In GASB Statement No. 38, the GASB emphasized that disclosure of immaterial information can be misleading and cited the following guidance in NCGA Interpretation 6, paragraph 6:

The notes to financial statements should not be cluttered with unnecessary and immaterial disclosures. Attendant circumstances and materiality must be considered in assessing the propriety of the notes to the financial statements disclosures.

# Note 1 - Summary of significant accounting policies

\_\_\_\_\_\_\_\_\_\_ County’s accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

*If the County implemented GASB Statement No. 91, Conduit Debt Obligations; GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements; or GASB Statement No. 96, Subscription-Based Information Technology Arrangements, for FY 2023, and implementing the standards had a material effect on the County’s financial statements, the County should address those standards in the following paragraph:*

For the year ended June 30, 2023, the County implemented the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements, which (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset―an intangible asset―and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. As a result, the County’s financial statements have been modified to reflect the implementation of this new standard. (Add any additional new accounting standards adopted and a brief description of their impact on the County’s financial statements.)

## A. Reporting entity

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

*If the County holds a majority equity interest in a legally separate organization that does not meet the definition of an investment, the holding of the majority equity interest results in the County being financially accountable for the organization, and therefore, the County should report the legally separate organization as a component unit. (GASB Statement No. 90) Also, if the County has a defined contribution pension plan, defined contribution OPEB plan, or an other employee benefit plan (for example, certain Internal Revenue Code Section 457 plans) that has a governing board, the County should evaluate whether the plan is a component unit under GASB Statement No. 14 and a fiduciary activity under GASB Statement No. 84. Such plans that do not have a governing board are not component units or fiduciary activities. (GASB Statement No. 97)*

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. *Component units should be blended in the County’s financial statements when the component unit’s governing body is substantively the same as the County’s governing body and there is either a financial benefit or burden relationship between the County and the component unit or County management has operational responsibility for it; the component unit provides services entirely, or almost entirely, to the County; the component unit’s total debt outstanding is expected to be repaid entirely or almost entirely with the County’s resources; or the component unit is a not-for-profit corporation in which the County is the sole corporate member. Also, see GASB Statement Nos. 14, 61, and 80 for additional guidance.* Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each blended component unit discussed below has a June 30 year-end. The County has no discretely presented component units. *Or instead, if applicable:* Each blended and discretely presented component unit discussed below has a June 30 year-end. *Modify as necessary.*

The following table describes the County’s component units:

*GASB Cod. §2600.121 requires the notes to disclose the criteria for including a component unit in the financial reporting entity and how the component unit is reported. The County’s Board of Supervisors serving as the component unit’s governing body is not sufficient to meet the GASB Cod. §2600.113 criteria for blending the component unit. Either of the following criteria must also be met:*

* *County management has operational responsibility for the component unit.*
* *There is either a financial benefit or burden relationship between the County and the component unit.*

*The County should disclose in the table below which of the above criteria is met in addition to the County’s Board of Supervisors serving as the component unit’s governing body.*

| Component unit | Description; criteria  for inclusion | Reporting method | For separate  financial  statements |
| --- | --- | --- | --- |
| \_\_\_\_\_\_\_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 *describe other criteria* | Blended | Not available  *OR*  *Provide address to request financial statements.* |
| \_\_\_\_\_\_\_ County Library District | Provides and maintains library services for the County’s residents; the County’s Board of Supervisors serves as the board of directors and *describe other criteria* | Blended | Not available  *OR*  *Provide address to request financial statements.* |
| \_\_\_\_\_\_\_ County  Stadium District | Provides regional leadership and fiscal resources to ensure the presence of major league baseball in the County; the County’s Board of Supervisors serves as the board of directors and *describe other criteria* | Blended | Not available  *OR*  *Provide address to request financial statements.* |
| \_\_\_\_\_\_\_ County  Special Assessment Districts | Constructs or improves sidewalks, curbs and gutters, irrigation systems, and street lighting within the County; the County’s Board of Supervisors serves as the board of directors and *describe other criteria* | Blended | Not available  *OR*  *Provide address to request financial statements.* |
| \_\_\_\_\_\_\_ County Street Lighting Districts | Operates and maintains street lighting in areas outside local city jurisdictions; the County’s Board of Supervisors serves as the board of directors and *describe other criteria* | Blended | Not available  *OR*  *Provide address to request financial statements.* |
| \_\_\_\_\_\_\_ 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 and is able to impose its will on the MPC, and the MPC exists only to serve the County | Blended | Not available  *OR*  *Provide address to request financial statements.* |
| \_\_\_\_\_\_\_ County Jail District | A tax-levying district that acquires, constructs, operates, maintains, and finances county jails and jail systems; the County’s Board of Supervisors serves as the governing board and *describe other criteria* | Blended | Not available  *OR*  *Provide address to request financial statements.* |
| \_\_\_\_\_\_\_ County Private Industry Council | Administers and coordinates Workforce Investment Act programs; the County’s Board of Supervisors appoints all members of the governing board and is able to impose its will on the Council, but the Council does not provide services entirely to the County | Discrete | Not available  *OR*  *Provide address to request financial statements.* |

In addition, for each major component unit, the County must disclose the nature and amount of significant transactions with the primary government and other component units. See GASB Statement No. 34, paragraph 128.

## B. Basis of presentation

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

Government-wide statements—Provide information about the primary government (the County) and its component units. The statements include a statement of net position and a statement of activities. These statements report the overall government’s financial activities, except for fiduciary activities. They also distinguish between the County’s governmental and business-type activities and between the County and its discretely presented component units. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County’s governmental activities and segment of its business-type 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. *Modify as appropriate.* Program revenues include:

* Charges to customers or applicants for goods, services, or privileges provided.
* Operating grants and contributions.
* Capital grants and contributions, including special assessments.

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

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

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

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund’s principal activity. Accordingly, revenues, such as user charges and insurance premiums, *modify as appropriate and describe any other examples of significant operating revenues of the proprietary funds* in which each party receives and gives up essentially equal values are operating revenues. Other revenues, such as subsidies, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation/amortization on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses. *Modify as appropriate in accordance with GASB Statement No. 34, paragraph 102.*

The County reports the following major governmental funds:

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

The *\_\_\_\_\_ Fund* accounts for *explain fund’s purpose. Also, for each major special revenue fund, identify the fund’s significant revenues and other financing sources as GASB Statement No. 54, paragraph 32, requires. Repeat for each major governmental fund.*

The County reports the following major enterprise funds:

The *\_\_\_\_\_ Fund* accounts for *explain fund’s purpose. Repeat for each major enterprise fund.*

The County also reports the following fund types:

The internal service funds account for automotive maintenance and operation, insurance, and telecommunications services *modify as appropriate and describe any other goods or services applicable to the County’s internal service funds* provided to the County’s departments or to other governments on a cost-reimbursement basis.

The fiduciary funds consist of investment trust funds, which account for individual investment accounts that the County Treasurer holds in trust and invests on behalf of other governmental entities; private-purpose trust funds, which account for assets the County’s Public Fiduciary holds in trust for the benefit of various parties; and custodial funds, which account for other fiduciary activities, including the pooled assets the County Treasurer holds and invests on behalf of other governmental entities that are not held in trust and the County Treasurer’s receipt and distribution of taxes for other governmental entities. *Modify as appropriate, including adding any other significant activities accounted for in the custodial funds.*

## C. Basis of accounting

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

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. The County applies grant resources to such programs before using general revenues. *Modify if the County’s policy is to apply unrestricted revenues first. This policy should be consistent with the flow assumption used for single audit and AELR purposes.*

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 property taxes, special assessments, intergovernmental, charges for services, and investment earnings. *Add or delete major revenue sources that are susceptible to accrual from this list as necessary.* 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, landfill closure and postclosure care costs, pollution remediation obligations, and asset retirement obligations, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

## D. Cash and investments

Add the following paragraph to define cash and cash equivalents of the proprietary funds.

For the statement of cash flows, the County’s cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer’s local government investment pool, and only those highly liquid investments with a maturity of 3 months or less when purchased. *Modify as appropriate.*

All investments are stated at fair value. *Modify if the County has any investments that are not stated at fair value. The County should describe any investments not reported at fair value and its policy for valuing them.*

*Except as provided in GASB Statements No. 31, paragraph 16, No. 72, paragraph 69, and No. 90, paragraph 5, the County should report all investments at fair value. Exceptions to reporting investments at fair value include:*

* *Short-term debt investments with remaining maturities of up to 90 days at year-end that are in the County Treasurer’s investment pool may be reported at amortized cost.*
* *Nonparticipating interest-earning investment contracts should be stated at cost.*
* *Money market investments and participating interest-earning investment contracts with a remaining maturity of 1 year or less at the time of purchase that are not in the County Treasurer’s investment pool should be stated at amortized cost.*
* *Majority equity interest in a legally separate organization.*

*See GASB Statements No. 31, paragraph 16, and No. 72, paragraph 69, for additional exceptions.*

## E. Inventories

Inventories in the government-wide and proprietary funds’ financial statements are recorded as assets when purchased and expensed when consumed. These inventories are stated at cost using the *describe valuation* *method* and *describe valuation method*, respectively.

The County accounts for its inventories in the governmental funds using the purchase method. Inventories of the governmental funds consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for informational purposes only and as nonspendable fund balance to indicate that they do not constitute “available spendable resources.” These inventories are stated at cost using the *describe valuation method. When the consumption method is used to account for governmental fund inventories, modify the above paragraph accordingly.*

## F. Property tax calendar

The County levies real and personal property taxes on or before the third Monday in August that become due and payable in 2 equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

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

## G. Capital assets

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

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | Capitalization threshold |  |  |  |  |
| Land |  |  |  |  |  |  |
| Land improvements |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  | Depreciation/Amortization method |  | Estimated useful life |
| Buildings |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |
| Infrastructure *(may list systems separately)* |  |  |  |  |  |  |
| Intangibles: *(list by major categories)* |  |  |  |  |  |  |
| Right-to-use subscription assets |  |  |  |  |  |  |
| Right-to-use lease assets: *(list my major*  *underlying asset category)* |  |  |  |  |  |  |
| Land |  |  |  |  |  | Not applicable |
| Land improvements |  |  |  |  |  | Not applicable |
| Buildings |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |
| Infrastructure |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

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

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

## H. Postemployment benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans’ fiduciary net position and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans. 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 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 classifications.

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

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County’s Board of Supervisors approved, which is the highest level of decision-making authority within the County. Only the Board can remove or change the constraints placed on committed fund balances. *Modify as necessary to describe the formal action needed to establish, modify, or rescind the commitment.*

Assigned fund balances are resources constrained by the County’s intent to be used for specific purposes, but that are neither restricted nor committed. The Board of Supervisors has authorized the County manager, \_\_\_\_\_\_\_\_\_, and \_\_\_\_\_\_\_\_\_ to assign resources for a specific purpose. *Modify as necessary to describe the officials authorized to make assignments and the policy pursuant to which authorization is given.*

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 (the County will use) restricted fund balance first. It is the County’s policy to use (the County will use) committed amounts first when disbursing unrestricted fund balances, followed by assigned amounts, and lastly unassigned amounts. *Modify as necessary to describe the County’s hierarchy for use of its fund balances. If the County does not have a formal policy for its use of unrestricted fund balance amounts, it should consider that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.*

## J. Investment earnings

Investment earnings is 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 a calculated amount of sick leave employees earned based on services already rendered.

Employees may accumulate up to \_\_\_ hours of vacation depending on years of service, but they forfeit any unused vacation hours in excess of the maximum amount at (fiscal/calendar) year-end. Upon terminating employment, the County pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide and proprietary funds’ 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. *Modify as necessary.*

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative, but employees forfeit them upon terminating employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. *If the County has chosen to apply the provisions of A.R.S. §38-615 for retiree accumulated sick leave, add the following:* However, upon retirement, employees who have accumulated at least 500 hours of sick leave receive some benefit payments. Benefit payments vary based on the number of hours accumulated but cannot exceed $30,000. The County makes contributions each pay period to the State’s Retiree Accumulated Sick Leave Fund for each employee, and the State makes benefit payments directly to the retired employees. Consequently, the County has not accrued a liability for these sick leave benefits. *If the County has other provisions for vested sick leave, add the following instead and modify as appropriate.* However, for employees who *describe the circumstances (for example, employees with a certain number of years of service and/or over a certain age)*, sick leave benefits do vest and, therefore, are accrued as a liability in the government-wide and proprietary funds’ 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.

