Greenlee County, Arizona

Basic Financial Statements

Year ended June 30, 2017

Greenlee County, Arizona

ANNUAL FINANCIAL REPORT

Year ended June 30, 2017

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Walker & Armstrong LLP
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

The Auditor General of the State of Arizona

Honorable Board of Supervisors of
Greenlee County, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greenlee County, Arizona ("County") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and aggregate remaining fund information of the County as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 7 through 18, the Budgetary Comparison Schedules on pages 70 through 73, Schedule of the County's Proportionate Share of the Net Pension Liability—Cost-Sharing Pension Plans on page 74-75, Schedule of County Pension Contributions on pages 76 through 77, Schedule of Changes in the County's Net Pension Liability and Related Ratios—Agent Pension Plans on page 78, Schedule of Agent OPEB Plans' Funding Progress on page 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated April 25, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Walker & Armstrong, LLP

Phoenix, Arizona
April 25, 2018

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

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 2017. Please read it in conjunction with the County's basic financial statements, which begin on page 21.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the County exceeded its liabilities and deferred outflows at the close of the most recent fiscal year by $1.4 million (*net position*).
- The County's total net position decreased $1,999,595, which represents a 59 percent decrease from the prior fiscal year, primarily due to increased pension expenses over the prior year charged to general government and public safety.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of $14.4 million, an increase of $119,644 in comparison with the prior year. Approximately 75 percent of this amount **(**$10.7 million**)** is available for spending at the County's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the assigned and unassigned components of fund balance) for the General Fund was $11.3 million, or approximately 84 percent of total General Fund expenditures.
- The County's total outstanding long-term debt increased by $3.0 million during the current fiscal year primarily due to an increase in the liability for pensions.
- The 2017 beginning net position was restated on the financial statements for the change in presentation of the County's Accommodation School fund. The 2016 amounts were not restated for the MD&A presentation to fully reflect the impact of the change.

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.

OVERVIEW OF FINANCIAL STATEMENTS - Continued

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

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

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

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

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

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

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

OVERVIEW OF FINANCIAL STATEMENTS - Continued

The County maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Health Services, and Fair fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 23 through 26 of this report.

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by $1.4 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, 2017 and 2016.

	2017	2016
Current and other assets	$ 15,000,843	$ 14,265,924
Capital assets, net	7,906,922	7,791,362
Total assets, net	22,907,765	22,057,286
Deferred outflows of resources	5,022,091	3,617,893
Long-term liabilities outstanding	24,242,515	21,291,179
Other liabilities	626,132	463,157
Total liabilities	24,868,647	21,754,336
Deferred inflows of resources	1,692,863	1,045,935
Net investment in capital assets	6,692,055	6,322,866
Restricted	1,284,054	958,823
Unrestricted	(6,607,763)	(4,406,781)
Total net position	$ 1,368,346	$ 2,874,908

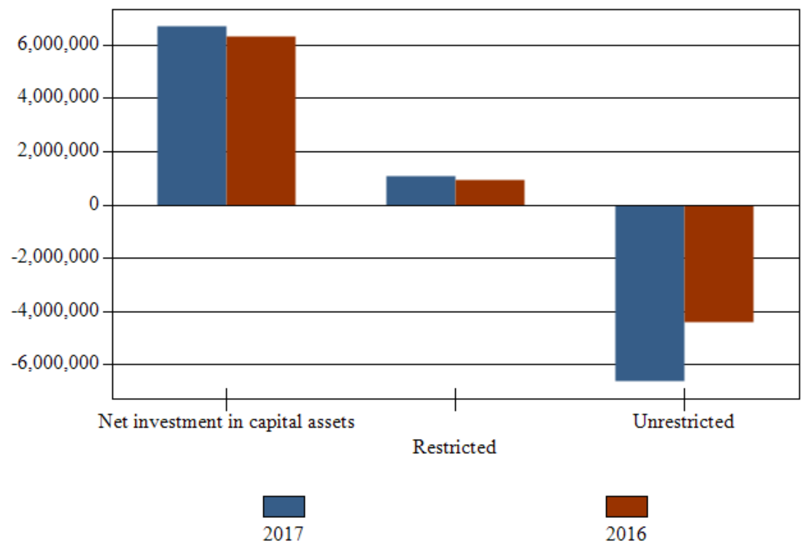
The largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, improvements, machinery, equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide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

At the end of the current fiscal year the County reported positive balances in two categories of net position. Unrestricted net position, which is normally used to meet the County's mission reported a deficit of $6.6 million. The deficit is due to the reporting of pension liabilities in the financial statements. The same situation held true for the prior fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Net Position - Comparison
June 30, 2017 and 2016



During the current fiscal year, net position decreased $2.0 million from the prior fiscal year for an ending balance of $1.4 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, 2017

- The principal retirement of $758,348 of capital leases.
- The inception of $504,719 of capital leases.
- The addition of $3.1 million of pension liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Changes in net position - The County's total revenues for the fiscal year ended June 30, 2017 were $19.5 million. The total cost of all programs and services was $21.5 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2017 and 2016.

Statement of Activities - Governmental Activities

	Year Ended June 30, 2017	2016
Revenues:		
Program revenues:		
Charges for services	$ 840,184	$ 918,454
Operating grants and contributions	4,757,689	5,548,324
General revenues:		
Property taxes	3,831,962	3,955,523
County sales taxes for general purposes	984,583	1,082,154
Other taxes	14,832	14,400
Share of state sales taxes	5,568,109	5,254,023
Share of state vehicle license tax	364,997	524,258
Grants and contributions not restricted to specific programs	2,750,973	2,173,144
Other	380,251	323,294
Total revenues	19,493,580	19,793,574
Expenses:		
General government	9,877,235	9,815,405
Public safety	5,620,108	6,071,747
Highways and streets	2,305,515	2,374,538
Sanitation	341,405	326,744
Health and welfare	2,232,707	2,118,346
Culture and recreation	415,461	385,663
Education	532,537	300,882
Economic developments	124,228	129,573
Interest on long-term debt	43,979	53,675
Total expenses	21,493,175	21,576,573
Change in net position	(1,999,595)	(1,782,999)
Net position, beginning, restated	3,367,941	4,657,907
Net position, ending	$ 1,368,346	$ 2,874,908

The following are significant transactions that have had an impact on the change in net position during the fiscal year ended June 30, 2017.

- Charges for services decreased $78,270 primarily due to decreases in justice court fines and juvenile facility fees from the prior year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

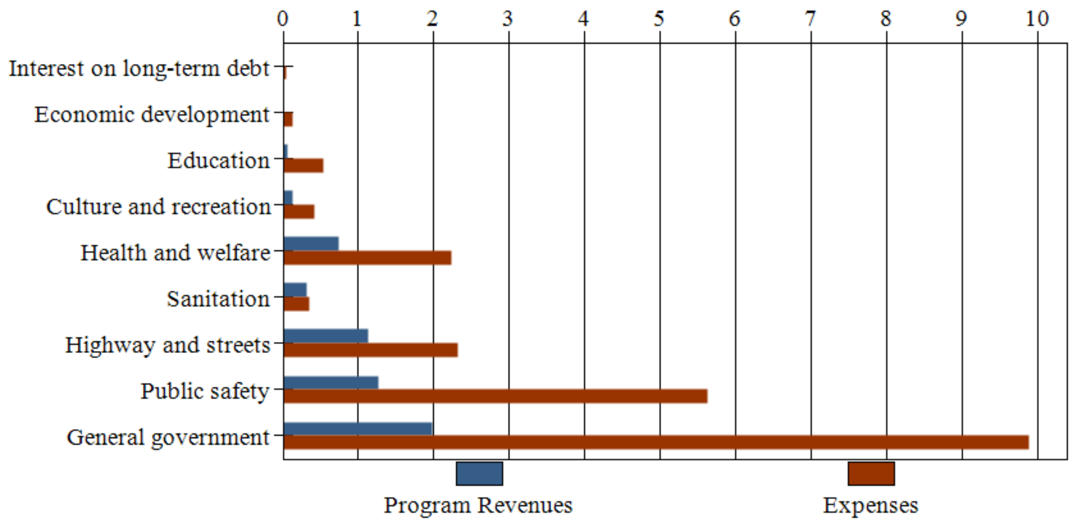
- Operating grants and contributions decreased $790,635 primarily due to decrease in National Forest fees.
- Property taxes decreased by $123,561 due to decrease in the overall property tax levy.
- County sales taxes for general purposes decreased by $97,571 due to decreased mining operations in the County.
- State shared sales tax increased by $314,086 due to an increase in the price of copper.
- Grants and contributions not restricted for specific programs increased $577,829 primarily due to an increase in contributions from the owner and operator of the mine.
- The decrease of $0.5 million in the public safety expenditures was a result of the election of a new sheriff, officers leaving the force, and difficulty in hiring certified officers.
- The increase of $231,655 in the education was mainly due to an inclusion of accommodation school expenditures.

