	6%	2.44%
Private credit	20%	6.24%
Diversifying strategies	5%	3.15%
Cash - Mellon	2%	0.89%
Total	100%	

Discount Rates - At June 30, 2024, 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 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.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Changes in the Net Pension Liability -

PSPRS - Sheriff:	Pension Increase (Decrease)		
	Total	Plan	Net Pension
	Pension	Fiduciary	(Asset)
	Liability	Net Position	Liability
	(a)	(b)	(a) – (b)
Balances at June 30, 2024	\$ 10,459,445	\$ 9,933,753	\$ 525,692
Changes for the year:			
Service cost	137,478		137,478
Interest on the total liability	743,977		743,977
Differences between expected and actual experience in the measurement of the liability	528,353		528,353
Contributions—employer		309,155	(309,155)
Contributions—employee		55,428	(55,428)
Net investment income		1,005,824	(1,005,824)
Benefit payments, including refunds of employee contributions	(527,829)	(527,829)	
Administrative expense		(5,790)	5,790
Net changes	881,979	836,788	45,191
Balances at June 30, 2025	\$ 11,341,424	\$ 10,770,541	\$ 570,883

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, 2024. The County's proportion measured as of June 30, 2024, and the change from its proportion measured as of June 30, 2023, were:

CORP AOC	Proportion June 30, 2024	Decrease from June 30, 2023
Pension	0.19644%	(0.01332)

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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	\$ 2,060,461	\$ 570,883	\$ (647,865)
CORP - AOC:			
County's proportionate share of net pension liability	1,163,348	847,632	590,152

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

Pension Expense - For the year ended June 30, 2025, the County recognized the following pension expense:

	Pension expense
PSPRS - Sheriff	\$ 999,663
CORP - AOC (County's proportionate share)	117,334

Deferred Outflows/Inflows of Resources - At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 264,177	\$ 33,329
Net difference between projected and actual earnings on plan investments		68,549
County contributions subsequent to the measurement date	178,334	
Total	<u>\$ 442,511</u>	<u>\$ 101,878</u>

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

CORP - AOC

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 55,660	\$ 4,317
Changes of assumptions or other inputs	10,892	
Net difference between projected and actual earnings on pension plan investments		18,026
Changes in proportion and differences between County contributions and proportionate share of contributions	50,587	61,488
County contributions subsequent to the measurement date	108,700	
Total	<u>\$ 225,839</u>	<u>\$ 83,831</u>

The amounts reported as deferred outflows of resources related to pensions 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as expenses as follows:

Year ending June 30,	PSPRS Sheriff	CORP AOC
2026	\$ 159,047	\$ 4,124
2027	116,406	32,887
2028	(53,818)	7,762
2029	(59,336)	(11,465)

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.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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
* 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.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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, 2025, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the County to contribute at the actuarially determined rate of 70.44 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 58.32 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 46.62 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, 2025 was \$522,888.

During fiscal year 2025, the County's General Fund paid for EORP pension contributions.

Liability - At June 30, 2025, 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	\$ 5,197,746
State's proportionate share of the EORP net pension liability associated with the County	<u>358,676</u>
Total	<u>\$ 5,556,422</u>

The net liability was measured as of June 30, 2024, 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, 2024. The County's proportion measured as of June 30, 2024, and the change from its proportion measured as of June 30, 2023, were:

EORP	Proportion June 30, 2024	Increase from June 30, 2023
Pension	0.87014%	0.38633

Expense - For the year ended June 30, 2025, the County recognized pension expense for EORP of \$1,066,848, and revenue of \$145,324 for the County's proportionate share of the State's appropriation to EORP and the designated court fees.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Deferred Outflows/Inflows of Resources - At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EORP	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments		\$ 54,802
County contributions subsequent to the measurement date	\$ 522,888	
Total	\$ 522,888	\$ 54,802

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 an increase of the net asset or a reduction of the net pension liability in the year ending June 30, 2026. 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,	Pension
2026	\$ (50,388)
2027	41,479
2028	(25,383)
2029	(20,510)