L. Leases and subscription-based information technology arrangements

Leases

As lessee, the County recognizes lease liabilities with an initial, individual value of $\_\_\_\_\_\_\_ or more. The County uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The County’s estimated incremental borrowing rate is based on *describe how the County determined its estimated incremental borrowing rate*.

As lessor, the County recognizes lease receivables with an initial, individual value of $\_\_\_\_\_\_\_ or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the County charges the lessee) and the implicit rate cannot be determined, the County uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The County's estimated incremental borrowing rate is calculated as described above.

Subscription-based information technology arrangements

The County recognizes subscription liabilities with an initial, individual value of $ or more. The County uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The County’s estimated incremental borrowing rate is calculated as described above.

# Note \_ - Correction of a misstatement—prior-period adjustment

*A correction of a material misstatement (error) in previously issued financial statements should be reported as a prior-period adjustment. A prior-period adjustment is reported in the year a misstatement is discovered as a restatement of beginning net position/fund balance for the effects. Misstatements in financial statements may result from factors such as mathematical mistakes, mistakes in the application of accounting principles, classification errors, or oversight or misuse of facts that existed at the time the financial statements were prepared. The cumulative effect of a misstatement in previously issued financial statements that is not deemed material should be corrected prospectively in the current year’s financial statements.*

*In addition, the following disclosures are required for a correction of a misstatement. See GASB Statement No. 62 for additional guidance.*

1. *The nature of the misstatement.*
2. *The effect of the misstatement on beginning net position/fund balance for both the government-wide and fund level financial statements.*
3. *The effect of the misstatement with respect to the amounts reported for changes in net position/fund balance in the previous fiscal year for both the government-wide and fund-level financial statements.*

*When a material misstatement is discovered subsequent to the issuance of the financial statements, management must take the following steps to ensure that anyone in receipt of the audited financial statements is informed of the situation, including that the audited financial statements are not to be relied upon. Management’s steps may include the following, see AU-C §560:*

* *Notification to anyone who is known to be relying or who is likely to rely on the financial statements that the auditors’ report and financial statements are not to be relied upon and that revised financial statements, together with a new auditors’ report, will be issued.*
* *Issuing, as soon as practicable, revised financial statements with appropriate disclosure of the misstatement.*
* *Issuing the subsequent year’s financial statements with the appropriate disclosure of the misstatement. This is usually appropriate when issuance of the subsequent year’s financial statements is imminent.*

*The auditor should include an emphasis-of-matter paragraph in the auditors’ report when there is an adjustment to correct a material misstatement in previously issued financial statements, see AU-C §708.*

# Note \_ - Change in accounting principle *OR* Change in accounting estimate *OR* Change in reporting entity

*Change in accounting principle—For a change in accounting principle, including the implementation of a new accounting principle, the effects of the change should be reported as a restatement of beginning net position/fund balance for both the government-wide and fund-level financial statements. In addition, the following disclosures are required for a change in accounting principle, see GASB Statement No. 62 for additional guidance:*

1. *A description of the new accounting principle.*
2. *An explanation of why the new treatment is considered preferable (for changes other than the implementation of a new accounting principle).*
3. *The effect of the change on beginning net position/fund balance for both the government-wide and fund-level financial statements.*

*Change in accounting estimate—A change in accounting estimate results from new information or subsequent developments and, accordingly, from better insight or improved judgment. Future events and their effects cannot be perceived with certainty; estimating, therefore, requires the exercise of judgment. Therefore, accounting estimates change as new events occur, as more experience is acquired, or as additional information is obtained.*

*The effects of a change in an accounting estimate should be accounted for in the period of change. The effect on the changes in net position/fund balance of the current period for both the government-wide and fund-level financial statements should be disclosed for a change in estimate that affects several future periods, such as a change in service lives of depreciable assets. Disclosure of the effect on the changes in net position/fund balance is not necessary for estimates made each period in the ordinary course of accounting for items such as uncollectible accounts or inventory obsolescence. See GASB Statement No. 62 for additional guidance.*

*Change in reporting entity—When there is a change in the organizations included in the reporting entity (e.g., addition or removal of a component unit), the effects of the change should be reported as a restatement of beginning net position/fund balance for both the government-wide and fund-level financial statements. In addition, the following disclosures are required for the change in reporting entity. See GASB Statement No. 62 for additional guidance.*

1. *A description of the nature of the change.*
2. *The reasons for the change.*
3. *The effects of the change in reporting entity on beginning net position/fund balance for both the government-wide and fund-level financial statements.*

# Note \_ - Change in accounting principle

Net position as of July 1, 2022, has been restated as follows for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Govern-mental Activities** |  | **Business-type Activities** |  | ***Major* Enterprise Fund** |  | **Nonmajor Enterprise Fund(s)** |  | **Internal Service Fund(s)** |
| Net position as previously reported at June 30, 2022 | $ |  | $ |  | $ |  | $ |  | $ |
| Prior period adjustment–implementation of GASB 96: |  |  |  |  |  |  |  |  |  |
| Intangible right-to-use subscription assets |  |  |  |  |  |  |  |  |  |
| Subscriptions liability |  |  |  |  |  |  |  |  |  |
| Total prior period adjustment |  |  |  |  |  |  |  |  |  |
| Net position as restated, July 1, 2022 | $ |  | $ |  | $ |  | $ |  | $ |

*If the total adjustments to implement GASB Statement No. 96 net to zero and, therefore, do not affect net position, this note is not necessary.*

# Note \_ - Reconciliations of certain information in governmental fund statements to information in government-wide statements

If aggregated information presented in the reconciliations of the government-wide financial statements to the fund financial statements obscures the nature of the individual elements of a particular reconciling item, provide details about those reconciling items here. See GASB Statement No. 34, paragraph 77.

# Note \_ - Stewardship, compliance, and accountability

Violations of finance-related legal and contractual provisions—Disclose any significant violations of finance-related legal and contractual provisions, for example, violations of A.R.S. requirements for collateralization of County deposits and requirements for the types and maturities of County investments, violations of A.R.S. requirements governing County budgeting, including actual expenditures exceeding budgeted expenditures at the department level, and violations of bond covenants. See GASB Cod. §1200 for additional guidance. Also, disclose actions taken to address such violations as GASB Statement No. 38, paragraph 9, requires.

Deficit fund balances or net position—*Disclose deficit fund balance or net position of individual nonmajor funds since it cannot be seen in the aggregated nonmajor funds column. See GASB Cod. §2300.106.* At June 30, 2023, the following nonmajor funds reported deficits in fund balance or net position: *Modify as necessary.*

|  |  |
| --- | --- |
| Fund | Deficit |
| Governmental funds: |  |
| *List individual funds* |  |
| Proprietary funds: |  |
| *List individual funds* |  |

# Note \_ - Deposits and investments

The required GASB risk disclosures for deposits and investments should be made for the primary government, including its blended component units. Risk disclosures should also be made for the governmental and business-type activities, individual major funds, nonmajor funds in the aggregate, or fiduciary fund types when the risk exposures are significantly greater than the deposit and investment risks of the primary government. For example, a primary government’s total investments may not be exposed to concentration of credit risk. However, if the County has all of its investments in 1 issuer for an opinion unit, disclosure should be made for the opinion unit’s exposure to concentration of credit risk.

*If the County participates in the Arizona State Retirement System’s Contribution Prepayment Program (ASRS CPP) and places monies on deposit with the ASRS or establishes a 115 trust for future contribution payments, as long as those monies remain invested, prior to amortization against future contribution payments, the County should record restricted cash and investments and the associated restricted net position/fund balance; further, those monies are subject to the same GASB disclosure requirements noted below, in accordance with how those monies are invested.*

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer’s investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified State and local government bonds, 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-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top 2 ratings by a nationally recognized rating agency.
2. Specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars must be rated “A” or better at the time of purchase by at least 2 nationally recognized rating agencies.
3. Fixed income securities must carry 1 of the 2 highest ratings by Moody’s investors service and Standard and Poor’s rating service. If only 1 of these 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 federal depository insurance does not cover.

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 5 years. The maximum maturity for investments in repurchase agreements is 180 days.

Foreign currency risk

Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

Deposits—At June 30, 2023, the carrying amount of the County’s deposits was $\_\_\_\_\_\_\_\_, and the bank balance was $\_\_\_\_\_\_\_\_. *Describe the County’s formal policy with respect to custodial credit risk or indicate that the County does not have a policy. If the County has any category 3 deposits at fiscal year-end, add the following recap and modify as necessary.*

At June 30, 2023, $\_\_\_\_\_\_\_\_ of the County’s bank balance was exposed to custodial credit risk as follows:

|  |  |
| --- | --- |
| Uninsured and uncollateralized | $ |
| Uninsured with collateral held by the pledging financial institution |  |
| Uninsured with collateral held by the pledging financial institution’s trust department or agent but not in the County’s name |  |
|  | $ |

According to GASB Implementation Guide No. 2016-1, questions 4.5 and 4.6, certificates of deposit that are not negotiable and have redemption terms that do not consider market rates should be treated as deposits, and negotiable certificates of deposit should be treated as investments for purposes of GASB Statement Nos. 3 and 40 disclosures.

Investments—The County had total investments of $\_\_\_\_\_\_\_\_\_\_ at June 30, 2023. The County categorizes certain investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles as follows:

Investments with significantly different risk profiles should not be aggregated into a single investment type for all investment disclosures, as applicable. See question 1.3.2 in the GASB Implementation Guide No. 2015-1.

|  |  |  | Fair value measurement using | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Amount |  | Quoted prices in active markets for identical assets  (Level 1) |  | Significant other observable inputs  (Level 2) |  | Significant unobservable inputs  (Level 3) |
| Investments by fair value level |  |  |  |  |  |  |  |
| U.S. Treasury securities | $ |  |  |  |  |  |  |
| U.S. agency securities |  |  |  |  |  |  |  |
| Corporate bonds |  |  |  |  |  |  |  |
| Local government bonds |  |  |  |  |  |  |  |
| *List additional investment types* |  |  |  |  |  |  |  |
| Total investments categorized by fair value level | $ |  | $ |  | $ |  | $ |

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. *For investments categorized as Level 2 or Level 3, describe the valuation technique used for each level by investment type. Also, if there was a change in any of the valuation techniques that had a significant impact on the result, disclose the change and the reason(s) for making it.*

The County also had investments of $\_\_\_\_\_\_\_\_\_\_ in the State Treasurer’s investment pools measured at fair value. Investments in the State Treasurer’s investment pools are valued at the pool’s share price multiplied by the number of shares the County held. The fair value of a participant’s position in the pools approximates the value of that participant’s pool shares. The State Board of Investment provides oversight for the State Treasurer’s investment pools.

The County also had the following investments measured at amortized cost:

|  |  |
| --- | --- |
|  | Amount |
| Repurchase agreements | $ |
| *List additional investment types* |  |
| Total investments measured at amortized cost | $ |

*Credit risk—Briefly describe the County’s formal investment policy with respect to credit risk or indicate that it does not have one.* At June 30, 2023, credit risk for the County’s investments was as follows: *Modify as necessary.*

|  |  |  |  |
| --- | --- | --- | --- |
| Investment type | Rating | Rating agency | Amount |
| U.S. agency securities |  |  | $ |
| Repurchase agreements |  |  |  |
| Corporate bonds |  |  |  |
| Local government bonds |  |  |  |
| State Treasurer’s investment pool 5 | AAAf/S1+ | Standard and Poor’s |  |
| State Treasurer’s investment pool 7 | Unrated | Not applicable |  |
|  |  |  | $ |

Disclose the credit quality ratings of investments in debt securities as described by nationally recognized statistical rating agencies as of fiscal year-end, by aggregating investment amounts by investment type and rating categories. When multiple ratings exist and the County is aware of the different ratings, present the rating with the greatest degree of risk. U.S. government obligations and obligations the U.S. government explicitly guarantees do not require disclosure of credit risk. However, obligations of government-sponsored enterprises that the U.S. government implicitly guarantees are subject to credit risk disclosures. See question 1.9.7 in the GASB Implementation Guide No. 2015-1 for more information. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreements are exempt from credit risk disclosures. See question 1.9.10 in the GASB Implementation Guide No. 2015-1. If credit risk disclosure is required and the investment is unrated, the disclosure should indicate that fact. See Illustrations 1–4 in GASB Statement No. 40 for additional examples of required disclosures.