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.

	2017		2016	
Governmental Activities	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
General government	$ 9,877,235	$ (7,906,262)	$ 9,815,405	$ (7,978,236)
Public safety	5,620,108	(4,352,001)	6,071,747	(4,853,760)
Highway and streets	2,305,515	(1,173,169)	2,374,538	(682,643)
Sanitation	341,405	(26,748)	326,744	189,147
Health and welfare	2,232,707	(1,495,544)	2,118,346	(1,444,998)
Culture and recreation	415,461	(297,290)	385,663	(242,880)
Education	532,537	(476,081)	300,882	86,823
Economic development	124,228	(124,228)	129,573	(129,573)
Interest on long-term debt	43,979	(43,979)	53,675	(53,675)
Total	$ 21,493,175	$ (15,895,302)	$ 21,576,573	$ (15,109,795)

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Expenses and Program Revenues - by category (in millions)
Year ended June 30, 2017



- The cost of all governmental activities this year was $21.5 million.

- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of $5.6 million.

- Net cost of governmental activities of $15.9 million was financed by general revenues, which are made up primarily of taxes of $4.8 million, shared state tax revenues of $5.9 million, and grants and contributions not restricted to specific programs of $2.8 million.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

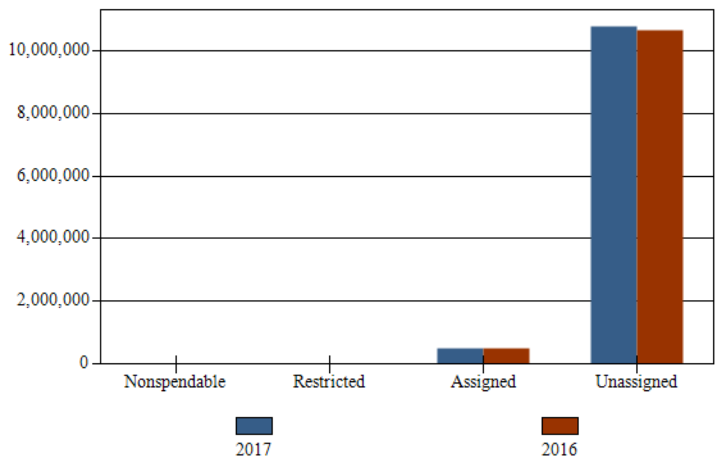
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS - Continued

At June 30, 2017, the County's governmental funds reported a combined fund balance of $14.4 million, an increase of $119,644 in comparison with the prior year. Approximately 75 percent of this amount ($10.7 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 ($1,284,054) or (2) assigned for particular purposes ($2,358,263).

Components of Fund Balance - General Fund
June 30, 2017 and 2016

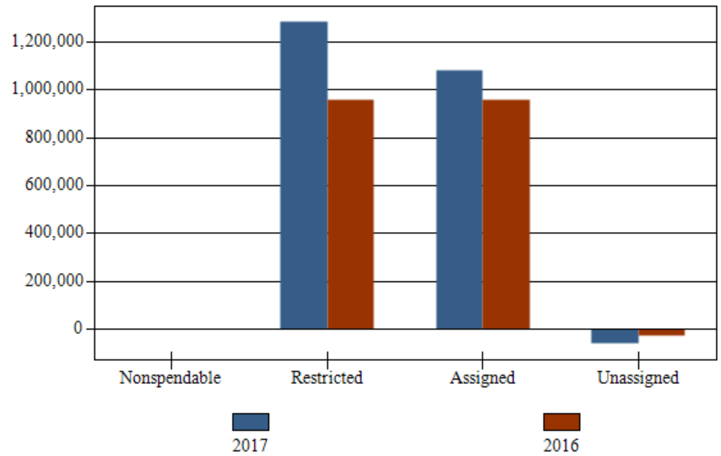


The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $10.8 million, while total fund balance increased to $11.3 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 81 percent of total General Fund expenditures, while total fund balance represents approximately 84 percent of that same amount.

The fund balance of the County's General Fund increased $160,422 during the current fiscal year. The increase was due primarily to a increase in intergovernmental revenues.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS - Continued

Components of Fund Balance - Other Governmental Funds
June 30, 2017 and 2016



The Health Services Fund, a major fund, had an increase in fund balance during the current year of $28,412 to bring the year end fund balance to $787,624. The Health Services Fund revenues decreased by $86,663, and expenditures increased $284,439. The decrease in revenues can be attributed to an decrease in property taxes. In addition, the increase in fund balance is due to an increase in the amount of funds transferred in from the General Fund.

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 exceeded estimates by $427,741 due to the increase in state shared sales tax revenues.
- Charge for service revenues exceeded estimates by $154,150 due to the increase in Garcia restitution, a one-time charge received for County's courts.
- Contingency expenditures were $209,403 more than budgeted, due to the refund of PSPRS/EORP excess contributions paid out during the fiscal year.
- Public safety – probation expenditures were $387,076 less than budgeted, and public safety – sheriff expenditures were $475,517 less than budgeted due to staffing vacancies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets - The County's investment in capital assets as of June 30, 2017 totaled $1.3 million (net of accumulated depreciation). This investment includes land, infrastructure, buildings, improvements, machinery, equipment, and construction in progress. The total increase in capital assets for the current fiscal year was approximately 1 percent.

The following schedule presents a summary of capital asset balances (net of accumulated depreciation) as of June 30, 2017 and 2016.

	2017	2016
Land	$ 252,776	$ 233,654
Infrastructure	588,966	241,973
Land improvements	1,221,532	1,406,224
Buildings and improvements	1,434,643	1,580,262
Machinery and equipment	3,806,613	3,888,549
Construction in progress	602,392	440,700
Total capital assets, net	$ 7,906,922	$ 7,791,362

Major capital asset events during the current fiscal year included South Annex Project, vehicles and equipment for the Sheriff and Public works departments totaling $1.7 million and total depreciation expense for the year of $1.5 million.

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

Long-term debt - At the end of the current fiscal year, the County had $1.2 million in capital lease long-term debt outstanding, with $707,483 due within one year. This represents a net decrease of $253,629 due to the inception of $504,719 in new leases offset by the principal payments totaling $758,348.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In fiscal year 2017, the General Fund budget was .22% higher than the previous year and the total budget exceeded the previous year's budget by.77%. The County assessed valuation decreased by $41 million. The primary property tax rate increased by .0545 cents while the tax rates for the Flood Control District decreased by .1408 cents and the Public Health Services District remained the same at .25 cents. The County once again continued to absorb the cost shifts enacted by the State legislature without a reduction in services. State shared sales/severance tax came in higher than anticipated due to an increase in spending at the mine and the increase in the price of copper.

For fiscal year 2018, the County adopted a budget of 3.25 percent increase in the General Fund expenditures and a 4.75 percent overall increase in expenditures. The County continues to use conservative revenue projections to ensure a sustainable budget.

CONTACTING THE COUNTY’S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

Greenlee County, Arizona

STATEMENT OF NET POSITION

June 30, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 13,681,570
Property taxes receivable	18,989
Accounts receivable	43,611
Due from governmental entities	1,012,382
Other assets	244,291
Capital assets, non-depreciable	855,168
Capital assets, depreciable (net)	7,051,754
Total assets	22,907,765
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	5,022,091
LIABILITIES	
Accounts payable	333,238
Accrued payroll and employee benefits	222,894
Unearned revenues	70,000
Noncurrent liabilities	
Due within 1 year	1,187,345
Due in more than 1 year	23,055,170
Total liabilities	24,868,647
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,692,863
NET POSITION	
Net investment in capital assets	6,692,055
Restricted for:	
Information systems	49,302
Judicial activities	645,101
Law enforcement activities	337
Jail facilities and operations	39,655
Waste tire program	117,586
Fair and racing program	16,805
Airport improvements	36,592
Roads and schools	378,676
Unrestricted (deficit)	(6,607,763)
Total net position	$ 1,368,346

See accompanying notes to financial statements.