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

EORP	
Actuarial valuation date	June 30, 2024
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, 2024, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

EORP Asset Class	Target Allocation	Long-term expected geometric real rate of return
U.S. public equity	24%	3.62%
International public equity	16%	4.47%
Global private equity	27%	7.05%
Core bonds	6%	2.44%
Private credit	20%	6.24%
Diversifying strategies	5%	3.15%
Cash - Mellon	2%	0.89%
Total	100%	

Discount Rates - At June 30, 2024, 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 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	\$ 6,043,567	\$ 5,197,746	\$ 4,471,305

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Plan Fiduciary Net Position - Detailed information about the 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, 2025 were as follows:

Transfers to	Transfers from		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ 1,656,367	\$ 1,513,052	\$ 3,169,419
Health Services Fund	356,000		356,000
HURF Fund	452,495		452,495
Non-Major Governmental Funds	402,872		402,872
Total	<u>\$ 2,867,734</u>	<u>\$ 1,513,052</u>	<u>\$ 4,380,786</u>

The majority of interfund transfers were budgeted and resulted from interfund billing for services, products, or shared expenses. The General Fund also makes transfers to other funds to provide funds for the statutorily required maintenance of effort payments and 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, 2025 were as follows:

Due to	Due from		
	General Fund	Non-Major Governmental Fund	Total
General Fund		\$ 166,415	\$ 166,415
Non-Major Governmental Funds	<u>\$ 42,850</u>	<u>15,018</u>	<u>57,868</u>
Total	<u>\$ 42,850</u>	<u>\$ 181,433</u>	<u>\$ 224,283</u>

The interfund balances resulted from time lags between 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.

Greenlee County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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 \$255,141 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	\$ 45,648,408
Liabilities	-
Net Position	<u>\$ 45,648,408</u>
Net position held for:	
Internal participants	\$ 33,663,138
External participants	<u>11,985,270</u>
Total net position	<u>\$ 45,648,408</u>
Statement of Changes in Fiduciary Net Position	
Total additions	\$ 64,127,774
Total deductions	<u>(64,309,044)</u>
Net decrease	(181,270)
Net position:	
July 1, 2024	<u>45,829,678</u>
June 30, 2025	<u>\$ 45,648,408</u>

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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Greenlee County

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2025

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 3,805,218	\$ 3,832,437	\$ 27,219
Taxes	1,460,000	1,414,535	(45,465)
License and permits	52,200	3,573	(48,627)
Intergovernmental	10,234,656	8,962,226	(1,272,430)
Charges for services	63,500	74,453	10,953
Fines and forfeits	90,000	108,635	18,635
Investment earnings	400,000	890,278	490,278
Contributions	3,163,912	1,801,535	(1,362,377)
Miscellaneous	<u>45,520</u>	<u>32,923</u>	<u>(12,597)</u>
Total revenues	<u>19,315,006</u>	<u>17,120,595</u>	<u>(2,194,411)</u>
Expenditures			
General government:			
Board of supervisors	632,765	829,224	(196,459)
Airport	18,650	3,893	14,757
Assessor	597,526	491,963	105,563
Attorney	707,324	485,125	222,199
Constable no. 1	42,630	28,274	14,356
Constable no. 2	45,545	38,127	7,418
Contingency	500,000	24,366	475,634
County administration	762,074	561,655	200,419
Elections	187,979	132,061	55,918
Fleet	911,217	525,177	386,040
Information systems	1,007,300	703,629	303,671
General services	1,793,471	1,439,828	353,643
Ground and maintenance	973,304	694,854	278,450
Justice of the peace no. 1	309,179	262,818	46,361
Justice of the peace no. 2	304,536	277,801	26,735
Planning and zoning	158,567	136,637	21,930
Public fiduciary	91,497	82,964	8,533
Recorder	325,223	293,469	31,754
Superior court	1,173,923	910,821	263,102
Treasurer	411,432	378,710	32,722
Voter registration	<u>65,202</u>	<u>17,112</u>	<u>48,090</u>
Total general government	<u>11,019,344</u>	<u>8,318,508</u>	<u>2,700,836</u>

See the accompanying notes to this schedule.