*Custodial credit risk—*For an investment, custodial credit risk is the risk that, in the event of the counterparty’s failure, the County will not be able to recover the value of its investments or collateral securities that are in an outside party’s possession. *Briefly describe the County’s formal investment policy with respect to custodial credit risk or indicate that it does not have one. If the County has any category 3 investments at fiscal year-end, add the following and modify as necessary:* At June 30, 2023, the County had $\_\_\_\_\_\_\_\_\_\_ of *name of investment type* that was uninsured, not registered in the County’s name, and held by the counterparty, and $\_\_\_\_\_\_\_\_\_ of *name of investment type* that was uninsured, not registered in the County’s name, and held by the counterparty’s trust department or agent but not in the County’s name. *Disclose amounts by investment type and how the investments were held. See Illustration 1 in GASB Statement No. 40 for an example of required disclosure. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk. (GASB Statement No. 40, paragraph 9)*

Normally, the line item cash and investments held by trustees is category 3 (see questions 1.16.4 and 1.16.5 of the GASB Implementation Guide No. 2015-1).

*Concentration of credit risk—If the County’s investments held at year-end were exposed to concentration of credit risk, briefly describe the County’s formal investment policy with respect to concentration of credit risk or indicate that it does not have one.* The County had investments at June 30, 2023, of 5 percent or more in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. These investments were \_\_\_ percent and \_\_\_ percent, respectively, of the County’s total investments. *Modify as necessary depending on the number of investments in any 1 issuer of 5 percent or more. See Illustration 2 in GASB Statement No. 40 for an example of required disclosure. Investments the U.S. government issues or explicitly guarantees and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. (GASB Statement No. 40, paragraph 12)*

*Interest rate risk—Briefly describe the County’s formal investment policy with respect to interest rate risk or indicate that it does not have one. See Illustrations 1-5 in GASB Statement No. 40 for examples of required disclosure. List investments by investment type and amount using 1 of the following interest rate risk methods: segmented time distribution, specific identification, weighted average maturity, duration, or simulation model. Governments are encouraged to select the disclosure method that is most consistent with the method they use to identify and manage interest rate risk.*

The interest rate risk disclosure for a government’s investments in mutual funds, external investment pools, or other pooled investments should be limited to investments in debt mutual funds, external debt investment pools, or other pooled debt investments that do not meet the requirements to measure investments at amortized cost in accordance with GASB Statement No. 79, paragraph 4. (GASB Statement No. 59, paragraph 6)

At June 30, 2023, the County had the following investments in debt securities:

*Segmented time distribution example*

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Investment maturities | | | | | | |
| Investment Type | Amount |  | Less than  1 Year |  | 1-5  years |  | 6-10  years |  | More than  10 years |
| State Treasurer’s investment pools | $ |  | $ |  | $ |  | $ |  | $ |
| U.S. Treasury securities |  |  |  |  |  |  |  |  |  |
| U.S. agency securities |  |  |  |  |  |  |  |  |  |
| Repurchase agreements |  |  |  |  |  |  |  |  |  |
| Corporate bonds |  |  |  |  |  |  |  |  |  |
| Local government bonds |  |  |  |  |  |  |  |  |  |
|  | $ |  | $ |  | $ |  | $ |  | $ |

OR

Specific identification example

|  |  |  |
| --- | --- | --- |
| Investment | Maturity | Amount |
| State Treasurer’s investment pool 5 |  | $ |
| State Treasurer’s investment pool 7 |  |  |
| U.S. Treasury bills *(list each investment separately)* |  |  |
| Federal National Mortgage Association *(list each investment separately)* |  |  |
|  |  | $ |

OR

Weighted average maturity example

|  |  |  |
| --- | --- | --- |
| Investment type | Amount | Weighted average maturity  (years) *or* (months) |
| State Treasurer’s investment pool 5 | $ |  |
| State Treasurer’s investment pool 7 |  |  |
| U.S. Treasury securities |  |  |
| U.S. agency securities |  |  |
| Corporate bonds |  |  |
| Local government bonds |  |  |
|  | $ |  |

See Illustration 3 in GASB Statement No. 40 for an example of how to calculate weighted average maturity.

OR

Duration—See Illustration 4 in GASB Statement No. 40.

OR

Simulation model—See Illustration 5 in GASB Statement No. 40

The County must also disclose the terms of investments with fair values that are highly sensitive to changes in interest rates. See Illustration 7 in GASB Statement No. 40 for an example of this required disclosure. Further, if a method requires an assumption regarding timing of cash flows (for example, whether an investment is or is not assumed to be called), interest rate changes, or other factors that affect interest rate information, the County should disclose that assumption.

*Foreign currency risk—If the County’s deposits or investments held at year-end were exposed to foreign currency risk, disclose the following: briefly describe the County’s formal investment policy with respect to foreign currency risk or indicate that it does not have one. Also, the County should disclose the U.S. dollar balances of deposits or investments exposed to foreign currency risk organized by currency denomination and investment type. See Illustration 8 in GASB Statement No. 40 for an example of required disclosure.*

A reconciliation of cash, deposits, and investments to amounts shown on the statements of net position follows:

|  |  |
| --- | --- |
| Cash, deposits, and investments: |  |
| Cash on hand | $ |
| Amount of deposits |  |
| Amount of investments |  |
| Total | $ |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  | Custodial funds | | |  |  |
|  | Governmental  activities |  | Business-type  activities |  | Investment trust funds |  | Private-purpose trust funds |  | External investment pools |  | Other |  | Total |
| Statement of net position: |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | $ |  | $ |  | $ |  | $ |  | $ |  | $ |  | $ |
| Investments |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash and investments held by pension plan―ASRS Contribution Prepayment Program |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash and investments held by trustee(s) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total | $ |  | $ |  | $ |  | $ |  | $ |  | $ |  | $ |

# Note \_ - 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 his (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. *Modify the last sentence if the Treasurer makes more frequent determinations.*

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. However, for the County’s monies in the pool, the Board of Supervisors authorized $\_\_\_\_\_\_\_\_\_\_\_\_ of interest earned in certain other funds to be transferred to the General Fund. *Delete this sentence if the County did not assign interest earned by 1 or more funds to other fund(s).*

Deposit and investment risk disclosure requirements for the County Treasurer’s investment pool—In addition to the disclosure requirements for the County Treasurer’s investment pool described herein, the County must also disclose the investment pool’s deposit and investment risks, including credit, custodial credit, concentration, interest rate, and foreign currency risks as appropriate. Distinguish the deposit and investment risk disclosures for the investment pool from the deposit and investment risk disclosures of the County’s primary government. However, in those instances when deposit and investment risks of the investment pool are substantially the same as the County’s primary government, the County may consider using the paragraph below. The County should not use this paragraph if a significant amount of County deposits or investments were not included in the investment pool such that the pool’s deposit and investment risks were not substantially the same as the County’s risks.

The County’s deposits and investments are included in the County Treasurer’s investment pool, except for $\_\_\_\_\_\_\_\_ of deposits and $\_\_\_\_\_\_\_\_ of investments in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. *Modify as appropriate.* Therefore, the deposit and investment risks of the Treasurer’s investment pool are substantially the same as the County’s deposit and investment risks. See Note \_\_\_ for disclosure of the County’s deposit and investment risks.

Details of each major investment classification follow:

| Investment  type |  | Principal |  | Interest rate(s) |  | Maturities |  | Amount |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |

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

|  |  |  |
| --- | --- | --- |
| Statement of fiduciary net position |  |  |
| Assets |  | $ |
| Liabilities |  |  |
| Net position |  | $ |
|  |  |  |
| Net position held for:  Internal participants  External participants |  | $ |
| Total net position |  | $ |
|  |  |  |
| Statement of changes in fiduciary net position |  |  |
| Total additions |  | $ |
| Total deductions |  |  |
| Net increase (decrease) |  |  |
| Net position:  July 1, 2022 |  |  |
| June 30, 2023 |  | $ |

# Note \_ - Receivables

If the County had significant individual receivable accounts whose nature is obscured by aggregation, provide details about those accounts here. Also, describe any receivable balance not expected to be collected within 1 year. See GASB Statement No. 38, paragraph 13.

Lease receivables—*The County, as lessor, should disclose the following about its lease activities (which may be grouped), other than short-term leases.*

The County leases *describe assets by major classes, such as building space,* to third parties under the provisions of various lease agreements. *Modify as appropriate – the County should provide a general description of its leasing arrangements.*

During the fiscal year ended June 30, 2023, the County recognized total lease-related revenues of $\_\_\_\_\_\_\_. *The County should include the total amount of revenue, for example, lease revenue, interest revenue, and any other lease-related revenue, recognized in the fiscal year from leases, if that amount cannot be determined based on the amounts displayed on the face of the financial statements. (GASB 87, paragraph 57 [b])*

*If the County has material variable lease payments, residual value guarantees, and/or termination penalties that are NOT included in the lease receivables, disclose the following information as applicable. (GASB 87, paragraph 57 [a], [c])*

*Variable lease payments*

The County’s lease contracts include variable lease payments, including residual value guarantees, that are not included in the lease receivable because they are not fixed in substance. *Modify as appropriate.* *Describe the basis, terms, and conditions on which variable payments not included in the measurement of the lease receivable are determined.* During the fiscal year ended June 30, 2023, the County recognized revenues of $\_\_\_\_\_\_\_ for variable lease payments not included in the measurement of the lease receivables.

*Other payments*

The County’s lease contracts include other payments, such as termination penalties, that are not included in the lease receivable. During the fiscal year ended June 30, 2023, the County recognized revenues of $\_\_\_\_\_\_\_ for other payments not included in the measurement of the lease receivables.

*The County should also provide relevant disclosures for the following transactions, if applicable:*

* *Leases of assets that are investments (see GASB 87, paragraph 41)*
* *Certain regulated leases (see GASB 87, paragraph 60)*
* *Sublease transactions (see GASB 87, paragraph 81)*
* *Sale-leaseback transactions (see GASB 87, paragraph 85)*
* *Lease-leaseback transactions (see GASB 87, paragraph 87)*

# Note \_ - Public-private and public-public partnerships

*If the County participates in public-private or public-public partnerships (P3s), the following disclosures should be made for the County acting as the transferor or as the operator:*

*A transferor should disclose the following about its P3 activities (which may be grouped for purposes of disclosure, see GASB 94, paragraphs 35-36):*

1. *A general description of its P3 arrangements, including the status of projects during the construction period, if applicable, and the basis, terms, and conditions on which any variable payments not included in the measurement of the receivable for installment payments are determined.*
2. *The nature and amounts of assets and deferred inflows of resources related to P3s that are recognized in the financial statements.*
3. *The discount rate or rates applied to the measurement of the receivable for installment payments, if any.*
4. *The amount of inflows of resources recognized in the reporting period for variable and other payments not previously included in the measurement of the receivable for installment payments, including inflows of resources related to residual value guarantees and termination penalties.*
5. *The nature and extent of rights retained by the transferor or granted to the operator under the P3 arrangements.*
6. *Some P3 arrangements may include provisions for guarantees and commitments. For each period in which a guarantee or commitment exists, disclosures should be made about the guarantees and commitments, including identification, duration, and significant contract terms.*

*An operator should disclose the following about its P3 activities (which may be grouped for purposes of disclosure, see GASB 94, paragraphs 57-59):*

1. *A general description of its P3 arrangements, including the status of projects during the construction period, if applicable, and the basis, terms, and conditions on which any variable payments not included in the measurement of the liability for installment payments are determined.*
2. *The nature and amounts of assets, liabilities, and deferred outflows of resources related to P3s that are recognized in the financial statements.*
3. *The discount rate or rates applied to the measurement of the liability for installment payments, if any.*
4. *Principal and interest requirements to maturity, presented separately, for the liability for installment payments for each of the 5 subsequent fiscal years and in 5-year increments thereafter.*
5. *The amount of outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the liability for installment payments.*
6. *The nature and extent of rights granted to the operator or retained by the transferor under P3 arrangements.*
7. *The components of any loss associated with an impairment (the impairment loss and any related change in the liability).*
8. *Some P3 arrangements may include provisions for guarantees and commitments. For each period in which a guarantee or commitment exists, disclosures should be made about the guarantees and commitments, including identification, duration, and significant contract terms.*

# Note \_ - Capital assets

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

*In the table below, intangible right-to-use lease assets for land/land improvements would only be presented in the capital assets not being depreciated/amortized sections of the table below if the lease contract has a purchase option that the County has determined is reasonably certain of being exercised. Otherwise, they would be amortized over the lease term. (GASB 87, paragraph 32)*