Greenlee County, Arizona

STATEMENT OF ACTIVITIES

Year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:				
General government	$ 9,877,235	$ 211,139	$ 1,759,834	$ (7,906,262)
Public safety	5,620,108	232,589	1,035,518	(4,352,001)
Highways and streets	2,305,515		1,132,346	(1,173,169)
Sanitation	341,405	312,387	2,270	(26,748)
Health and welfare	2,232,707	17,042	720,121	(1,495,544)
Culture and recreation	415,461	54,903	63,268	(297,290)
Education	532,537	12,124	44,332	(476,081)
Economic development	124,228			(124,228)
Interest on long-term debt	43,979			(43,979)
Total governmental activities	$ 21,493,175	$ 840,184	$ 4,757,689	(15,895,302)

General revenues:	
Taxes:	
Property taxes, levied for general purposes	2,612,860
Property taxes, levied for public health services	1,050,346
Property taxes, levied for flood control	168,756
County sales taxes for general purposes	984,583
Other taxes	14,832
State shared sales tax	5,568,109
State shared vehicle license tax	364,997
Grants and contributions not restricted to specific programs	2,750,973
Investment earnings	18,780
Gain on disposal of capital assets	166,739
Miscellaneous	194,732
Total general revenues	13,895,707
Change in net position	(1,999,595)
Net position, July 1, 2016, restated	3,367,941
Net position, June 30, 2017	$ 1,368,346

See accompanying notes to financial statements.

Greenlee County, Arizona

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2017

	General Fund	Health Services Fund	Fair Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 10,527,922	$ 719,539	$ 33,507	$ 2,400,602	$ 13,681,570
Property taxes receivable	13,014	4,780		1,195	18,989
Accounts receivable	43,611				43,611
Due from governmental entities	696,434	130,405	40,000	145,543	1,012,382
Due from other funds	151,251				151,251
Other assets	244,291				244,291
Total assets	$ 11,676,523	$ 854,724	73,507	$ 2,547,340	$ 15,152,094
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 219,702	$ 39,728	$ 3,238	$ 70,570	$ 333,238
Accrued payroll and employee benefits	149,071	23,014	1,959	48,850	222,894
Unearned revenue				70,000	70,000
Due to other funds			103,914	47,337	151,251
Total liabilities	368,773	62,742	109,111	236,757	777,383
Deferred inflows of resources:					
Unavailable revenues - property taxes	11,887	4,358		1,068	17,313
Total deferred inflows of resources	11,887	4,358		1,068	17,313
Fund balances (deficits):					
Restricted				1,284,054	1,284,054
Assigned	487,126	787,624		1,083,513	2,358,263
Unassigned	10,808,737		(35,604)	(58,052)	10,715,081
Total fund balances (deficits)	11,295,863	787,624	(35,604)	2,309,515	14,357,398
Total liabilities, deferred inflows of resources, and fund balances	$ 11,676,523	$ 854,724	$ 73,507	$ 2,547,340	$ 15,152,094

See accompanying notes to financial statements.

Greenlee County, Arizona

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

June 30, 2017

Fund balances - total governmental funds		$ 14,357,398
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	$ 28,265,883	
Less accumulated depreciation	(20,358,961)	7,906,922
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	5,022,091	
Deferred inflows of resources related to pensions	(1,692,863)	3,329,228
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the funds		17,313
Some liabilities, including capital leases, compensated absences, and net pension liabilities are not due and payable in the current period and therefore, are not reported in the funds.		
Capital leases payable	(1,214,867)	
Compensated absences payable	(403,986)	
Claims and judgments	(90,520)	
Landfill closure and postclosure care costs payable	(1,214,835)	
Net pension liability	(21,318,307)	(24,242,515)
Net position of governmental activities		$ 1,368,346

See accompanying notes to financial statements.

Greenlee County, Arizona

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year ended June 30, 2017

	General Fund	Health Services Fund	Fair Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 2,612,860	$ 1,050,346		$ 168,756	$ 3,831,962
Taxes	984,583			14,832	999,415
Licenses and permits	4,413				4,413
Intergovernmental	8,242,741	719,659	$ 40,000	2,677,816	11,680,216
Charges for services	568,062	10,935	54,903	109,820	743,720
Fines and forfeits	92,066				92,066
Investment income	14,901	796	34	3,049	18,780
Contributions	1,802,270				1,802,270
Miscellaneous	85,909	35,111	26,804	46,908	194,732
Total revenues	14,407,805	1,816,847	121,741	3,021,181	19,367,574
EXPENDITURES					
Current:					
General government	6,728,924			270,417	6,999,341
Public safety	3,569,572	145,680		1,523,053	5,238,305
Highways and streets	87,389			1,608,009	1,695,398
Sanitation	285,377				285,377
Health and welfare	252,413	1,915,118		6,000	2,173,531
Culture and recreation	91,626		280,466	24,154	396,246
Education	259,932			273,508	533,440
Economic development	123,780				123,780
Capital outlay	1,247,042	65,112	2,690	190,060	1,504,904
Debt service:					
Principal retirement	723,129	35,219			758,348
Interest and fiscal charges	43,597	382			43,979
Total expenditures	13,412,781	2,161,511	283,156	3,895,201	19,752,649
Excess (deficiency) of revenues over (under) expenditures	995,024	(344,664)	(161,415)	(874,020)	(385,075)
OTHER FINANCING SOURCES (USES)					
Capital lease agreements	504,719				504,719
Transfers in	8,313	373,076	100,000	891,634	1,373,023
Transfers out	(1,347,634)			(25,389)	(1,373,023)
Total other financing sources (uses)	(834,602)	373,076	100,000	866,245	504,719
Net change in fund balances	160,422	28,412	(61,415)	(7,775)	119,644
Fund balances (deficits), beginning of year, restated	11,135,441	759,212	25,811	2,317,290	14,237,754
Fund balances (deficits), end of year	$ 11,295,863	$ 787,624	$ (35,604)	$ 2,309,515	$ 14,357,398

See accompanying notes to financial statements.

Greenlee County, Arizona

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

Year ended June 30, 2017

Net change in fund balances - total governmental funds		$ 119,644
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	$ 1,478,892	
Depreciation expense	(1,530,071)	(51,179)
Collections of revenues in the governmental funds exceeded revenues reported in the statement of activities.		(40,733)
In the statement of activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.		
Net book value of capital assets traded in		166,739
Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the County's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pension, is reported in the Statement of Activities.		
Pension expense	(3,503,115)	
Current year pension contributions	1,134,952	(2,368,163)
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	758,348	
Capital leases	(504,719)	253,629
Under the modified accrual basis accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when the financial resources are available.		
Decrease in compensated absences	63,419	
Increase in claims and judgments	(90,520)	
Increase in landfill closure and postclosure care costs	(52,431)	(79,532)
Change in net position of governmental activities		$ (1,999,595)

See accompanying notes to financial statements.

Greenlee County, Arizona

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2017

	Investment Trust	Agency
ASSETS		
Cash and cash equivalents	$ 6,317,350	$ 51,402
Total assets	6,317,350	51,402
LIABILITIES		
Deposits held for others		51,402
Total liabilities		$ 51,402
NET POSITION		
Held in trust for investment trust participants	$ 6,317,350	

See accompanying notes to financial statements.

Greenlee County, Arizona

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year ended June 30, 2017

		Investment Trust
ADDITIONS:		
Investment income	$	8,440
Contributions		25,106,053
Total additions		25,114,493
DEDUCTIONS:		
Distributions to participants		25,232,149
Total deductions		25,232,149
Change in net position		(117,656)
Net position, beginning of year, restated		6,435,006
Net position, end of year	$	6,317,350

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 three County supervisors governs. The accompanying financial statements present the activities of the County (the primary government) and its component units.

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

The following table describes the County's component units:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

B. Basis of Presentation

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

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

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses to programs or functions. Program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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:

General Fund **-** This fund accounts for all financial resources of the County, except those required to be accounted for in other funds.

Health Services - This 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.

Fair Fund - This fund accounts for monies available from the grants and charges to be used for the Greenlee County Fair and other events at the County Fairgrounds.

Additionally, the County reports the following fiduciary funds:

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

Agency Fund - This fund accounts for assets the County holds as an agent for other parties.

C. Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

D. Cash and Investments

All investments are stated at fair value.