Greenlee County

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2025

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
(continued)			
Public safety:			
Emergency services	202,510	196,227	6,283
Probation		601	(601)
Sheriff	<u>5,553,051</u>	<u>5,006,055</u>	<u>546,996</u>
Total public safety	<u>5,755,561</u>	<u>5,202,883</u>	<u>552,678</u>
Health and welfare - AHCCCS/ALTCS payments	<u>256,500</u>	<u>22,360</u>	<u>234,140</u>
Culture and recreation:			
County library	46,616	50,287	(3,671)
Parks and recreation	<u>199,638</u>	<u>167,445</u>	<u>32,193</u>
Total culture and recreation	<u>246,254</u>	<u>217,732</u>	<u>28,522</u>
Education:			
School superintendent	334,006	298,538	35,468
U of A extension service	<u>35,000</u>	<u>35,000</u>	
Total education	<u>369,006</u>	<u>333,538</u>	<u>35,468</u>
Economic development	60,000	1,800	58,200
Capital outlay	<u>2,914,328</u>	<u>1,348,340</u>	<u>1,565,988</u>
Total expenditures	<u>20,620,993</u>	<u>15,445,161</u>	<u>5,175,832</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,305,987)</u>	<u>1,675,434</u>	<u>2,981,421</u>
Other financing sources (uses)			
Transfer in	3,308,912	3,169,419	(139,493)
Transfer out	<u>(4,228,248)</u>	<u>(2,867,734)</u>	<u>1,360,514</u>
Total other financing sources (uses)	<u>(919,336)</u>	<u>301,685</u>	<u>1,221,021</u>
Net changes in fund balance	(2,225,323)	1,977,119	4,202,442
Fund balance, July 1, 2024, as restated	<u>24,512,579</u>	<u>24,512,579</u>	
Fund balance, June 30, 2025	<u>\$ 22,287,256</u>	<u>\$ 26,489,698</u>	<u>\$ 4,202,442</u>

See the accompanying notes to this schedule.

Greenlee County

BUDGETARY COMPARISON SCHEDULE - HEALTH SERVICES FUND

Year ended June 30, 2025

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 1,171,966	\$ 1,173,334	\$ 1,368
Intergovernmental	791,489	605,597	(185,892)
Charges for services		13,240	13,240
Investment earnings		24,591	24,591
Contributions		235,000	235,000
Miscellaneous		22,847	22,847
Total revenues	<u>1,963,455</u>	<u>2,074,609</u>	<u>111,154</u>
Expenditures			
Current:			
Public safety		157,926	(157,926)
Health and welfare	2,883,530	2,290,896	592,634
Capital outlay		223,444	(223,444)
Total expenditures	<u>2,883,530</u>	<u>2,672,266</u>	<u>211,264</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(920,075)</u>	<u>(597,657)</u>	<u>322,418</u>
Other financing sources (uses)			
Transfer in	356,000	356,000	
Transfer out	<u>(356,000)</u>		<u>356,000</u>
Total other financing sources (uses)		<u>356,000</u>	<u>356,000</u>
Net changes in fund balance	(920,075)	(241,657)	678,418
Fund balance, July 1, 2024	<u>520,241</u>	<u>520,241</u>	
Fund balance, June 30, 2025	<u>\$ (399,834)</u>	<u>\$ 278,584</u>	<u>\$ 678,418</u>

See the accompanying notes to this schedule.