*Note that if an agreement meets the GASB definition of a lease (GASB 87, paragraph 4) or SBITA (GASB 96, paragraph 6), prepaying the entire balance does NOT mean the agreement is no longer classified as a lease or SBITA. Although no liability would be recorded, the County would still be responsible for the recording and subsequent amortization of an intangible right-to-use lease or subscription asset, as applicable, including the appropriate disclosures.*

|  | **Balance**  **July 1, 2022 (restated)** |  | **Increases** |  | **Decreases** |  | **Balance**  **June 30, 2023** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Governmental activities:** |  |  |  |  |  |  |  |
| Capital assets not being depreciated/amortized: |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |
| Land improvements |  |  |  |  |  |  |  |
| Construction in progress |  |  |  |  |  |  |  |
| Intangibles: |  |  |  |  |  |  |  |
| Right-to-use lease assets: |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |
| Land improvements |  |  |  |  |  |  |  |
| Total capital assets not being  depreciated/amortized |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Capital assets being depreciated/amortized: |  |  |  |  |  |  |  |
| Buildings |  |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |  |
| Infrastructure *(may list systems separately)* |  |  |  |  |  |  |  |
| Intangibles: *(list by major categories)* |  |  |  |  |  |  |  |
| Right-to-use subscription assets |  |  |  |  |  |  |  |
| Right-to-use lease assets: *(modify underlying*  *assets as appropriate)* |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |
| Land improvements |  |  |  |  |  |  |  |
| Buildings |  |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |  |
| Infrastructure |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Less accumulated depreciation/amortization for: |  |  |  |  |  |  |  |
| Buildings |  |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |  |
| Infrastructure *(may list systems separately)* |  |  |  |  |  |  |  |
| Intangibles: *(list by major categories)* |  |  |  |  |  |  |  |
| Right-to-use subscription assets |  |  |  |  |  |  |  |
| Right-to-use lease assets: *(modify underlying*  *assets as appropriate)* |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |
| Land improvements |  |  |  |  |  |  |  |
| Buildings |  |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |  |
| Infrastructure |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |
| Total capital assets being depreciated/  amortized, net |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Governmental activities capital assets, net |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Business-type activities:** |  |  |  |  |  |  |  |
| Capital assets not being depreciated/amortized: |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |
| Land improvements |  |  |  |  |  |  |  |
| Construction in progress |  |  |  |  |  |  |  |
| Intangibles: |  |  |  |  |  |  |  |
| Right-to-use lease assets: |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |
| Land improvements |  |  |  |  |  |  |  |
| Total capital assets not being  depreciated/amortized |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Capital assets being depreciated/amortized: |  |  |  |  |  |  |  |
| Buildings |  |  |  |  |  |  |  |
| Utility systems |  |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |  |
| Intangibles: *(list by major categories)* |  |  |  |  |  |  |  |
| Right-to-use subscription assets |  |  |  |  |  |  |  |
| Right-to-use lease assets:*(modify underlying*  *assets as appropriate)* |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |
| Land improvements |  |  |  |  |  |  |  |
| Buildings |  |  |  |  |  |  |  |
| Utility systems |  |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Less accumulated depreciation/amortization for: |  |  |  |  |  |  |  |
| Buildings |  |  |  |  |  |  |  |
| Utility systems |  |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |  |
| Intangibles: *(list by major categories)* |  |  |  |  |  |  |  |
| Right-to-use subscription assets |  |  |  |  |  |  |  |
| Right-to-use lease assets: *(modify underlying*  *assets as appropriate)* |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |
| Land improvements |  |  |  |  |  |  |  |
| Buildings |  |  |  |  |  |  |  |
| Utility systems |  |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |
| Total capital assets being depreciated/  amortized, net |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Business-type activities capital assets, net |  |  |  |  |  |  |  |

If the County has any collections (such as art or historical treasures) that are not capitalized, describe the collection and disclose why the assets are not capitalized. See GASB Statement No. 34, paragraph 118.

Depreciation/amortization expense was charged to functions as follows:

|  |  |
| --- | --- |
| Governmental activities: |  |
| General government |  |
| Public safety |  |
| Highways and streets |  |
| Sanitation |  |
| Health |  |
| Welfare |  |
| Culture and recreation |  |
| Education |  |
| Internal service funds |  |
| Total governmental activities depreciation/amortization expense |  |
|  |  |
| Business-type activities: |  |
| Landfill |  |
| *List other activities* |  |
| Total business-type activities depreciation/amortization expense |  |

# Note \_ - Construction and other commitments

The County had major contractual commitments related to various capital projects at June 30, 2023, for the construction of *(list projects)*. At June 30, 2023, the County had spent $\_\_\_\_\_\_\_\_ on these projects and had remaining contractual commitments with contractors of $\_\_\_\_\_\_\_\_. These projects are being financed *(describe source of payment/financing and terms of the commitment)*.

The County had contractual commitments related to leases for which the lease term had not yet commenced at June 30, 2023, for *(list lease assets by major classes)*. At June 30, 2023, the County had made payments of $\_\_\_\_\_\_\_\_\_\_ to the lessors and had remaining contractual commitments with lessors of $\_\_\_\_\_\_\_\_\_\_, including the lease liabilities that will be recognized at the commencement of the lease terms. *(GASB 87, paragraph 37 [g])*

The County had contractual commitments related to subscription-based information technology arrangements for which the subscription term had not yet commenced at June 30, 2023, for *(describe IT software and/or underlying IT assets)*. At June 30, 2023, the County had made payments of $ to the vendors and had remaining contractual commitments with vendors of $ , including the subscription liabilities that will be recognized at the commencement of the subscription terms. *(GASB 96, paragraph 60 [f])*

If the County had other significant commitments, provide a description of the commitment, dollar amounts, and basic terms of the commitment (including amounts spent to date and amounts remaining under the commitment), and source of payment.

# Note \_ - Short-term liabilities

Payables—*If the County had significant individual payable accounts whose nature is obscured by aggregation, provide details about those accounts here. See GASB Statement No. 38, paragraph 13.*

Short-term debt—*If the County had short-term debt (e.g., anticipation notes, lines of credit, and similar loans) activity during the year, even if no short-term debt is outstanding at year-end, the County should explain why the debt was issued and present a schedule of changes that discloses beginning and ending balances as well as increases and decreases. See GASB Statement No. 38, paragraph 12, as amended by GASB Statement No. 88, paragraphs 4 and 6. The County should also disclose summarized information about assets pledged as collateral for the debt and terms specified in the debt agreement related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, and (3) subjective acceleration clauses. See GASB Statement No. 88, paragraph 5.*

# Note \_ - Long-term liabilities

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

|  | Balance  July 1, 2022 (restated) |  | Additions |  | Reductions |  | Balance  June 30, 2023 |  | Due within  1 year |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Governmental activities |  |  |  |  |  |  |  |  |  |
| Bonds payable: |  |  |  |  |  |  |  |  |  |
| General obligation bonds |  |  |  |  |  |  |  |  |  |
| Revenue bonds |  |  |  |  |  |  |  |  |  |
| Special assessment bonds with governmental commitment |  |  |  |  |  |  |  |  |  |
| Discounts/premiums |  |  |  |  |  |  |  |  |  |
| Total bonds payable |  |  |  |  |  |  |  |  |  |
| Certificates of participation payable |  |  |  |  |  |  |  |  |  |
| Financed purchases |  |  |  |  |  |  |  |  |  |
| Leases payable |  |  |  |  |  |  |  |  |  |
| Subscriptions liability |  |  |  |  |  |  |  |  |  |
| Asset retirement obligations |  |  |  |  |  |  |  |  |  |
| Net pension and other postemployment benefits liability |  |  |  |  |  |  |  |  |  |
| Landfill closure and post-closure care costs payable |  |  |  |  |  |  |  |  |  |
| Insurance claims payable |  |  |  |  |  |  |  |  |  |
| Compensated absences payable |  |  |  |  |  |  |  |  |  |
| Claims and judgments payable |  |  |  |  |  |  |  |  |  |
| Pollution remediation obligations |  |  |  |  |  |  |  |  |  |
| *Add other line items as needed* | |  |  |  |  |  |  |  |  |
| Total governmental activities long-term liabilities |  |  |  |  |  |  |  |  |  |
| Business-type activities |  |  |  |  |  |  |  |  |  |
| Revenue bonds payable |  |  |  |  |  |  |  |  |  |
| Discounts/premiums |  |  |  |  |  |  |  |  |  |
| Total bonds payable |  |  |  |  |  |  |  |  |  |
| Notes payable |  |  |  |  |  |  |  |  |  |
| Financed purchases |  |  |  |  |  |  |  |  |  |
| Leases payable |  |  |  |  |  |  |  |  |  |
| Subscriptions liability |  |  |  |  |  |  |  |  |  |
| Asset retirement obligations |  |  |  |  |  |  |  |  |  |
| Net pension and other postemployment benefits liability |  |  |  |  |  |  |  |  |  |
| Landfill closure and postclosure care costs payable |  |  |  |  |  |  |  |  |  |
| Compensated absences payable |  |  |  |  |  |  |  |  |  |
| Claims and judgments payable |  |  |  |  |  |  |  |  |  |
| Pollution remediation obligations |  |  |  |  |  |  |  |  |  |
| *Add other line items as needed* | |  |  |  |  |  |  |  |  |
| Total business-type activities long-term liabilities |  |  |  |  |  |  |  |  |  |

Complete the following sentence if the County had short-term or long-term debt outstanding. GASB Statement No. 88, paragraph 5.a.

The County also had (an) unused line(s) of credit in the amount of $\_\_\_\_\_\_\_\_\_\_\_.

*In the following bonds, certificates of participation, and financed purchase disclosures, the County should disclose summarized information about assets pledged as collateral for the debt and terms specified in the debt agreement related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, and (3) subjective acceleration clauses. The County should also separate information regarding (a) direct borrowings and direct placements of debt from (b) other debt. GASB Statement No. 88, paragraphs 5 and 6.*

*The County is not required to disclose collateral pledged as a security for a lease if that collateral is solely the asset underlying the lease. (GASB Statement No. 87, paragraph 39) If the County has issued debt for which the principal and interest payments are secured by lease payments, describe the existence, terms, and conditions of options by the lessee to terminate the lease or abate payments. (GASB 87, paragraph 57 [d])*

Bonds—The County’s bonded debt consists of various issues of general obligation, revenue, and special assessment bonds that are generally callable (noncallable) with interest payable semiannually (annually). Bond proceeds pay primarily for acquiring or constructing capital facilities. Bonds have also been issued to advance-refund previously issued bonds. The County repays general obligation bonds from voter-approved property taxes. Revenue bonds are repaid from charges for services in the \_\_\_\_\_\_\_\_\_\_ funds. Special assessment bonds are secured by pledges of revenues from special assessments levied against the benefiting property owners. *Include as applicable.* During the year, the County issued general obligation bonds totaling $\_\_\_\_\_ to *describe the purpose*. In addition, revenue bonds totaling $\_\_\_\_\_ were issued to *describe the purpose*.

Of the general obligation bond, revenue bond, and special assessment bond amounts originally authorized, $\_\_\_\_\_, $\_\_\_\_\_, and $\_\_\_\_\_, respectively, remain unissued. *If all the authorized bonds were issued, delete the preceding sentence.* The following bonds were outstanding at June 30, 2023:

| Description | Original  amount  authorized |  | Amount  issued |  | Maturity  ranges |  | Interest  rates |  | Outstanding principal |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| General obligation bonds | $ |  | $ |  |  |  |  |  | $ |
| General obligation bonds—refunding |  |  |  |  |  |  |  |  |  |
| Revenue bonds |  |  |  |  |  |  |  |  |  |
| Revenue bonds—refunding |  |  |  |  |  |  |  |  |  |
| Special assessment bonds with governmental commitment |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  | $ |

If issuing a comprehensive annual financial report for the GFOA certificate program, it is recommended that the County disclose the information above for each debt issuance. The County should also describe the legal debt limit/margin and the applicability of federal arbitrage regulations.