E. Property Tax Calendar

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

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

F. Capital Assets

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

G. Deferred Outflows and Inflows of Resources

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

H. Pensions

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

I. Fund Balance Classifications

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on the use of 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

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

J . Investment Earnings

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

K. Compensated Absences

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

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

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

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

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

L. Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances - At June 30, 2017, the following major and non-major funds reported deficits in fund balance:

Fund	Deficit
Major Governmental Fund:	
Fair Fund	$ 35,604
Non-Major Governmental Funds:	
Superior court clerk	4,205
Detention center education	752
Victim's rights & assistance	2,923
Sheriff - Stonegarden	186
Drug gang & violent crime	6,156
Greenlee Graham Field Trainer	9,462
Superior court clerk	32
Probation - General Fund	29,323
Probation - State aid enhancement	2,989
Probation - Juvenile standard probation	384
Probation - Judicial collection enhancement fund	1,640

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.

Expenditures in Excess of Appropriations - For the fiscal year ended June 30, 2017, expenditures exceeded final budget amounts in the General Fund at the department level (the legal level of budgetary control) as follows:

Department	Excess
Contingency	$ 209,403
Public fiduciary	9,711
Recorder	457
Emergency services	53,430
Health and welfare	13
County library	219

The County will more closely monitor expenditures to ensure the appropriated budget is not exceeded. The excesses were primarily the result of unexpected expenditures and expenditures made as a result of unanticipated revenue, or both. Nonetheless, the County’s total expenditures on a budgetary basis did not exceed budgeted appropriations. The County uses conservative budgeting practices and encourages departments to stay within their adopted budget amounts. Each year, the County bases the adopted budget amounts on these conservative current and budget year projections and past historical trends. Any excesses of appropriations are discussed with department heads to determine whether or not adjustments will be made in future budgets.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

In addition, the County requires all capital expenditures to be brought back to the Board for approval regardless if they were included in the budget. This allows the County to continuously review the availability of funds for all purchases throughout the year.

NOTE 3 - DEPOSITS AND INVESTMENTS

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, 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.

<u>Credit Risk</u> - 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. Bonds, debentures, notes and other evidences of indebtedness that are denominated in the United States dollars must be rated "A" or better, at the time of purchase by at least two nationally recognized rating agencies.

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

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

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

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Deposits - At June 30, 2017, the carrying amount of the County's deposits was $20,024,777 and the bank balance was $20,827,419.

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

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

Cash and Deposits	
Cash on hand	$ 25,545
Amount of deposits	20,024,777
Total	$20,050,322
Statements of Net Position	
Governmental activities	$13,681,570
Investment Trust Fund	6,317,350
Agency Fund	51,402
Total	$20,050,322

NOTE 4 - RECEIVABLES

Amounts due from governmental entities at June 30, 2017, as reported in the Statement of Net Position, include $89,160 in Highway User Revenues, $23,381 in state shared auto lieu taxes, $103,402 in County sales tax, $554,923 in state shared sales tax, $13,973 in County jail tax and $227,543 in grants and assistance.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows.

Governmental activities:	July 1, 2016	Increases	Decreases	June 30, 2017
Capital assets not being depreciated:				
Land	$ 233,654	$ 19,122		$ 252,776
Construction in progress	440,700	517,224	$ (355,532)	602,392
Total capital assets not being depreciated	674,354	536,346	(355,532)	855,168
Capital assets being depreciated:				
Land improvements	5,318,000	46,719	(3,887)	5,360,832
Infrastructure	262,266	355,532		617,798
Buildings and improvements	8,818,837	63,829		8,882,666
Machinery and equipment	11,949,558	1,075,402	(475,541)	12,549,419
Total	26,348,661	1,541,482	(479,428)	27,410,715
Less accumulated depreciation for:				
Land improvements	(3,911,776)	(229,046)	1,522	(4,139,300)
Infrastructure	(20,293)	(8,539)		(28,832)
Buildings and improvements	(7,238,575)	(209,448)		(7,448,023)
Machinery and equipment	(8,061,009)	(1,083,038)	401,241	(8,742,806)
Total	(19,231,653)	(1,530,071)	402,763	(20,358,961)
Total capital assets being depreciated, net	7,117,008	11,411	(76,665)	7,051,754
Governmental activities capital assets, net	$ 7,791,362	$ 547,757	$ (432,197)	$ 7,906,922

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 754,161
Public safety	170,392
Highways and streets	564,505
Health and welfare	21,350
Culture and recreation	19,215
Economic development	448
Total	$ 1,530,071

NOTE 6 - LINE OF CREDIT

The County maintains a revolving line of credit with Zions First National Bank to cover cash flow needs. This line of credit has a $2,500,000 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. 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, 2017. 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, 2017:

	Beginning Balance	Drawdowns	Principal Payments	Ending Balance	Interest Payments
Governmental Activities	$	$ 31,877	$ 31,877	$	$ 28
Investment Trust Fund		5,269,499	5,269,499		15,574
Total	$	$5,301,376	$5,301,376	$	$ 15,602

NOTE 7 - LONG-TERM LIABILITIES

The following schedule details the County's long-term liability and obligation activity for the fiscal year ended June 30, 2017:

	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017	Due Within One Year
Governmental activities:					
Capital leases payable	$ 1,468,496	$ 504,719	$ 758,348	$ 1,214,867	$ 707,483
Compensated absences payable	467,405	473,979	537,398	403,986	385,580
Claims and judgments		90,520		90,520	90,520
Landfill closure and postclosure care costs payable	1,162,404	52,431		1,214,835	3,762
Net pension liability	18,192,874	3,125,433		21,318,307	
Total	$21,291,179	$4,247,082	$1,295,746	$ 24,242,515	$ 1,187,345

NOTE 7 - LONG-TERM LIABILITIES - Continued

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

The assets acquired through capital leases are as follows:

Assets:	
Vehicles, furniture, and equipment	$ 4,106,832
Less accumulated depreciation	(1,569,550)
Carrying value	$ 2,537,282

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2017, were as follows:

Year ending June 30:	
2018	$ 732,871
2019	236,864
2020	145,686
2021	119,456
2022	27,345
Total minimum payments required	1,262,222
Less amount representing interest	(47,355)
Present value of minimum lease payments	$ 1,214,867

Capital lease debt service payments are paid out of the General and Health Services Funds.

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

NOTE 7 - LONG-TERM LIABILITIES - Continued

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The $1,214,835 reported as landfill closure and postclosure care liability at June 30, 2017, represents the cumulative amount reported to date based on the use of 76.49% of the estimated capacity of the landfills less expenditures already paid as follows:

Landfill	Estimated Capacity Used to Date
Blue	100%
Loma Linda	84%
Loma Linda Construction and Demolition	64%

The County will recognize the remaining estimated cost of closure and post closure care of $373,299 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2017. The County expects to close the Loma Linda Landfill in or after the year 2025 and expects to close the Loma Linda Construction and Demolition Landfill in or after the year 2025. The actual costs differ due to landfill expansions, inflation, changes in technology, or changes in regulations. The estimated remaining service life for each is 8 years. The Blue Landfill was closed in March 2006.

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

<u>Compensated Absences</u> **-** Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2017, the County paid for compensated absences as follows: 65 percent from the general fund, 10 percent from major funds, and 25 percent from other funds.

<u>Claims and Judgments</u> - The County estimated approximately $90,520 of claims and judgments as of June 30, 2017, to refund excess contributions, plus interest, previously made by the County's PSPRS and EORP members.

NOTE 8 - FUND BALANCE CLASSIFICATIONS OF THE GOVERNMENTAL FUNDS

The fund balance classifications of the governmental funds as of June 30, 2017, were as follows:

	General Fund	Health Services Fund	Fair Fund	Non-Major Governmental Funds	Total
Fund balances (deficits):					
Restricted for:					
Information systems				$ 49,302	$ 49,302
Judicial activities				645,101	645,101
Law enforcement				337	337
Jail facilities and operations				39,655	39,655
Waste tire program				117,586	117,586
Fair and racing program				16,805	16,805
Airport improvement				36,592	36,592
Roads and schools				378,676	378,676
Total restricted				1,284,054	1,284,054
Assigned to:					
Information systems	$ 292			79,458	79,750
Judicial activities	129,087			154,960	284,047
Law enforcement	2,646			25,864	28,510
Jail facilities and operations				339	339
Public health services	129	$ 787,624		84,111	871,864
Landfill closure and development	328,641				328,641
Highways and streets				503,046	503,046
Wellness program	26,331				26,331
Flood control				220,587	220,587
Waste tire program				14,783	14,783
Environmental programs				365	365
Total assigned	487,126	787,624		1,083,513	2,358,263
Unassigned	10,808,737		$ (35,604)	(58,052)	10,715,081
Total fund balances (deficits)	$11,295,863	$ 787,624	$ (35,604)	$ 2,309,515	$14,357,398

NOTE 9 - RISK MANAGEMENT

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

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 12 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium, based on its exposure in relation to the exposure of the other participants, and a deductible of $5,000 per occurrence for property claims and $1,500 per occurrence for liability claims. The County is also responsible for any payments in excess of the maximum coverage of $300 million per occurrence for property claims and $15 million per occurrence for liability claims. However, lower limits apply to certain categories of losses. A county must participate in the pool at least three years after becoming a member; however, it may withdraw after the initial three-year period.