Greenlee County

BUDGETARY COMPARISON SCHEDULE - HURF FUND

Year ended June 30, 2025

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 1,575,257	\$ 1,747,632	\$ 172,375
Investment earnings		49,467	49,467
Miscellaneous		574	574
Total revenues	<u>1,575,257</u>	<u>1,797,673</u>	<u>222,416</u>
Expenditures:			
Current:			
Highways and streets	3,189,077	2,520,371	668,706
Capital outlay		197,219	(197,219)
Total expenditures	<u>3,189,077</u>	<u>2,717,590</u>	<u>471,487</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,613,820)</u>	<u>(919,917)</u>	<u>693,903</u>
Other financing sources (uses)			
Transfer in	700,000	452,495	(247,505)
Transfer out	<u>(400,000)</u>		<u>400,000</u>
Total other financing sources (uses)	<u>300,000</u>	<u>452,495</u>	<u>152,495</u>
Net changes in fund balance	(1,313,820)	(467,422)	846,398
Fund balance, July 1, 2024	<u>1,515,201</u>	<u>1,515,201</u>	
Fund balance, June 30, 2025	<u>\$ 201,381</u>	<u>\$ 1,047,779</u>	<u>\$ 846,398</u>

See the accompanying notes to this schedule.

Greenlee County

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

June 30, 2025

ASRS - Pension

	Reporting Fiscal Year (Measurement Date)									
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
County's proportion of the net pension liability	0.05 %	0.05 %	0.05 %	0.05 %	0.05 %	0.05 %	0.06 %	0.05 %	0.05 %	0.05 %
County's proportionate share of the net pension liability	\$ 8,093,561	\$ 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
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 proportionate share of the net pension liability as a percentage of its covered payroll	118.42 %	119.18 %	127.92 %	112.68 %	158.75 %	138.32 %	131.50 %	154.57 %	171.84 %	174.64 %
Plan fiduciary net position as a percentage of the total pension liability	76.93 %	75.47 %	74.26 %	78.58 %	69.33 %	73.24 %	73.40 %	69.92 %	67.06 %	68.35 %

CORP AOC- Pension

	Reporting Fiscal Year (Measurement Date)									
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
County's proportion of the net pension liability	0.20 %	0.21 %	0.19 %	0.21 %	0.19 %	0.15 %	0.23 %	0.29 %	0.26 %	0.26 %
County's proportionate share of the net pension liability	\$ 847,632	\$ 948,038	\$ 868,018	\$ 761,290	\$ 899,520	\$ 674,420	\$ 852,612	\$ 1,164,581	\$ 728,597	\$ 620,393
County's covered payroll	\$ 616,488	\$ 543,375	\$ 530,910	\$ 1,037,836	\$ 571,084	\$ 371,104	\$ 279,932	\$ 362,136	\$ 291,346	\$ 285,739
County's proportionate share of the net pension liability as a percentage of its covered payroll	137.49 %	174.47 %	163.50 %	73.35 %	157.51 %	181.73 %	304.58 %	321.59 %	250.08 %	217.12 %
Plan fiduciary net position as a percentage of the total pension liability	63.12 %	59.28 %	57.52 %	62.53 %	50.07 %	51.99 %	53.72 %	49.21 %	54.81 %	57.89 %

See the accompanying notes to this schedule.

Greenlee County

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

June 30, 2025

EORP - Pension

	Reporting Fiscal Year (Measurement Date)									
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
County's proportion of the net pension liability	0.87 %	0.48 %	1.04 %	1.05 %	1.06 %	1.05 %	1.26 %	1.01 %	0.99 %	0.94 %
County's proportionate share of the net pension liability	\$ 5,197,746	\$ 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
State's proportionate share of the net pension liability associated with the County	<u>358,676</u>	<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>
Total	<u>\$ 5,556,422</u>	<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>
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 proportionate share of the net pension liability as a percentage of its covered payroll	545.89 %	347.24 %	656.56 %	654.43 %	894.34 %	798.36 %	787.88 %	1,525.10 %	1,254.69 %	963.80 %
Plan fiduciary net position as a percentage of the total pension liability	42.22 %	38.63 %	32.01 %	36.28 %	29.80 %	30.14 %	30.36 %	19.66 %	23.42 %	28.32 %

See the accompanying notes to this schedule.