The following schedule details debt service requirements to maturity for the County’s bonds payable at June 30, 2023:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | Governmental activities | | | | | | | | | | |  | Business-type  activities | | |
| Year ending |  | General  obligation bonds | | |  | Revenue bonds | | |  | Special  assessment bonds | | |  | Revenue bonds  *Use separate*  *columns for different types of bonds* | | |
| June 30 |  | Principal |  | Interest |  | Principal |  | Interest |  | Principal |  | Interest |  | Principal |  | Interest |
| 2024 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2025 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2026 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2027 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2028 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2029-33 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2034-38 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2039-43 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2044-48 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2049-53 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

If the County has variable-rate debt, disclose interest requirements based on the rate effective at the end of the reporting year. In addition, the County should add a paragraph following the table that discloses the terms under which interest rates may change. See GASB Statement No. 38, paragraph 10.

Pledged revenues are those specific revenues that have been formally committed to directly collateralize or secure debt (e.g., bonds, certificates of participation, etc.) of a pledging government, or directly or indirectly collateralize or secure debt of a component unit. For each period in which secured debt remains outstanding, the County must disclose the following:

1. Identification of the specific revenue pledged and the approximate pledge amount.
2. Identification of, and general purpose for, the debt the pledged revenue secures.
3. Commitment term.
4. Relationship of the pledged amount to the total for that specific revenue stream (i.e., percent of the specific revenue stream that has been pledged).
5. Comparison of the pledged revenues recognized during the period to the principal and interest requirements for the debt those revenues directly or indirectly collateralize

See GASB Statement No. 48, paragraph 21, for more information regarding the disclosure requirements for pledged revenues. Also, see Appendix D, Examples 1-3, in GASB Statement No. 48 for examples of required disclosure. For more complex situations, the County may want to present tables with the required disclosures.

During the year ended June 30, 2023, the County issued general obligation (revenue) bonds with an average interest rate of \_\_\_ percent to advance-refund older, higher-rate issues with an average interest rate of \_\_\_ percent. The County realized net proceeds of $\_\_\_\_\_ after payment of $\_\_\_\_\_ in underwriting fees, insurance, and other issuance costs, plus $\_\_\_\_\_ of \_\_\_\_\_ sinking fund monies. The County used these proceeds to purchase securities that it placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. The refunded debt is considered defeased, and related liabilities are not included in the County’s financial statements. Details of the refunding transactions are as follows:

|  |  |
| --- | --- |
|  | *Bond*  *category* |
| Amount of refunding bonds issued |  |
| Amount of bonds refunded |  |
| Reduction in debt service payments |  |
| Economic gain (loss) |  |

Complete the following paragraph for the fiscal year in which bonds are defeased using only existing resources. GASB Statement No. 86

During the year ended June 30, 2023, the County defeased $\_\_\_\_\_\_\_\_\_\_ of general obligation (revenue) bonds to *include reason for defeasance*. Accordingly, the related liabilities are not included in the County’s financial statements. The County placed $\_\_\_\_\_\_\_\_\_\_ of cash and other monetary assets acquired with existing resources *modify as necessary* in an irrevocable trust to provide resources for all future debt service payments of $\_\_\_\_\_\_\_\_\_\_ on the defeased debt.

For all periods following an advance refunding, or in-substance defeasance using only existing resources, that end with defeased bonds still outstanding, complete the next paragraph.

In prior years, the County defeased certain general obligation and revenue bonds by placing the proceeds of new bonds and existing resources *modify as necessary* in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the County’s financial statements. At June 30, 2023, the following outstanding bonds were considered defeased:

|  |  |  |
| --- | --- | --- |
| Description | Amount *(principal balance of defeased bonds outstanding at June 30, 2023)* | |
| General obligation bonds |  |
| Revenue bonds |  |

*For all in-substance defeasances for which substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, the County should disclose the information required by GASB Statement No. 86, paragraphs 10 and 11, as applicable.*

If the refunded (old) debt is variable-rate debt, it cannot be considered defeased because of the uncertainty of the future debt service requirements. It is possible to defease old fixed-rate debt with new variable-rate debt, but additional disclosures should be made. See footnote 4 of GASB Statement No. 7 for additional details.

Certificates of participation—The County has issued certificates of participation that are generally callable (noncallable) with interest payable semiannually (annually) to purchase or construct *describe the assets*. During the year, the County issued certificates totaling $\_\_\_\_\_ to *describe the purpose*.

Of the total amount(s) originally authorized, $\_\_\_\_\_ remains unissued. *If all the authorized certificates were issued, delete the preceding sentence.* The following certificates were outstanding at June 30, 2023:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Description | Original  amount  authorized |  | Amount  issued |  | Maturity ranges |  | Interest  rates |  | Outstanding principal |
| *List by COP issue* |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

Describe other significant features of certificates of participation issues. Also, if the County advance-refunded any certificates of participation or defeased any certificates of participation using only existing resources during the fiscal year, modify the wording in the second- and third-to-last paragraphs of the bonds payable note accordingly, as applicable.

In all periods following an advance refunding or in-substance defeasance using only existing resources for which certificates of participation defeased in substance remain outstanding, the amount of those certificates of participation, if any, outstanding at fiscal year-end should be disclosed. Modify the wording of the last paragraph of the bonds payable note accordingly.

*For all in-substance defeasances for which substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, the County should disclose the information required by GASB Statement No. 86, paragraphs 10 and 11, as applicable.*

The following schedule details debt service requirements to maturity for the County’s certificates of participation payable at June 30, 2023:

|  |  | Governmental  activities | | |  | Business-type  activities | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Year ending June 30 |  | Principal |  | Interest |  | Principal |  | Interest |
| 2024 |  |  |  |  |  |  |  |  |
| 2025 |  |  |  |  |  |  |  |  |
| 2026 |  |  |  |  |  |  |  |  |
| 2027 |  |  |  |  |  |  |  |  |
| 2028 |  |  |  |  |  |  |  |  |
| 2029-33 |  |  |  |  |  |  |  |  |
| 2034-38 |  |  |  |  |  |  |  |  |
| 2039-43 |  |  |  |  |  |  |  |  |
| 2044-48 |  |  |  |  |  |  |  |  |
| 2049-53 |  |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |  |

Financed purchases—The County has acquired *describe assets by major classes* under contract agreements at a total purchase price of $\_\_\_\_\_. The following schedule details debt service requirements to maturity for the County’s financed purchases at June 30, 2023:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Governmental  activities | | |  | Business-type  activities | | |
| Year ending June 30 |  | Principal |  | Interest |  | Principal |  | Interest |
| 2024 |  |  |  |  |  |  |  |  |
| 2025 |  |  |  |  |  |  |  |  |
| 2026 |  |  |  |  |  |  |  |  |
| 2027 |  |  |  |  |  |  |  |  |
| 2028 |  |  |  |  |  |  |  |  |
| 2029-33 |  |  |  |  |  |  |  |  |
| 2034-38 |  |  |  |  |  |  |  |  |
| 2039-43 |  |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |  |

Leases—*The County, as lessee, should disclose the following about its lease activities (which may be grouped), other than short-term leases.*

The County has obtained the right to use *describe assets by major classes* under the provisions of various lease agreements. *Modify accordingly – the County should provide a general description of its leasing arrangements.*

The total amount of lease assets and the related accumulated amortization are as follows: *(GASB 87, paragraph 37 [b])*

|  |  |
| --- | --- |
| Total intangible right-to-use lease assets |  |
| Less: accumulated amortization |  |
| Carrying value |  |

The following schedule details minimum lease payments to maturity for the County’s leases payable at June 30, 2023:

|  | | Governmental activities | | |  | Business-type activities | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Year ending June 30 | | Principal |  | Interest |  | Principal |  | Interest |
| 2024 |  |  |  |  |  |  |  |  |
| 2025 |  |  |  |  |  |  |  |  |
| 2026 |  |  |  |  |  |  |  |  |
| 2027 |  |  |  |  |  |  |  |  |
| 2028 |  |  |  |  |  |  |  |  |
| 2029-33 |  |  |  |  |  |  |  |  |
| 2034-38 |  |  |  |  |  |  |  |  |
| 2039-43 |  |  |  |  |  |  |  |  |
| 2044-48 |  |  |  |  |  |  |  |  |
| 2049-53 |  |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |  |

*If the County has material variable lease payments, residual value guarantees, and/or other payments that are NOT included in the lease liability, disclose the following information as applicable. (GASB 87, paragraph 37 [a], [d], [e])*

*Variable lease payments*

The County’s lease contracts include variable lease payments that are not included in the lease liability because they are not fixed in substance. *Describe the basis, terms, and conditions on which variable payments not included in the measurement of the lease liability are determined.*During the fiscal year ended June 30, 2023, the County recognized expenses of $\_\_\_\_\_\_\_ for variable lease payments not included in the measurement of the lease liabilities.

*Other payments*

The County’s lease contracts include other payments, such as residual value guarantees and termination penalties, that are not included in the lease liability because they are not reasonably certain of being required. *Modify as appropriate. Describe the existence, terms, and conditions of residual value guarantees.* During the fiscal year ended June 30, 2023, the County recognized expenses of $\_\_\_\_\_\_\_ for other payments not included in the measurement of the lease liabilities.

*The County should also provide relevant disclosures for the following transactions, if applicable.*

* *The components of any impairment loss and any related change in the lease liability (see GASB 87, paragraph 37 [h])*
* *Sublease transactions (see GASB 87, paragraph 81)*
* *Sale-leaseback transactions (see GASB 87, paragraph 85)*
* *Lease-leaseback transactions (see GASB 87, paragraph 87)*

Subscription-based information technology arrangements (SBITAs)—*The County should disclose the following about its SBITAs (which may be grouped), other than short-term SBITAs.*

The County has obtained the right to use *describe IT software and/or underlying IT assets* under the provisions of various subscription-based information technology arrangements. *Modify accordingly – the County should provide a general description of its SBITAs.*

The total amount of subscription assets and the related accumulated amortization are as follows: *(GASB 96, paragraph 60 [b])*

|  |  |
| --- | --- |
| Total intangible right-to-use subscription assets |  |
| Less: accumulated amortization |  |
| Carrying value |  |

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

| Year ending June 30 |  | Principal |  | Interest |
| --- | --- | --- | --- | --- |
| 2024 |  |  |  |  |
| 2025 |  |  |  |  |
| 2026 |  |  |  |  |
| 2027 |  |  |  |  |
| 2028 |  |  |  |  |
| 2029-33 |  |  |  |  |
| 2034-38 |  |  |  |  |
| 2039-43 |  |  |  |  |
| Total |  |  |  |  |

*If the County has material variable subscription payments and/or other payments that are NOT included in the subscriptions liability, disclose the following information as applicable. (GASB 96, paragraph 60 [a], [c], [d])*

*Variable subscription payments*

The County’s SBITAs include variable subscription payments that are not included in the subscriptions liability because they are not fixed in substance. *Describe the basis, terms, and conditions on which variable payments not included in the measurement of the subscriptions liability are determined.* During the fiscal year ended June 30, 2023, the County recognized expenses of $\_\_\_\_\_\_\_ for variable subscription payments not included in the measurement of the subscriptions liability.

*Other payments*

The County’s SBITAs include other payments, such as termination penalties, that are not included in the subscriptions liability because they are not reasonably certain of being required. *Modify as appropriate.* During the fiscal year ended June 30, 2023, the County recognized expenses of $\_\_\_\_\_\_\_ for other payments not included in the measurement of the subscriptions liability.

*The County should also provide relevant disclosures for the components of any impairment loss and any related change in the subscriptions liability, as applicable (see GASB 96, paragraph 60 [g])*

Landfill closure and postclosure care costs—State and federal laws and regulations require the County to place a final cover on its \_\_\_\_\_\_\_\_\_\_ landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will not be paid until near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs in each period that the County operates the landfill. These costs will be paid from the General Fund (enterprise fund). *Modify accordingly.*

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The $\_\_\_\_\_ reported as landfill closure and postclosure care liability at June 30, 2023, represents the cumulative amount reported to date based on the use of \_\_\_ percent of the landfill’s estimated capacity. The County will recognize the remaining estimated cost of closure and postclosure care of $\_\_\_\_\_ as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2023. The County expects to close the landfill in the year \_\_\_\_, and the actual cost may be higher because of inflation, changes in technology, or changes in regulations.

40 CFR Part 258.74(f) requires entities operating landfills to meet local government financial test requirements or ensure that monies necessary to meet costs associated with landfills will be available when needed.

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

If the County chooses not to comply with the local government financial test requirements, disclose how the costs of landfill closure, postclosure, and corrective action are being met (for example, through a trust fund or restricted assets). See GASB Statement No. 18, paragraph 17 and Appendix D.