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 12 member counties. The pool provides member counties with workers' compensation coverage, as the law requires, and risk management services. The County is responsible for paying a premium, based on an experience-rating formula that allocates pool expenditures and liabilities among the members.

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

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

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

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

At June 30, 2017, 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		
Net pension liabilities	$	21,318,307
Deferred outflows of resources		5,022,091
Deferred inflows of resources		1,692,863
Pension expense		3,503,115

The County's accrued payroll and employee benefits includes $16,239 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2017.

The County reported $1,134,952 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

A. Arizona State Retirement System

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

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

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

*With actuarially reduced benefits.

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

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended, June 30, 2017, statutes required active ASRS members to contribute at the actuarially determined rate of 11.48 percent (11.34 percent for retirement and 0.14 percent for long-term disability) of the members' annual covered payroll and statutes required the County to contribute at the actuarially determined rate of 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members' annual covered payroll. Greenlee County, Arizona's contributions to the pension plan for the year ended June 30, 2017 were $626,542.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The County's contributions for the current and two preceding years for the Arizona State Retirement System OPEB, all of which were equal to the required contributions, were as follows:

ASRS Year ended June 30,	Health Benefit Supplement Fund	Long-Term Disability Fund
2017	$ 25,309	$ 6,074
2016	26,559	6,374
2015	28,259	5,748

During fiscal year 2017, the County paid for ASRS pension and OPEB contributions as follows: 62 percent from the General Fund, 15 percent from major funds, and 23 percent from other funds.

Pension Liability - At June 30, 2017, the County reported a liability of $9,127,738 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The total pension liability as of June 30, 2016 reflects a change in the actuarial assumption for a decrease in loads for future potential permanent benefit increases.

The County's proportion of the net pension liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions. The County's proportion measured as of June 30, 2016 was 0.05 percent, which was the same proportion as in the prior year.

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2017, the County recognized pension expense for ASRS of $820,159 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 55,468	$ 627,922
Changes of assumptions or other inputs		482,930
Net difference between projected and actual earnings on pension plan investments	989,143	
Changes in proportion and differences between County contributions and proportionate share of contributions	470,207	1,480
County contributions subsequent to the measurement date	626,542	
Total	$ 2,141,360	$ 1,112,332

The $626,542 reported as deferred outflows of resources related to ASRS pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30,	
2018	$ (132,440)
2019	(169,019)
2020	426,593
2021	277,352

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

ASRS	
Actuarial valuation date	June 30, 2015
Actuarial roll forward date	June 30, 2016
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3–6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.75 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

ASRS Asset Class	Target Allocation	Long-Term Arithmetic Real Rate of Return
Equity	58%	6.73%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Multi asset	5%	3.41%
Commodities	2%	3.84%
Total	100%	

Discount Rate - The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.75 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents Greenlee County, Arizona's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

ASRS	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
County's proportionate share of the net pension liability	$ 11,638,559	$9,127,738	$ 7,114,609

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

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

Plan Descriptions - The County's Sheriff employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan. 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, and Article 4.

Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP). The CORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan. The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

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

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

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

PSPRS	Initial membership date: Before January 1, 2012	On or after January 1, 2012
Retirement and Disability:		
Years of service and age required to receive benefit	20 years, any age 15 years, age 62	25 years, 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%	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	

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

CORP	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	Sum of years and age equals 80 25 years, any age 10 years, age 62	25 years, age 52.5 10 years, age 62
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	2.0% to 2.5% per year of credited service, not to exceed 80%	
Accidental disability retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service
Total and permanent disability retirement	50% or normal retirement if more than 25 years of credited service	
Ordinary Disability Retirement	2.5% per year of credited service	
Survivor Benefit:		
Retired Members	80% of retired member’s pension benefit	
Active Members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.	

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

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Employees Covered by Benefit Terms - At June 30, 2017, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS - Sheriff
Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	5
Active employees	15
Total	25

Contributions and Annual OPEB Cost - State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2017, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS - Sheriff	CORP AOC
Active members – pension:		
PSPRS members with an initial date on or before July 19, 2011		
July 2016 through April 15, 2017	11.65%	n/a
April 16, 2017 through June 2017	7.65%	n/a
PSPRS members with an initial membership date after July 19, 2011, and all CORP members	11.65%	8.41%
Greenlee County		
Pension	23.55%	20.08%
Health insurance premium benefit	0.0%	0.80%

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

For the agent plan, the contributions to the pension plan for the year ended June 30, 2017 were:

	PSPRS - Sheriff
Pension	
Contributions made	$ 253,830

Contributions to the CORP AOC pension plan for the year ended June 30, 2017 were $72,717. The County's contributions for the current and two preceding years for the CORP AOC OPEB, all of which were equal to the required contributions, were as follows:

CORP AOC	Health Insurance Fund
Year ending June 30,	
2017	$ 2,897
2016	681
2015	2,163

During the fiscal year 2017, the County paid for PSPRS and CORP pension and OPEB contributions as follows: 73 percent from the General Fund, and 27 percent from other non-major funds.

Pension Liability - At June 30, 2017, Greenlee County, Arizona reported the following net pension liabilities:

	Net pension liability
PSPRS - Sheriff	$ 2,052,624
CORP - AOC	728,597

The net pension liabilities were measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The total pension liabilities as of June 30, 2016, reflect the following changes of benefit terms and actuarial assumptions.

- In May 2016, voters approved Proposition 124 that authorized certain statutory adjustments to PSPRS' automatic cost of living adjustments. The statutory adjustments change the basis for future cost of living adjustments from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

- Laws 2016, Chapter 2, changed the benefit formula and contribution requirements for members hired on or after July 1, 2017.

- The investment rate of return actuarial assumption was decreased from 7.85 percent to 7.50 percent for PSPRS and CORP plans.

The net pension liabilities as of June 30, 2017, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the five-year period ended June 30, 2016. The change in the County's net pension liabilities as a result of these changes is not known.

Pension 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, 2016
Actuarial cost method	Entry age normal
Discount rate	7.50%
Projected salary increases	4.0% - 8.0% for PSPRS and 4.0% - 7.25% for CORP
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2011.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.50 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 arithmetic 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 arithmetic real rate of return
Short term investments	2%	0.75%
Absolute return	5%	4.11%
Risk parity	4%	5.13%
Fixed income	7%	2.92%
Real assets	8%	4.77%
GTAA	10%	4.38%
Private equity	11%	9.50%
Real estate	10%	4.48%
Credit opportunities	13%	7.08%
Non-U.S. equity	14%	8.25%
U.S.equity	16%	6.23%
Total	100%	

Pension Discount Rates - At June 30, 2016, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.50 percent, which was a decrease of 0.35 from the discount rate used as of June 30, 2015. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Changes in the Agent Plan's Net Pension Liability: PSPRS - Sheriff

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) - (b)
Balances at June 30, 2016	$ 5,256,336	$ 3,447,061	$ 1,809,275
Changes for the year:			
Service cost	171,279		171,279
Interest on the total pension liability	411,203		411,203
Changes of benefit terms	77,036		77,036
Differences between expected and actual experience in the measurement of the pension liability	(293,002)		(293,002)
Changes of assumptions or other inputs	204,433		204,433
Contributions - employer		234,075	(234,075)
Contributions - employee		116,399	(116,399)
Net investment income		20,853	(20,853)
Benefit payments, including refunds or employee contributions	(207,444)	(207,444)	
Administrative expense		(3,401)	3,401
Other changes		(40,326)	40,326
Net changes	363,505	120,156	243,349
Balances at June 30, 2017	$ 5,619,841	$ 3,567,217	$ 2,052,624

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, 2016. The County's proportion measured as of June 30, 2016, was .2582270 percent, which was a decrease of .003037 percent from its proportion measured as of June 30, 2015.