Greenlee County

SCHEDULE OF COUNTY PENSION CONTRIBUTIONS

June 30, 2025

ASRS - Pension*

	Reporting Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 871,461	\$ 822,191	\$ 802,957	\$ 841,792	\$ 727,970	\$ 728,987	\$ 677,044	\$ 687,570	\$ 626,542	\$ 576,320
Contribution in relation to the statutorily required contribution	<u>871,461</u>	<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>
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	\$ 7,232,038	\$ 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
Contributions as a percentage of covered payroll	12.05 %	12.03 %	12.03 %	12.23 %	12.04 %	12.11 %	11.80 %	10.90 %	10.78 %	10.85 %

PSPRS - Pension*

	Reporting Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially required contribution	\$ 178,334	\$ 334,003	\$ 366,198	\$ 501,960	\$ 1,825,666	\$ 384,003	\$ 412,129	\$ 253,165	\$ 253,830	\$ 238,095
Contribution in relation to the actuarially required contribution	<u>178,334</u>	<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>
Contribution deficiency (excess)	<u>\$</u>	<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>
County's covered payroll	\$ 1,132,250	\$ 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
Contributions as a percentage of covered payroll	15.75 %	27.41 %	126.52 %	77.53 %	31.38 %	34.36 %	38.43 %	13.41 %	24.06 %	23.55 %

* No disclosure was provided on OPEB information as it was considered insignificant to the financial statements.

See the accompanying notes to this schedule.

Greenlee County

SCHEDULE OF COUNTY PENSION CONTRIBUTIONS

June 30, 2025

CORP - AOC - Pension*

	Reporting Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 108,700	\$ 109,173	\$ 99,535	\$ 90,451	\$ 83,808	\$ 76,716	\$ 64,349	\$ 63,294	\$ 72,717	\$ 55,647
Contribution in relation to the statutorily required contribution	<u>108,700</u>	<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>
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	\$ 597,381	\$ 616,488	\$ 543,375	\$ 530,910	\$ 532,718	\$ 571,084	\$ 371,104	\$ 279,932	\$ 362,136	\$ 291,346
Contributions as a percentage of covered payroll	18.20 %	17.71 %	18.32 %	17.04 %	15.73 %	13.43 %	17.34 %	22.61 %	20.08 %	19.10 %

EORP - Pension*

	Reporting Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 522,888	\$ 545,590	\$ 456,266	\$ 494,222	\$ 470,261	\$ 491,491	\$ 362,621	\$ 193,544	\$ 181,863	\$ 176,235
Contribution in relation to the statutorily required contribution	<u>522,888</u>	<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>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 167,547</u>	<u>\$</u>	<u>\$</u>
County's covered payroll	\$ 1,214,473	\$ 952,152	\$ 873,258	\$ 1,068,346	\$ 979,097	\$ 800,083	\$ 880,090	\$ 1,008,209	\$ 799,934	\$ 749,936
Contributions as a percentage of covered payroll	43.05 %	57.30 %	52.25 %	46.26 %	48.03 %	61.43 %	41.20 %	2.58 %	22.73 %	23.50 %

* No disclosure was provided on OPEB information as it was considered insignificant to the financial statements.

See the accompanying notes to this schedule.