When bonds have been issued for the payment of landfill closure and postclosure care costs, add the following disclosure for those bonds.

The following schedule details debt service requirements to maturity for bonds payable the County issued to pay its landfill closure and postclosure care costs at June 30, 2023:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Governmental (Business-type) activities | | |
| Year ending June 30 | Principal |  | Interest |
| 2024 |  |  |  |
| 2025 |  |  |  |
| 2026 |  |  |  |
| 2027 |  |  |  |
| 2028 |  |  |  |
| 2029-33 |  |  |  |
| 2034-38 |  |  |  |
| 2039-43 |  |  |  |
| 2044-48 |  |  |  |
| 2049-53 |  |  |  |
| Total |  |  |  |

If the County provides self-insurance for life, health, or disability benefits to its employees adapt the following note.

Insurance claims—The Employee Benefit Fund (an internal service fund) accounts for the financing of the uninsured risk of loss for certain health benefits (comprehensive, major medical, dental) to eligible employees and their dependents. Under this program, the Fund provides coverage for up to a maximum of $\_\_\_\_\_ for each claim, not to exceed an annual aggregate of $\_\_\_\_\_. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims did not exceed this commercial insurance coverage in any of the past 3 fiscal years. *Modify as appropriate.*

The Fund’s insurance claims payable liability totaling $\_\_\_\_\_ at June 30, 2023, is the estimated ultimate cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. This estimate is based on actuarial estimates *or describe methodology*. Changes in the Fund’s claims payable for the years ended June 30, 2022 and 2023, were as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022 |  | 2023 |
| Claims payable, beginning of year |  |  |  |
| Current-year claims and changes in estimates |  |  |  |
| Claim payments |  |  |  |
| Claims payable, end of year |  |  |  |

Compensated absences and claims and judgments—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. Claims and judgments are generally paid from the fund that accounts for the activity that gave rise to the claim. During fiscal year 2023, the County paid for compensated absences as follows: \_\_\_ percent from the General Fund, \_\_\_ percent from major funds, and \_\_\_ percent from other funds. The County paid for claims and judgments as follows: \_\_\_ percent from the General Fund and \_\_\_ percent from the \_\_\_\_\_\_\_\_\_\_ fund. *Modify as appropriate.*

Pollution remediation obligations—*If the County has recognized pollution remediation obligations or recoveries of pollution remediation outlays, it should disclose the information required by* *GASB Statement No. 49, paragraphs 25 and 26.*

Asset retirement obligations—If the County has recognized asset retirement obligations, it should disclose the information required by GASB Statement No. 83, paragraphs 27 – 29.

# Note \_ - Conduit debt

*The County (as the issuer) should disclose the following general information about conduit debt obligations (GASB 91, paragraph 25):*

1. *A general description of the issuer’s conduit debt obligation(s).*
2. *A general description of the issuer’s limited commitment(s).*
3. *A general description of the issuer’s voluntary commitment(s).*
4. *A general description of the issuer’s additional commitment(s), including:*
   1. *The legal authority and limits for extending the commitment(s).*
   2. *The length of time of the commitment(s).*
   3. *Arrangements, if any, for recovering payments from the third-party obligor(s).*
5. *The aggregate outstanding principal amount of all conduit debt obligations that share the same type of commitment(s) at the end of the reporting period.*

*If the County has also recognized a liability in accordance with GASB 91, paragraphs 10-17, it should make additional disclosures as follows (GASB 91, paragraph 26):*

1. *A brief description of the timing of recognition and measurement of the liability and information about the changes in the recognized liability, including the following:*
   1. *Beginning-of-period balances.*
   2. *Increases, including initial recognition and adjustments increasing estimates.*
   3. *Decreases, including payments made and adjustments decreasing estimates.*
   4. *End-of-period balances.*
2. *Cumulative amounts of payments that have been made on the recognized liability at the reporting date, if any.*
3. *Amounts expected to be recovered from those payments, if any.*

# Note \_ - Fund balance classifications of the governmental funds

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

|  | General  Fund | *Major*  Fund | *Major*  Fund | Total |
| --- | --- | --- | --- | --- |
| Fund balances: |  |  |  |  |
| Nonspendable: |  |  |  |  |
| Inventories  Prepaid items  *List other nonspendable resources* |  |  |  |  |
| Total nonspendable |  |  |  |  |
| Restricted for: |  |  |  |  |
| Social services |  |  |  |  |
| Law enforcement |  |  |  |  |
| Highways and streets |  |  |  |  |
| Health |  |  |  |  |
| Welfare |  |  |  |  |
| Education |  |  |  |  |
| Parks and recreation |  |  |  |  |
| Debt service |  |  |  |  |
| *List other purposes* |  |  |  |  |
| Total restricted |  |  |  |  |
| Committed to: |  |  |  |  |
| *List specific purposes* |  |  |  |  |
| Total committed |  |  |  |  |
| Assigned to: |  |  |  |  |
| *List specific purposes* |  |  |  |  |
| Total assigned |  |  |  |  |
| Unassigned |  |  |  |  |
|  |  |  |  |  |
| Total fund balances |  |  |  |  |

*The County should display the specific purpose in sufficient detail to disclose its major commitments and assignments. At a minimum, disclosures should be by function. GASB Statement No. 54, paragraph 25, and GASB Implementation Guide 2017-1, paragraph 4.38*

*Stabilization arrangements—When the County formally sets aside amounts for use in emergency situations or when revenue shortages or budgetary imbalances arise, those amounts are subject to controls that dictate the circumstances under which they can be spent. The County may have made formal arrangements to maintain amounts for budget or revenue stabilization, working capital needs, contingencies, or emergencies. When the County has stabilization arrangements, it should disclose the statutory authority for establishing the stabilization arrangement, the requirements for additions to the stabilization amount, the conditions under which stabilization amounts may be spent, and the stabilization balance, if not apparent on the face of the financial statements. GASB Statement No. 54, paragraph 26*

*Minimum fund balance policies—When the County has formally adopted a minimum fund balance policy, it should disclose its policy setting forth the minimum amount. GASB Statement No. 54, paragraph 27*

# Note \_ - 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. The County carries commercial insurance for all such risks of loss, including workers’ compensation and employees’ health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past 3 fiscal years. *Modify as appropriate.*

OR

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 3 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. *Modify as appropriate.*

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 13 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; cyber security; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium based on its exposure in relation to the exposure of the other participants and a deductible of $\_\_\_\_\_ per occurrence for property claims and $\_\_\_\_\_ 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 3 years after becoming a member; however, it may withdraw after the initial 3-year period.

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

The Arizona Local Government Employee Benefit Trust is a public entity risk pool currently composed of 9 member entities. The pool provides member entities with health, prescription, dental, vision, life, short-term disability, and accidental death benefits for the entities’ employees and their dependents. The County is responsible for paying a premium based on enrolled employees and dependents (and requires its employees to contribute a portion of that premium). *Modify as necessary.*

The Arizona Counties Property and Casualty Pool, the Arizona Counties Workers’ Compensation Pool, and the Arizona Local Government Employee Benefit Trust receive independent audits annually and an audit by the Arizona Department of Insurance every 5 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.

# Note \_ - Pensions and other postemployment benefits

The notes to the financial statements should not include immaterial disclosures (GASB Statement 38). Accordingly, the County should omit the disclosures shown below for any pension or OPEB plan that is not material. If a net pension/OPEB asset or liability is included for the plan on the statement of net position, the County may mention the plan and state that it is not further disclosed because of its relative insignificance to the County’s financial statements.

If the County provides its own retirees’ healthcare benefits, the County should also follow the accounting and disclosure requirements of GASB Statement No. 74 or 75, if applicable.

If the County makes employer contributions to a 457 plan that meets the definition of a pension plan, the County should follow the accounting and disclosure requirements of Statement No. 68 or 73, as applicable. (GASB Statement No. 97)

The County contributes to the plans described below. *The County should report each pension and OPEB plan and each PSPRS group (sheriffs and attorney investigators) and CORP group (detention, dispatchers, and Administrative Office of the Courts) as separate plans because the assets of each plan are accumulated solely for the payment of benefits for that plan and may not legally be used to pay benefits of other plans.* The plans are component units of the State of Arizona.

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

| Statement of net position and statement of activities | Governmental activities | Business-type activities | Total |
| --- | --- | --- | --- |
| Net pension and OPEB asset | $ | $ | $ |
| Net pension and OPEB liability |  |  |  |
| Deferred outflows of resources related to pensions and OPEB |  |  |  |
| Deferred inflows of resources related to pensions and OPEB |  |  |  |
| Pension and OPEB expense |  |  |  |

The County’s accrued payroll and employee benefits includes $\_\_\_\_\_\_\_\_\_ of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2023. *If the County reported other payables to the plans as of June 30, 2023, the County should disclose the payable amount, significant terms related to the payable, and a description of what gave rise to the payable.* Also, the County reported $\_\_\_\_\_\_\_\_\_ of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

A. Arizona State Retirement System

Plan description—County employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, 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 its website at [www.azasrs.gov](http://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:

| 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.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from $100 per month to $260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions—In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, statute required active ASRS members to contribute at the actuarially determined rate of 12.17 percent (12.03 percent for retirement and 0.14 percent for long-term disability) of the members’ annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members’ annual covered payroll. *If the County also made alternative contributions for retired members who returned to work, add the following sentence:* In addition, the County was required by statute to contribute at the actuarially determined rate of 9.68 percent (9.62 percent for retirement and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the ASRS would typically fill. The County’s contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2023, were $\_\_\_\_\_\_\_\_\_\_\_\_, $\_\_\_\_\_\_\_\_\_\_\_\_, and $\_\_\_\_\_\_\_\_\_\_\_\_, respectively. *Source: County records*.

During fiscal year 2023, the County paid for ASRS pension and OPEB contributions as follows: \_\_\_ percent from the General Fund, \_\_\_ percent from major funds, and \_\_\_ percent from other funds.

Liability—At June 30, 2023, the County reported the following asset and liabilities for its proportionate share of the ASRS’ net pension/OPEB asset or liability. *Source: ASRS schedule of pension/OPEB amounts by employer*

| ASRS | Net pension/OPEB (asset) liability |
| --- | --- |
| Pension |  |
| Health insurance premium benefit |  |
| Long-term disability |  |

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

The County’s proportion of the net asset or net liability was based on the County’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2022. The County’s proportions measured as of June 30, 2022, and the change from its proportions measured as of June 30, 2021, were: *Source: ASRS schedule of employer pension/OPEB allocations and calculation of difference between percentage from ASRS schedules of employer pension/OPEB allocations for current and prior measurement date*

| ASRS | Proportion  June 30, 2022 | Increase (decrease) from  June 30, 2021 |
| --- | --- | --- |
| Pension | % |  |
| Health insurance premium benefit |  |  |
| Long-term disability |  |  |

*If any changes expected to have a significant effect on the measurement of the County’s proportionate share of the collective net pension/OPEB liability occurred between the measurement date and the reporting date, the County should provide a brief description of the nature of the changes and the amount of the expected resultant change in the County’s proportionate share of the collective net pension/OPEB liability, if known.*

Expense—For the year ended June 30, 2023, the County recognized the following pension and OPEB expense. *Source: ASRS schedule of pension/OPEB amounts by employer*

| ASRS | Pension/OPEB expense |
| --- | --- |
| Pension |  |
| Health insurance premium benefit |  |
| Long-term disability |  |

Deferred outflows/inflows of resources—At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources: *Source: ASRS schedule of pension/OPEB amounts by employer*

| ASRS | Pension | | |  | Health insurance premium benefit | | |  | Long-term disability | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Deferred outflows of resources |  | Deferred inflows of resources |  | Deferred outflows of resources |  | Deferred inflows of resources |  | Deferred outflows of resources |  | Deferred inflows of resources |
| Differences between expected and actual experience | $ |  | $ |  | $ |  | $ |  | $ |  | $ |
| Changes of assumptions or other inputs |  |  |  |  |  |  |  |  |  |  |  |
| Net difference between projected and actual earnings on plan investments |  |  |  |  |  |  |  |  |  |  |  |
| Changes in proportion and differences between County contributions and proportionate share of contributions |  |  |  |  |  |  |  |  |  |  |  |
| County contributions subsequent to the measurement date *Source: County records* |  |  |  |  |  |  |  |  |  |  |  |
| Total | $ |  | $ |  | $ |  | $ |  | $ |  | $ |