Sensitivity of the 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 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
PSPRS - Sheriff			
Net pension liability	$ 2,744,655	$ 2,052,624	$ 1,478,166
CORP - AOC			
County's proportionate share of net pension liability	$ 936,403	$ 728,597	$ 556,958

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

Pension Expense - For the year ended June 30, 2017, the County recognized the following pension expense:

	Pension expense
PSPRS - Sheriff	$ 418,807
CORP - AOC	100,429

Pension Deferred Outflows/Inflows of Resources - At June 30, 2017, Greenlee County, Arizona reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS - Sheriff	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,806	$ 324,779
Changes of assumptions or other inputs	457,209	
Net difference between projected and actual earnings on pension plan investments	221,406	
County contributions subsequent to the measurement date	253,830	
Total	$ 941,251	$ 324,779

CORP - AOC	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,493	$ 36,689
Changes of assumptions or other inputs	98,893	
Net difference between projected and actual earnings on pension plan investments	55,022	
Changes in proportion and differences between County contributions and proportionate share of contributions	5,121	42,117
County contributions subsequent to the measurement date	72,717	
Total	$ 247,246	$ 78,806

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	PSPRS - Sheriff	CORP - AOC
2018	$ 102,433	$ 28,053
2019	102,435	28,053
2020	134,288	25,733
2021	46,907	12,972
2022	(19,548)	912
Thereafter	(3,873)	

Agent Plan OPEB Actuarial Assumptions **-** The health insurance premium benefit contribution requirements for the year ended June 30, 2017, were established by the June 30, 2015, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

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

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

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The following actuarial methods and assumptions were used to establish the fiscal year 2017 contribution requirements:

PSPRS - OPEB contribution requirements	
Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	level percent closed for unfunded actuarial accrued liability open for excess
Remaining amortization period	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Seven-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.0% - 8.0%
Inflation	4.0%

Agent Plan OPEB Trend Information - The table below presents the annual OPEB cost information for the health insurance premium benefit for the current and two preceding years:

PSPRS - Sheriff	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
Year ending June 30,			
2017	$ 0	100%	$ 0
2016	0	100	0
2015	12,381	100	0

Agent Plan OPEB Funded Status - The health insurance premium benefit plan's funded status as of the most recent actuarial valuation date, June 30, 2016, was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

The following table presents the funded status of the health insurance premium benefit plans as of the most recent valuation date, June 30, 2016.

Actuarial value of assets	$ 260,979
Actuarial accrued liability	102,763
Unfunded actuarial accrued liability (funding excess)	(158,216)
Funded ratio	254.0 %
Annual covered payroll	899,577
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	(17.59)%

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The actuarial methods and assumptions used for the most recent valuation date are as follows:

PSPRS - funded status	
Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	level percent closed for unfunded actuarial accrued liability open for excess
Remaining amortization period	20 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Seven-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	4.0% - 8.0%
Inflation	4.0%

C. Elected Officials Retirement Plan

Plan Description - Elected officials and judges participate in the Elected Officials Retirement Plan (EORP), ASRS, or the Elected Officials Defined Contribution Retirement System (EODCRS). EORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. This plan was 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.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

EORP	Initial membership date: Before January 1, 2012	On or after January 1, 2012
Retirement and Disability:		
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 5 years, any age* any years and age if disabled	10 years, age 62 5 years, age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal Retirement	4% per year of credited service, not to exceed 80%	3% per year of credited service, not to exceed 75%
Disability retirement	80% with 10 or more years of service	75% with 10 or more years of service
	40% with 5 to 10 years of service	37.5% with 5 to 10 years of service
	20% with less than 5 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 excess investment earning. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase’s effect on the plan.

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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, 2017, statute required active EORP members with an initial membership date on or before July 19, 2011, to contribute 13 percent of the members' annual covered payroll for July 2016 through April 15, 2017 and 7 percent of the members' annual covered payroll for April 16, 2017 through June 2017. Statute required active EORP members with an initial membership date after July 19, 2011, to contribute 13 percent of the members' annual covered payroll and the County to contribute 23.5 percent of an active EORP members' annual covered payroll. Also, statute required the County to contribute 12.16 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 17.50 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. In addition, statute required the County to contribute 23.5 percent of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the EORP would typically fill. The County's contributions to the pension plan for the year ended June 30, 2017 were $181,863. During fiscal year 2017, the County's General fund paid the EORP contributions. No OPEB contributions were required or made for the years ended June 30, 2015, 2016 and 2017**.**

Pension Liability - At June 30, 2017, the County reported a liability for its proportionate share of the net pension liability of the EORP 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	$ 9,409,348
State's proportionate share of the EORP net pension liability associated with the County	1,942,787
Total	$ 11,352,135

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2016, reflects a decrease in the investment rate of return actuarial assumption from 7.85 percent to 7.50 percent.

The County's proportion of net pension liability was based on the County's actual contributions for the year ended June 30, 2016. The County's proportion measured as of June 30, 2016, was .99 percent, which was an increase of .05 percent from its proportion measured as of June 30, 2015.

The collective net pension liability measured as of June 30, 2017, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the five year period ended June 30, 2016. The change in the County's proportionate share of the collective net pension liability as a result of these changes are not known.

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2017, the County recognized pension expense for EORP of $2,163,720 and revenue of $518,432 for the County’s proportionate share of the State’s appropriation to EORP and the designated court fees. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EORP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$ 176,946
Changes of assumptions or other inputs	$ 1,056,436	
Net difference between projected and actual earnings on pension plan investments	217,967	
Changes in proportion and differences between County contributions and proportionate share of contributions	235,968	
County contributions subsequent to the measurement date	181,863	
Total	$ 1,692,234	$ 176,946

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The $181,863 reported as deferred outflows of resources related to EORP pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year ending June 30,	
2018	$ 908,556
2019	302,002
2020	79,205
2021	43,662

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

EORP	
Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Investment rate of return	7.50%
Projected salary increases	4.25%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table projected to 2025 with projection scale AA

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the 5 year period ended June 30, 2011.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.50 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 arithmetic real rates of return for each major asset class for all pension plans are summarized in the following table:

NOTE 10 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

EORP Asset Class	Target Allocation	Long-term expected arithmetic real rate of return
Short term investments	2%	0.75%
Absolute return	5%	4.11%
Risk parity	4%	5.13%
Fixed income	7%	2.92%
Real assets	8%	4.77%
GTAA	10%	4.38%
Private equity	11%	9.50%
Real estate	10%	4.48%
Credit opportunities	13%	7.08%
Non-U.S. equity	14%	8.25%
U.S.equity	16%	6.23%
Total	100%	

Discount Rate - At June 30, 2016, the discount rate used to measure the EORP total pension liability was 3.68 percent which was a decrease of 1.18 from the discount rate used as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the statutorily set rates and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, to determine the total pension liability for this plan, the long- term expected rate of return on pension plan investments of 7.50 percent was applied to periods of projected benefit payments through the year ended June 30, 2027. A municipal bond rate of 2.85 percent obtained from the 20-year Bond Buyer Index as published by the Federal Reserve, as of June 25, 2016 was applied to periods of projected benefit payments after June 30, 2027.

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 rate 3.68 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 one percentage-point lower (2.68 percent) or one percentage-point higher (4.68 percent) than the current rate:

EORP	1% Decrease (2.68%)	Current Discount Rate (3.68%)	1% Increase (4.68%)
County's proportionate share of the net pension liability	$ 10,952,946	$ 9,409,348	$ 8,120,836

Pension plan fiduciary net position - Detailed information about the plan’s fiduciary net position is available in the separately issued EORP financial report.

NOTE 11 - INTERFUND BALANCES AND ACTIVITY

Interfund transfers - Interfund transfers for the year ended June 30, 2017 were as follows:

	Transfers in				
Transfers from	General Fund	Health Services Fund	Fair Fund	Non-Major Governmental Funds	Total
General Fund		$ 356,000	$ 100,000	$ 891,634	$ 1,347,634
Non-Major Governmental Funds	$ 8,313	17,076			25,389
Total	$ 8,313	$ 373,076	$ 100,000	$ 891,634	$ 1,373,023

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

As of June 30, 2017, the Fair Fund and the Non-Major Governmental Funds have payables of $151,251 due to the General Fund to reimburse expenditures. All interfund balances are expected to be repaid next year.