Greenlee County

SCHEDULE OF CHANGES IN THE COUNTY'S PENSION LIABILITY
AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

June 30, 2025

PSPRS - Sheriff Pension

	Reporting Fiscal Year (Measurement Date)									
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
Total pension liability:										
Service cost	\$ 137,478	\$ 137,453	\$ 153,639	\$ 165,271	\$ 162,687	\$ 181,679	\$ 166,566	\$ 160,116	\$ 171,279	\$ 170,932
Interest on the total pension liability	743,977	690,550	627,663	616,746	527,808	541,988	500,806	415,416	411,203	391,023
Changes of benefit terms								68,497	77,036	
Differences between expected and actual experience in the measurement of the pension liability	528,353	422,282	601,350	(166,643)	925,885	(513,657)	147,053	685,944	(293,002)	(114,998)
Changes of assumptions or other inputs			122,636			92,057		234,218	204,433	
Benefit payments, including refunds of employee contributions	(527,829)	(488,724)	(503,781)	(404,606)	(396,673)	(357,308)	(355,289)	(322,025)	(207,444)	(172,679)
Net change in total pension liability	881,979	761,561	1,001,507	210,768	1,219,707	(55,241)	459,136	1,242,166	363,505	274,278
Total pension liability—beginning	10,459,445	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
Total pension liability—ending (a)	<u>\$11,341,424</u>	<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>
Plan fiduciary net position:										
Contributions—employer	\$ 309,155	\$ 2,219,648	\$ 868,138	\$ 1,804,464	\$ 336,687	\$ 395,675	\$ 238,915	\$ 198,711	\$ 234,075	\$ 165,012
Contributions—employee	55,428	60,401	56,181	71,772	75,402	78,797	76,777	91,411	116,399	103,877
Net investment income	1,005,824	581,476	(292,599)	1,335,140	58,701	232,949	281,707	420,406	20,853	120,579
Benefit payments, including refunds of employee contributions	(527,829)	(488,724)	(503,781)	(404,606)	(396,673)	(357,308)	(355,289)	(322,025)	(207,444)	(172,679)
Hall/Parker settlement							(127,506)			
Administrative expense	(5,790)	(4,857)	(5,285)	(6,316)	(4,788)	(5,042)	(4,988)	(4,120)	(3,401)	(3,316)
Other changes	-	(187)	-	(23,156)	-	(9,931)	55	200,342	(40,326)	(2,680)
Net change in plan fiduciary net position	836,788	2,367,757	122,654	2,777,298	69,329	335,140	109,671	584,725	120,156	210,793
Plan fiduciary net position—beginning	9,933,753	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
Adjustment to beginning of year	-	-	-	-	1	(39)	-	-	-	-
Plan fiduciary net position—ending (b)	<u>\$10,770,541</u>	<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>
County's net pension liability - ending (a) - (b)	\$ 570,883	\$ 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
Plan fiduciary net position as a percentage of the total pension liability	94.97 %	94.97 %	78.02 %	85.59 %	54.99 %	63.26 %	58.21 %	60.51 %	63.48 %	65.58 %
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 net pension liability as a percentage of covered payroll	46.85 %	29.02 %	164.97 %	120.74 %	341.74 %	248.92 %	326.60 %	256.88 %	203.03 %	192.43 %

See the accompanying notes to this schedule.

Greenlee County

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2025

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:

<u>General Fund</u>	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Total Other Financing Sources (Uses)</u>	<u>Fund Balances, July 1, 2024, as restated</u>	<u>Fund Balances, June 30, 2025</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 17,705,987	\$ 17,070,202	\$ 661,715	\$ 24,512,579	\$ 25,810,079
Present value of net minimum capital lease payments	-	(1,136,892)	(360,030)	-	776,862
Activity budgeted as special revenue funds	<u>(585,392)</u>	<u>(488,149)</u>	<u>-</u>	<u>-</u>	<u>(97,243)</u>
Budgetary comparison schedule	<u>\$ 17,120,595</u>	<u>\$ 15,445,161</u>	<u>\$ 301,685</u>	<u>\$ 24,512,579</u>	<u>\$ 26,489,698</u>

Greenlee County

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2025

NOTE 3 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2025, expenditures exceeded the budget amounts at department level (the legal level of budgetary control) as follows:

<u>Fund/Department</u>	<u>Excess</u>
General Fund:	
Board of supervisors	\$ 196,459
County library	3,671
Probation	601
Health Services Fund:	
Public safety	157,926

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

NOTE 4 - ACTUARIALLY DETERMINED CONTRIBUTION RATES

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

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period as of the 2023 actuarial valuation	15 years
Asset valuation method	7-year smoothed market value; 80%/120% corridor

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2025

NOTE 4 - ACTUARIALLY DETERMINED CONTRIBUTION RATES - Continued

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 and CORP. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP.

Retirement age

Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.

Mortality

In the 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2025

NOTE 5 - FACTORS THAT AFFECT TRENDS

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

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

NOTE 6 - EXCESS CONTRIBUTIONS

The County has made additional contributions for the County's Public Safety Personnel Retirement System Plan to pay down its unfunded liability in the amount of \$1,925,962 and \$500,000 during the years ended June 30, 2023 and 2022, respectively.