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows: *Source: ASRS schedule of net deferred outflows and inflows of resources by employer to be recognized in pension/OPEB expense, 5 years and in aggregate thereafter, which is by measurement date. The schedule below should be by the County’s reporting fiscal year. For example, in the schedule below, report the June 30, 2023 (measurement date), ASRS schedule amount for the County’s June 30, 2024 (reporting date).*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year ending June 30 | Pension |  | Health insurance premium benefit |  | Long-term disability |
| 2024 |  |  |  |  |  |
| 2025 |  |  |  |  |  |
| 2026 |  |  |  |  |  |
| 2027 |  |  |  |  |  |
| 2028 |  |  |  |  |  |
| Thereafter |  |  |  |  |  |

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

|  |  |
| --- | --- |
| ASRS |  |
| Actuarial valuation date | June 30, 2021 |
| Actuarial roll forward date | June 30, 2022 |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 7.0% |
| Projected salary increases | 2.9-8.4% for pensions/not applicable for OPEB |
| Inflation | 2.3% |
| Permanent benefit increase | Included for pensions/not applicable for OPEB |
| Mortality rates | 2017 SRA Scale U-MP for pensions and health insurance premium benefit |
| Recovery rates | 2012 GLDT for long-term disability |
| Healthcare cost trend rate | Not applicable |

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

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

|  |  |  |
| --- | --- | --- |
| ASRS  Asset class | Target allocation | Long-term expected geometric real rate of return |
| Equity | 50% | 3.90% |
| Fixed income - credit | 20% | 5.30% |
| Fixed income - interest rate sensitive | 10% | (0.20%) |
| Real estate | 20% | 6.00% |
| Total | 100% |  |

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

Sensitivity of the County’s proportionate share of the ASRS net pension/OPEB (asset) liability to changes in the discount rate—The following table presents the County’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0 percent, as well as what the County’s proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate: *Source: ASRS schedule of pension amounts by employer*

|  |  |  |  |
| --- | --- | --- | --- |
| ASRS  County’s proportionate share of the | 1% Decrease (6.0%) | Current discount rate (7.0%) | 1% Increase (8.0%) |
| Net pension liability | $ | $ | $ |
| Net insurance premium benefit liability (asset) |  |  |  |
| Net long-term disability liability |  |  |  |

Plan fiduciary net position—Detailed information about the plans’ fiduciary net position is available in the separately issued ASRS financial report.

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

*If the County does not have a PSPRS Attorney Investigator or CORP Dispatcher plan, the County should delete the columns and rows related to such plan from the tables in this section and RSI. Also, references to County attorney investigators or dispatchers, as applicable, should be deleted from the following 2 paragraphs.*

Plan descriptions—County sheriff employees and County attorney investigators who are regularly assigned hazardous duty participate in thePublic Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A 9-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. *Maricopa and Pima Counties:* County sheriff employees who are PSPRS members participate in the agent plans. County attorney investigators who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the County’s financial statements. *All other counties:* Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the County’s financial statements.

*Counties that have a CORP plan for detention officers should use the following paragraph:* County detention officers, County dispatchers, and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP) or the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The CORP administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan for county detention officers and dispatchers (agent plans), which were closed to new members as of July 1, 2018, and a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for AOC officers (cost-sharing plans). Employees who were CORP members before July 1, 2018, participate in CORP, and AOC probation and surveillance officers who became members on or after July 1, 2018, participate in CORP or PSPDCRP. Detention officers, County dispatchers, and juvenile detention officers who became members on or after July 1, 2018, participate in PSPDCRP. The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

OR

*Counties that do not have a CORP plan for detention officers should use the following paragraph:* Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP) or the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The CORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan (cost-sharing plans). Employees who were CORP members before July 1, 2018, participate in CORP, and probation and surveillance officers who became members on or after July 1, 2018, participate in CORP or PSPDCRP. Juvenile detention officers who became members on or after July 1, 2018 participate in PSPDCRP. The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

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

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

| PSPRS | Initial membership date: | | |
| --- | --- | --- | --- |
|  | Before January 1, 2012 | On or after January 1, 2012 and before July 1, 2017 | *Add for Maricopa and Pima Counties*  On or after July 1, 2017 |
| Retirement and disability |  |  |  |
| Years of service and age required to receive benefit | 20 years of service, any age  15 years of service, age 62 | 25 years of service or 15 years of credited service, age 52.5 | 15 years of credited service, age 52.5\*  15 or more years of service, age 55 |
| Final average salary is based on | Highest 36 consecutive  months of last 20 years | Highest 60 consecutive  months of last 20 years | Highest 60 consecutive months of last 15 years |
| Benefit percent |  |  |  |
| Normal retirement | 50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80% | 1.5% to 2.5% per year of credited service, not to exceed 80% | |
| Accidental disability retirement | 50% or normal retirement, whichever is greater | | |
| Catastrophic disability retirement | 90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater | | |
| Ordinary disability retirement | Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20 | | |
| Survivor benefit |  |  |  |
| Retired members | 80% to 100% of retired member’s pension benefit | | |
| Active members | 80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job | | |

*Add for Maricopa and Pima Counties* \*With actuarially reduced benefits.

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

\*With actuarially reduced benefits.

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

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

Employees covered by benefit terms—At June 30, 2023, the following employees were covered by the agent plans’ benefit terms: *Source: county’s individual agent plan GASB Statement No. 68 or 75 actuarial report, executive summary*

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | PSPRS Sheriff | | PSPRS Attorney Investigators | | CORP Detention | | CORP Dispatchers | |
|  | Pension | Health | Pension | Health | Pension | Health | Pension | Health |
| Inactive employees or beneficiaries currently receiving benefits |  |  |  |  |  |  |  |  |
| Inactive employees entitled to but not yet receiving benefits |  |  |  |  |  |  |  |  |
| Active employees |  |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |  |

Contributions—State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with State statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2023, are indicated below. Rates are a percentage of active members’ annual covered payroll. *Source: County rates—County’s individual agent plan June 30, 2021, funding actuarial report, contribution requirements.*

|  | Active member—pension | County—pension | County—health insurance premium benefit |
| --- | --- | --- | --- |
| PSPRS Sheriff | 7.65%-\_\_.\_\_% |  |  |
| PSPRS Attorney Investigators | 7.65%-\_\_.\_\_ |  |  |
| CORP Detention | 8.41 |  |  |
| CORP Dispatchers | 7.96 |  |  |
| CORP AOC | 8.41 or 10.18 | 36.70 or 37.74 | 0.36 or 0.23 |

*If the County made alternative contributions for retired members who returned to work or had employees in the PSPRS Tier 3 Risk Pool or PSPDCRP, add the following sentence and table, modified as necessary:* In addition, statute required the County to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the PSPRS or CORP would typically fill and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the County’s required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP. *Source: County’s individual agent plan June 30, 2021, funding actuarial report, contribution requirements. If the* Health*—*Amortization of unfunded liabilities *rate is positive, the pension and health insurance premium benefit contribution rates below should be the respective pension and health rates for amortization of unfunded liabilities. If the* Health—Amortization of unfunded liabilities *rate is negative, the pension contribution rate below should be the* Pension—Amortization of unfunded liabilities *rate less the* Health—Amortization of unfunded liabilities *rate, and the health insurance premium benefit rate should be 0.00 percent.*

|  | Pension | Health insurance premium benefit |
| --- | --- | --- |
| PSPRS Sheriff |  |  |
| PSPRS Attorney Investigators |  |  |
| CORP Detention |  |  |
| CORP Dispatchers |  |  |
| CORP AOC | 32.79% | 0.09% |

The County’s contributions to the plans for the year ended June 30, 2023, were: *Source: County records*

|  | Pension | Health insurance premium benefit |
| --- | --- | --- |
| PSPRS Sheriff | $ | $ |
| PSPRS Attorney Investigators |  |  |
| CORP Detention |  |  |
| CORP Dispatchers |  |  |
| CORP AOC |  |  |

During fiscal year 2023, the County paid for PSPRS and CORP pension and OPEB contributions as follows: \_\_\_ percent from the General Fund, \_\_\_ percent from major funds, and \_\_\_ percent from other funds.

Liability—At June 30, 2023, the County reported the following assets and liabilities. *Source: County’s individual agent plan GASB Statement No. 68 or 75 actuarial report, executive summary, and CORP AOC schedule of pension/OPEB amounts by employer.*

|  | Net pension (asset) liability | Net OPEB (asset) liability |
| --- | --- | --- |
| PSPRS Sheriff |  |  |
| PSPRS Attorney Investigators |  |  |
| CORP Detention |  |  |
| CORP Dispatchers |  |  |
| CORP AOC (County’s proportionate share) |  |  |

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

*If changes expected to have a significant effect on the measurement of the net pension/OPEB liability or the County’s proportionate share of the CORP AOC collective net pension/OPEB liability occurred between the measurement date and the reporting date, the County should provide a brief description of the nature of the changes and the amount of the expected resultant change in the net pension/OPEB liability/proportionate share, if known.*

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

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

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

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

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

*Discount rate information source: County’s individual agent plan GASB Statement No. 68 or 75 actuarial report, executive summary*

*If all of the County’s PSPRS and CORP plans used the long-term expected rate of return of 7.3 percent as the discount rate for the year ended June 30, 2022, and 7.2 percent as the discount rate for the year ended June 30, 2023, include the following paragraph:* Discount rate—At June 30, 2022, the discount rate used to measure the PSPRS and CORP total pension/OPEB liabilities was 7.2 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. The projection of cash flows used to determine the discount rate 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 rate and the member rate. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

*OR*

*If any of the County’s PSPRS and CORP plans used the municipal bond rate along with the long-term expected rate of return to calculate the discount rate for the year ended June 30, 2022, but all of the County’s PSPRS and CORP plans used the long-term expected rate of return of 7.2 percent as the discount rate for the year ended June 30, 2023, include the following paragraph:* Discount rates—At June 30, 2022, the discount rate used to measure the PSPRS and CORP total pension/OPEB liabilities was 7.2 percent, which was an (increase/decrease) of \_\_\_\_ for the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ plan. The discount rate for the \_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_, and CORP AOC plans did not change from the prior years. 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 rate and the member rate. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

*OR*

*If any of the County’s PSPRS and CORP plans used the municipal bond rate along with the long-term expected rate of return to calculate the discount rate for the year ended June 30, 2023, include the following table and paragraph:* Discount rates—The following discount rates were used to measure the total pension/OPEB liabilities:

|  | PSPRS  Sheriff | PSPRS  Attorney Investigators | CORP  Detention | CORP  Dispatchers | CORP  AOC |
| --- | --- | --- | --- | --- | --- |
| Pension |  |  |  |  |  |
| Discount rates |  |  |  |  | 7.2% |
| Change from prior year |  |  |  |  | (0.1) |
| Health insurance premium benefit |  |  |  |  |  |
| Discount rates |  |  |  |  | 7.2% |
| Change from prior year |  |  |  |  | (0.1) |

The projection of cash flows used to determine the PSPRS and CORP 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 rate and the member rate. Based on those assumptions, the \_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_, and CORP AOC plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments for these plans to determine the total pension/OPEB liability. However, based on the above assumptions, the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 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/OPEB liability for this plan, the long-term expected rate of return on plan investments of 7.2 percent was applied to periods of projected benefit payments through the year ended June 30, 20\_\_. A municipal bond rate of \_\_\_\_ percent obtained from the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ as of June 30, 2022, was applied to periods of projected benefit payments after June 30, 20\_\_.