NOTE 12 - COUNTY TREASURER’S INVESTMENT POOL

Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The Treasurer has a fiduciary responsibility to administer those and the County’s monies under her stewardship. The Treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the Treasurer determines the fair value of those pooled investments annually at June 30, 2017.

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 $279,468 of deposits. Therefore, the deposit risks of the Treasurer’s investment pool are substantially the same as the County’s deposit risks. See Note 3 for disclosure of the County’s deposit risks.

NOTE 12 - COUNTY TREASURER'S INVESTMENT POOL - Continued

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

Statement of Net Position	
Assets	$ 19,770,860
Liabilities	-
Net Position	$ 19,770,860
Net position held in trust for:	
Internal participants	$ 13,453,510
External participants	6,317,350
Total net position held in trust	$ 19,770,860
Statement of Changes in Net Position	
Total additions	$ 48,778,265
Total deductions	(48,853,106)
Net decrease	(74,841)
Net position held in trust	
July 1, 2016	19,845,701
June 30, 2017	$ 19,770,860

NOTE 13 - CHANGE IN FUND CLASSIFICATION

Net position as of July 1, 2016, was restated, as follows, for the change in presentation of the County's Accommodation School fund. Previously this fund was included as fiduciary fund in the Investment Trust Fund and is now being presented as a Non-Major Governmental Funds. As a result of this change, the assets of the Accommodation School previously presented in the Investment Trust Fund were reclassified in the governmental funds.

	Governmental Activities	Non-Major Governmental Funds	Investment Trust Fund
Net position as previously reported at June 30, 2016	$ 2,874,908	$ 1,824,257	$ 6,928,039
Prior period adjustment due to change in fund classification	493,033	493,033	(493,033)
Total prior period adjustment	493,033	493,033	(493,033)
Net position as restated, July 1, 2016	$ 3,367,941	$ 2,317,290	$ 6,435,006

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Greenlee County, Arizona

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2017

	Original and Final Budget Amounts	Non-GAAP Actual Amounts	Variance Positive (Negative)
Revenues:			
Property taxes	$ 2,619,415	$ 2,612,860	$ (6,555)
Taxes	1,015,000	984,583	(30,417)
License and permits	39,500	4,413	(35,087)
Intergovernmental revenue	7,815,000	8,242,741	427,741
Charges for services	101,525	255,675	154,150
Fines and forfeits	118,000	92,066	(25,934)
Investment income	2,506	14,901	12,395
Contributions	1,800,000	1,802,270	2,270
Miscellaneous	200,000	85,909	(114,091)
Total revenues	13,710,946	14,095,418	384,472
Expenditures			
General government			
Board of supervisors	436,336	430,929	5,407
Airport	16,950	7,758	9,192
Assessor	358,063	353,476	4,587
Attorney	590,479	458,935	131,544
Constable no. 1	30,484	29,059	1,425
Constable no. 2	31,502	29,464	2,038
Contingency	100,000	309,403	(209,403)
County administration	496,119	473,505	22,614
Elections	127,968	111,721	16,247
Fleet	328,088	319,766	8,322
Information Systems	742,295	675,514	66,781
General services	1,492,248	1,303,790	188,458
Ground and maintenance	657,551	492,510	165,041
Justice of the peace no. 1	222,595	205,285	17,310
Justice of the peace no. 2	214,015	204,154	9,861
Planning and zoning	61,500	50,141	11,359
Public fiduciary	64,408	74,119	(9,711)
Recorder	221,312	221,769	(457)
Superior court	851,851	791,318	60,533
Treasurer	222,320	219,840	2,480
Voter registration	23,000	15,096	7,904
Total general governments	7,289,084	6,777,552	511,532

See the accompanying notes to this schedule.

Greenlee County, Arizona

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2017

	Original and Final Budget Amounts	Non-GAAP Actual Amounts	Variance Positive (Negative)
(continued)			
Public safety			
Emergency services	193,452	246,882	(53,430)
Probation	387,150	74	387,076
Sheriff	3,800,859	3,325,342	475,517
Total public safety	4,381,461	3,572,298	809,163
Health and welfare - AHCCCS/ALTCS payments	252,400	252,413	(13)
Culture and recreation			
County library	31,874	32,093	(219)
Parks and recreation	90,542	59,533	31,009
Total culture and recreation	122,416	91,626	30,790
Education			
School superintendent	237,981	237,625	356
U of A extension service	22,307	22,307	
Total education	260,288	259,932	356
Economic development	150,000	123,780	26,220
Capital outlay		126,499	(126,499)
Total expenditures	12,455,649	11,204,100	1,251,549
Excess (deficiency) of revenues over (under) expenditures	1,255,297	2,891,318	(1,636,021)
OTHER FINANCING SOURCES (USES)			
Transfer in	349,150	8,313	(340,837)
Transfer out	(3,912,479)	(2,596,329)	1,316,150
Total other financing uses	(3,563,329)	(2,588,016)	975,313
Net changes in fund balance	(2,308,032)	303,302	2,611,334
Fund balance, July 1, 2016	2,308,032	6,855,056	4,547,024
Fund balance, June 30, 2017	$	$ 7,158,358	$ 7,158,358

See the accompanying notes to this schedule.

Greenlee County, Arizona

BUDGETARY COMPARISON SCHEDULE - HEALTH SERVICES

Year ended June 30, 2017

	Original and Final Budget Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Property taxes	$ 1,060,620	$ 1,050,346	$ (10,274)
Intergovernmental revenue	720,392	719,659	(733)
Charges for services		10,935	10,935
Investment income		796	796
Rents		35,111	35,111
Total revenues	1,781,012	1,816,847	35,835
Expenditures			
Current:			
Public safety		145,680	(145,680)
Health and welfare	2,165,772	1,915,118	250,654
Capital outlay		65,112	(65,112)
Debt service:			
Principal retirement		35,219	(35,219)
Interest and fiscal charges		382	(382)
Total expenditures	2,165,772	2,161,511	4,261
Excess (deficiency) of revenues over (under) expenditures	(384,760)	(344,664)	40,096
Other financing sources (uses)			
Transfer in	356,000	373,076	17,076
Total other financing sources (uses)	356,000	373,076	17,076
Net changes in fund balance	(28,760)	28,412	57,172
Fund balance, July 1, 2016	28,760	759,212	730,452
Fund balance, June 30, 2017	$	$ 787,624	$ 787,624

See the accompanying notes to this schedule.

Greenlee County, Arizona

BUDGETARY COMPARISON SCHEDULE - FAIR FUND

Year ended June 30, 2017

	Original and Final Budget Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Intergovernmental revenue	$ 100,000	$ 40,000	$ (60,000)
Charge for services		54,903	54,903
Investment income		34	34
Miscellaneous		26,804	26,804
Total revenues	100,000	121,741	21,741
Expenditures:			
Current:			
Culture and recreation	237,500	280,466	(42,966)
Capital outlay		2,690	(2,690)
Total expenditures	237,500	283,156	(45,656)
Excess (deficiency) of revenues over (under) expenditures	(137,500)	(161,415)	23,915
Other financing sources (uses)			
Transfer in	100,000	100,000	
Total other financing uses	100,000	100,000	
Net changes in fund balance	(37,500)	(61,415)	23,915
Fund balance, July 1, 2016	37,500	25,811	(11,689)
Fund balance, June 30, 2017	$	$ (35,604)	$ (35,604)

See the accompanying notes to this schedule.

Greenlee County, Arizona

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

June 30, 2017

ASRS

	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
County's proportion of the net pension liability	0.05 %	0.05 %	0.05 %	
County's proportionate share of the net pension liability	$ 9,127,738	$ 8,451,877	$ 7,421,858	Information not available
County's covered payroll	$ 5,311,705	$ 4,839,651	$ 4,521,505	
County's proportionate share of the net pension liability as a percentage of its covered payroll	171.84 %	174.64 %	164.15 %	
Plan fiduciary net position as a percentage of the total pension liability	67.06 %	68.35 %	69.49 %	

CORP

	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
County's proportion of the net pension liability	0.26 %	0.26 %	0.29 %	
County's proportionate share of the net pension liability	$ 728,597	$ 620,393	$ 650,481	Information not available
County's covered payroll	$ 291,346	$ 285,739	$ 311,381	
County's proportionate share of the net pension liability as a percentage of its covered payroll	250.08 %	217.12 %	208.90 %	
Plan fiduciary net position as a percentage of the total pension liability	54.81 %	57.89 %	58.59 %	

See the accompanying notes to this schedule.

Greenlee County, Arizona

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

June 30, 2017

EORP

	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
County's proportion of the net pension liability	0.99 %	0.94 %	0.93 %	
County's proportionate share of the net pension liability	$ 9,409,348	$ 7,311,329	$ 6,222,698	Information not available
State's proportionate share of the net pension liability associated with the County	1,942,787	2,279,368	1,907,937	
Total	$ 11,352,135	$ 9,590,697	$ 8,130,635	
County’s covered payroll	$ 749,936	$ 758,591	$ 841,387	
County’s proportionate share of the net pension liability as a percentage of its covered payroll	1,254.69 %	963.80 %	739.58 %	
Plan fiduciary net position as a percentage of the total pension liability	23.42 %	28.32 %	31.91 %	

See the accompanying notes to this schedule.

Greenlee County, Arizona

SCHEDULE OF CONTRIBUTIONS
ALL PENSION PLANS

June 30, 2017

Arizona State Retirement System

	2017	2016	2015	2014	2013 through 2008
Statutorily required contribution	$ 626,542	$ 576,320	$ 527,038	$ 483,801	
Contribution in relation to the statutorily required contribution	626,542	576,320	527,038	483,801	Information not available
Contribution deficiency (excess)	$	$	$	$	
County's covered payroll	$ 5,812,078	$ 5,311,705	$ 4,839,651	$ 4,521,505	
Contributions as a percentage of covered payroll	10.78 %	10.85 %	10.89 %	10.70 %	

Public Safety Personnel Retirement Plan - Sheriff

	2017	2016	2015	2014	2013 through 2008
Actuarially required contribution	$ 253,830	$ 238,095	$ 165,012	$ 160,337	
Contribution in relation to the actuarially required contribution	253,830	238,095	165,012	160,337	Information not available
Contribution deficiency (excess)	$	$	$	$	
County's covered payroll	$ 1,054,988	$ 1,011,019	$ 940,239	$ 846,389	
Contributions as a percentage of covered payroll	24.06 %	23.55 %	17.55 %	18.94 %	

See the accompanying notes to this schedule.

Greenlee County, Arizona

SCHEDULE OF CONTRIBUTIONS
ALL PENSION PLANS

June 30, 2017

Correction Officers Retirement Plan

	2017	2016	2015	2014	2013 through 2008
Statutorily required contribution	$ 72,717	$ 55,647	$ 42,518	$ 45,088	
Contribution in relation to the statutorily required contribution	72,717	55,647	42,518	45,088	Information not available
Contribution deficiency (excess)	$	$	$	$	
County's covered payroll	$ 362,136	$ 291,346	$ 285,739	$ 311,381	
Contributions as a percentage of covered payroll	20.08 %	19.10 %	14.88 %	14.48 %	

Elected Officials Retirement Plan

	2017	2016	2015	2014	2013 through 2008
Statutorily required contribution	$ 181,863	$ 176,235	$ 178,269	$ 197,726	
Contribution in relation to the statutorily required contribution	181,863	176,235	178,269	197,726	Information not available
Contribution deficiency (excess)	$	$	$	$	
County's covered payroll	$ 799,934	$ 749,936	$ 758,591	$ 841,387	
Contributions as a percentage of covered payroll	22.73 %	23.50 %	23.50 %	23.50 %	

See the accompanying notes to this schedule.

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

June 30, 2017

PSPRS - Sheriff

	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
Total pension liability:				
Service cost	$ 171,279	$ 170,932	$ 140,956	Information
Interest on the total pension liability	411,203	391,023	315,179	not
Changes of benefit terms	77,036		100,080	available
Differences between expected and actual experience in the measurement of the pension liability	(293,002)	(114,998)	16,756	
Changes of assumptions or other inputs	204,433		543,017	
Benefit payments, including refunds of employee contributions	(207,444)	(172,679)	(156,937)	
Net change in total pension liability	363,505	274,278	959,051	
Total pension liability—beginning	5,256,336	4,982,058	4,023,007	
Total pension liability—ending (a)	$5,619,841	$5,256,336	$4,982,058	
Plan fiduciary net position:				
Contributions—employer	$ 234,075	$ 165,012	$ 160,337	
Contributions—employee	116,399	103,877	94,828	
Net investment income	20,853	120,579	389,564	
Benefit payments, including refunds of employee contributions	(207,444)	(172,679)	(156,937)	
Administrative expense	(3,401)	(3,316)	(3,137)	
Other changes	(40,326)	(2,680)	-	
Net change in plan fiduciary net position	120,156	210,793	484,655	
Plan fiduciary net position—beginning	3,447,061	3,236,268	2,751,613	
Plan fiduciary net position—ending (b)	$3,567,217	$3,447,061	$3,236,268	
County’s net pension liability - ending (a) – (b)	$2,052,624	$1,809,275	$1,745,790	
Plan fiduciary net position as a percentage of the total pension liability	63.48 %	65.58 %	64.96 %	
Covered payroll	$1,011,019	$ 940,239	$ 846,389	
County’s net pension liability as a percentage of covered payroll	203.03 %	192.43 %	206.26 %	

See the accompanying notes to this schedule.

Greenlee County, Arizona

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS

June 30, 2017

PSPRS - Sheriff

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (funding excess)	Funded Ratio	Covered Payroll	Unfunded AAL (Funding excess) as a percentage of Covered Payroll
2016	$ 260,979	$ 102,763	$ (158,216)	253.96 %	$ 899,577	(17.59)%
2015	245,866	104,825	(141,041)	234.55 %	936,548	(15.06)%
2014	224,063	111,785	(112,278)	200.44 %	936,659	(11.99)%

See the accompanying notes to this schedule.

NOTE 1 - BUDGETING AND BUDGETARY CONTROL

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

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

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

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

- Present value of net minimum capital lease payments.

- Financial activity budgeted as special revenue funds. Certain activities are reported in the General Fund in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but reported as special revenue funds in the County's adopted budget.

- Special revenue funds budgeted as General Fund activity. Certain activities are reported as special revenue funds in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but reported as activity of the General Fund in the County's adopted budget.

The following schedule reconciles the total revenues, total expenditures, total other financing sources (uses), and fund balances as of July 1, 2016, and June 30, 2017, from the Statement of Revenues, Expenditures, and Changes in Fund Balances to the budgetary comparison schedule for the General Fund:

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING - Continued

General Fund	Total Revenues	Total Expenditures	Total Other Financing Sources (Uses)	Fund Balances, July 1, 2016	Fund Balances, June 30, 2017
Statement of Revenues, Expenditures, and Changes in Fund Balances	$ 14,407,805	$ 13,412,781	$ (834,602)	$ 11,135,441	$ 11,295,863
Present value of net minimum capital lease payments	-	(504,719)	(504,719)	-	-
Activity budgeted as special revenue funds	(312,387)	(1,703,962)	(1,248,695)	(4,280,385)	(4,137,505)
Budgetary comparison schedule	$ 14,095,418	$ 11,204,100	$ (2,588,016)	$ 6,855,056	$ 7,158,358

NOTE 3 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2017, the County had expenditures in the General Fund that exceeded the budget, however, this does not constitute a violation of any legal provisions.

Fund/Department	Excess
Contingency	$ 209,403
Public fiduciary	9,711
Recorder	457
Emergency services	53,430
Health and welfare	13
County library	219

The County will more closely monitor these expenditures to ensure the appropriated budget is not exceeded. The excesses were primarily the result of unexpected expenditures and expenditures made as a result of unanticipated revenue, or both. Overall, the County's total expenditures on a budgetary basis did not exceed budgeted appropriations. Each year, the County bases the adopted budget amounts on conservative current and budget year projections and past historical trends. Any excesses of appropriations are discussed with department heads to determine if adjustments will be made in future budgets. In addition, the County requires all capital expenditures to approved by the Board, regardless if of their inclusion in the budget, enabling the County to review the availability of funds for all purchases throughout the year.

NOTE 4 - ACTUARIALLY DETERMINED CONTRIBUTION RATES

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

Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2015 actuarial valuation	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5%.
Wage growth	In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.
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	RP-2000 mortality table (adjusted by 105% for both males and females)

NOTE 5 - FACTORS THAT AFFECT TRENDS

In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the PSPRS and CORP-AOC changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases. These changes are included in the PSPRS changes in total pension liability for fiscal year 2015 (measurement date 2014) in the schedule of changes in the County's net pension liability and related ratios. These changes also increased the PSPRS and CORP-AOC required contributions beginning in fiscal year 2016 in the schedule of country pension contributions.