Changes in the net pension/OPEB liability *Source: County’s individual agent plan GASB Statement No. 68 or 75 actuarial report, schedule of changes in net pension/OPEB liability and related ratios and audited schedule of changes in fiduciary net position by individual employer.*

| (PSPRS/CORP) *Plan Name* | Pension  Increase (decrease) | | | | |  | Health insurance premium benefit  Increase (decrease) | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *A separate table should be included for each agent plan.* | Total pension liability  (a) |  | Plan fiduciary net position  (b) |  | Net pension (asset) liability  (a) – (b) |  | Total OPEB liability  (a) |  | Plan fiduciary net position  (b) |  | Net OPEB (asset) liability  (a) – (b) |
| Balances at June 30, 2022 |  |  |  |  |  |  |  |  |  |  |  |
| Changes for the year: |  |  |  |  |  |  |  |  |  |  |  |
| Service cost |  |  |  |  |  |  |  |  |  |  |  |
| Interest on the total liability |  |  |  |  |  |  |  |  |  |  |  |
| Changes of benefit terms |  |  |  |  |  |  |  |  |  |  |  |
| Differences between expected and actual experience in the measurement of the liability |  |  |  |  |  |  |  |  |  |  |  |
| Changes of assumptions or other inputs |  |  |  |  |  |  |  |  |  |  |  |
| Contributions—employer |  |  |  |  |  |  |  |  |  |  |  |
| Contributions—employee |  |  |  |  |  |  |  |  |  |  |  |
| Net investment income |  |  |  |  |  |  |  |  |  |  |  |
| Benefit payments, including refunds of employee contributions |  |  |  |  |  |  |  |  |  |  |  |
| Administrative expense |  |  |  |  |  |  |  |  |  |  |  |
| Other changes |  |  |  |  |  |  |  |  |  |  |  |
| Net changes |  |  |  |  |  |  |  |  |  |  |  |
| Balances at June 30, 2023 |  |  |  |  |  |  |  |  |  |  |  |

The County’s proportion of the CORP AOC net pension and OPEB liabilities was based on the County’s actual contributions to the plans relative to the total of all participating counties’ actual contributions for the year ended June 30, 2022. The County’s proportion measured as of June 30, 2022, and the change from its proportions measured as of June 30, 2021, were: *Source: CORP AOC schedule of employer allocations and calculation of difference between percentage from CORP AOC schedule of employer allocations for current and prior measurement date*

| CORP AOC | Proportion  June 30, 2022 | Increase (decrease) from  June 30, 2021 |
| --- | --- | --- |
| Pension | % |  |
| Health insurance premium benefit |  |  |

*If all of the County’s PSPRS and CORP plans used the long-term expected rate of return of 7.2 percent for the year ended June 30, 2023, include the following paragraph and table:* Sensitivity of the County’s net pension/OPEB (asset) liability to changes in the discount rate—The following table presents the County’s net pension/OPEB (assets) liabilities calculated using the discount rate of 7.2 percent, as well as what the County’s net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate: *Source: County’s individual agent plan GASB Statement No. 68 or 75 actuarial report, sensitivity of net pension/OPEB liability/(asset) to the single discount rate assumption and CORP AOC schedule of employer allocations.*

|  | 1% Decrease  (6.2%) | Current discount rate  (7.2%) | 1% Increase  (8.2%) |
| --- | --- | --- | --- |
| PSPRS Sheriff |  |  |  |
| Net pension (asset) liability | $ | $ | $ |
| Net OPEB (asset) liability |  |  |  |
| PSPRS Attorney Investigators |  |  |  |
| Net pension (asset) liability |  |  |  |
| Net OPEB (asset) liability |  |  |  |
| CORP Detention |  |  |  |
| Net pension (asset) liability |  |  |  |
| Net OPEB (asset) liability |  |  |  |
| CORP Dispatchers |  |  |  |
| Net pension (asset) liability |  |  |  |
| Net OPEB (asset) liability |  |  |  |
| CORP AOC |  |  |  |
| County’s proportionate share of the net pension liability |  |  |  |
| County’s proportionate share of the net OPEB liability |  |  |  |

*OR*

*If any of the County’s PSPRS and CORP plans used the municipal bond rate along with the long-term expected rate of return to calculate the discount rate for the year ended June 30, 2023, include the following paragraph and table:* Sensitivity of the County’s net pension/OPEB (asset) liability to changes in the discount rate—The following table presents the County’s net pension/OPEB (assets) liabilities calculated using the discount rates noted above, as well as what the County’s net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate: *Source: County’s individual agent plan GASB Statement No. 68 or 75 actuarial report, sensitivity of net pension/OPEB liability/(asset) to the single discount rate assumption, and CORP AOC schedule of employer allocations.*

| *If the discount rate for a plans pension and OPEB are different, add lines as necessary to show both rates.* | 1% Decrease | Current discount rate | 1% Increase |
| --- | --- | --- | --- |
| PSPRS Sheriff |  |  |  |
| Rate | % | % | % |
| Net pension (asset) liability | $ | $ | $ |
| Net OPEB (asset) liability |  |  |  |
| PSPRS Attorney Investigators |  |  |  |
| Rate | % | % | % |
| Net pension (asset) liability | $ | $ | $ |
| Net OPEB (asset) liability |  |  |  |
| CORP Detention |  |  |  |
| Rate | % | % | % |
| Net pension (asset) liability | $ | $ | $ |
| Net OPEB (asset) liability |  |  |  |
| CORP Dispatchers |  |  |  |
| Rate | % | % | % |
| Net pension (asset) liability | $ | $ | $ |
| Net OPEB (asset) liability |  |  |  |
| CORP AOC |  |  |  |
| Rate | 6.2% | 7.2% | 8.2% |
| County’s proportionate share of the net pension liability | $ | $ | $ |
| County’s proportionate share of the net OPEB liability |  |  |  |

Plan fiduciary net position—Detailed information about the plans’ fiduciary net position is available in the separately issued PSPRS and CORP financial reports.

Expense—For the year ended June 30, 2023, the County recognized the following pension and OPEB expense: *Source: County’s individual agent plan GASB Statement No. 68 or 75 actuarial report, pension/OPEB expense/(income) under GASB Statement No. 68/75, and CORP AOC schedule of pension/OPEB amounts by employer.*

|  | Pension expense | OPEB expense |
| --- | --- | --- |
| PSPRS Sheriff |  |  |
| PSPRS Attorney Investigators |  |  |
| CORP Detention |  |  |
| CORP Dispatchers |  |  |
| CORP AOC (County’s proportionate share) |  |  |

Deferred outflows/inflows of resources—At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources: *Source: County’s individual agent plan GASB Statement No. 68 or 75 actuarial report, statement of outflows and inflows arising from current and prior reporting periods, and CORP AOC schedule of pension amounts by employer.*

| (PSPRS/CORP) *Plan Name*  *A separate table should be included for each plan.* | Pension | | |  | Health insurance premium benefit | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Deferred outflows of resources |  | Deferred inflows of resources |  | Deferred outflows of resources |  | Deferred inflows of resources |
| Differences between expected and actual experience | $ |  | $ |  | $ |  | $ |
| Changes of assumptions or other inputs |  |  |  |  |  |  |  |
| Net difference between projected and actual earnings on plan investments |  |  |  |  |  |  |  |
| Changes in proportion and differences between County contributions and proportionate share of contributions *For CORP AOC only* |  |  |  |  |  |  |  |
| County contributions subsequent to the measurement date *Source: County records* |  |  |  |  |  |  |  |
| Total | $ |  | $ |  | $ |  | $ |

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from County contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows: *Source: County’s individual agent plan GASB Statement No. 68 or 75 actuarial report, statement of outflows and inflows arising from current and prior reporting periods, which are by reporting date and CORP AOC schedule of net deferred outflows/inflows of resources by employer to be recognized in pension/OPEB expense—5 years and in aggregate thereafter, which is by measurement date. The schedule below should be by the County’s reporting fiscal year. For example, for the individual agent plans, in the schedule below, report the 2024 amount in the actuarial report for the year ending June 30, 2024. For CORP AOC, in the schedule below, report the June 30, 2023 (measurement date), CORP AOC schedule amount for the County’s June 30, 2024 (reporting date).*

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Year ending June 30 | PSPRS Sheriff | | PSPRS Attorney Investigators | | CORP Detention | | CORP Dispatchers | | CORP AOC | |
| Pension | Health | Pension | Health | Pension | Health | Pension | Health | Pension | Health |
| 2024 |  |  |  |  |  |  |  |  |  |  |
| 2025 |  |  |  |  |  |  |  |  |  |  |
| 2026 |  |  |  |  |  |  |  |  |  |  |
| 2027 |  |  |  |  |  |  |  |  |  |  |
| 2028 |  |  |  |  |  |  |  |  |  |  |
| Thereafter |  |  |  |  |  |  |  |  |  |  |

PSPDCRP plan—County sheriff employees, County attorney investigators, County detention officers, County dispatchers, and AOC probation, surveillance, and juvenile detention officers who are not members of PSPRS or CORP participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2023, active PSPDCRP members were required by statute to contribute at least 9 percent (County sheriff employees and County attorney investigators) or 5 percent (County detention officers, County dispatchers, and AOC probation, surveillance, and juvenile detention officers) of the members’ annual covered payroll, and the County was required by statute to contribute 9 percent or 5 percent, respectively, of active members’ annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the County’s contributions each year as set forth in statute. The plan retains nonvested County contributions when forfeited because of employment terminations. For the year ended June 30, 2023, the County recognized pension expense of $\_\_\_\_\_\_\_\_\_ *Source: County records*. *If the County had an outstanding liability to the PSPDCRP plan at year-end, disclose the liability amount.*

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). *Delete any plans from the previous sentence that the County’s elected officials and judges are not members of.* EORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. The EORP pension and OPEB plans were closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the EORP plans. The report is available on PSPRS’s website at [www.psprs.com](http://www.psprs.com).

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

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

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

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

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

Contributions—State statutes establish active member and employer contribution requirements. Statute also appropriates $5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2023, statute required active EORP members to contribute 7 or 13 percent of the members’ annual covered payroll and the County to contribute at the actuarially determined rate of 70.42 percent of all active EORP members’ annual covered payroll. Also, statute required the County to contribute 58.39 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 64.42 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the County’s required contributions to ASRS and EODCRS for these elected officials and judges. *If the County also made alternative contributions for retired EORP members who returned to work, add the following sentence:* In addition, statute required the County to contribute 48.58 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 and health insurance premium benefit plans for the year ended June 30, 2023, were $\_\_\_\_\_\_\_\_\_\_\_\_ and $\_\_\_\_\_\_\_\_\_\_\_\_, respectively. *Source: County records*.

During fiscal year 2023, the County paid for EORP pension contributions as follows: \_\_\_ percent from the General Fund, \_\_\_ percent from major funds, and \_\_\_ percent from other funds.

Liability—At June 30, 2023, the County reported a liability for its proportionate share of the EORP’s net pension liability that reflected a reduction for the County’s proportionate share of the State’s appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the County were as follows: *Source: EORP schedule of pension/OPEB amounts by employer*

|  |  |
| --- | --- |
| County’s proportionate share of the EORP net pension liability | $ |
| State’s proportionate share of the EORP net pension liability associated with the County |  |
| Total | $ |

The County also reported an asset of $\_\_\_\_\_\_\_\_\_\_\_ for its proportionate share of EORP’s net OPEB asset.

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

The County’s proportion of the net pension liability was based on the County’s required contributions to the pension plan relative to the total of all participating employers’ required contributions for the year ended June 30, 2022. The County’s proportion of the net OPEB asset was based on the County’s present value of benefits relative to the total of all participating employers’ present value of benefits for the year ended June 30, 2022. The County’s proportion measured as of June 30, 2022, and the change from its proportions measured as of June 30, 2021, were: *Source: EORP schedule of employer allocations and calculation of difference between percentage from EORP schedule of employer allocations for current and prior measurement date*

| EORP | Proportion  June 30, 2022 | Increase (decrease) from  June 30, 2021 |
| --- | --- | --- |
| Pension | % |  |
| Health insurance premium benefit |  |  |

*If other changes expected to have a significant effect on the measurement of the County’s proportionate share of the collective net pension/OPEB liability that occurred between the measurement date and the reporting date, the County should provide a brief description of the nature of the changes and the amount of the expected resultant change in the County’s proportionate share of the collective net pension/OPEB liability, if known.*

Expense—For the year ended June 30, 2023, the County recognized pension and OPEB expense for EORP of $\_\_\_\_\_\_\_\_\_\_\_\_ and $\_\_\_\_\_\_\_\_\_\_\_\_, respectively, *Source: EORP schedule of pension/OPEB amounts by employer, total employer pension/OPEB expense* and revenue of $\_\_\_\_\_\_\_\_\_\_ *Source: EORP schedule of pension amounts by employer, proportionate share of nonemployer contributing entity pension expense plus proportionate share of court fees* for the County’s proportionate share of the State’s appropriation to EORP and the designated court fees.

Deferred outflows/inflows of resources—At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources: *Source: EORP schedule of pension/OPEB amounts by employer.*

| EORP | Pension | | |  | Health insurance premium benefit | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Deferred outflows of resources |  | Deferred inflows of resources |  | Deferred outflows of resources |  | Deferred inflows of resources |
| Differences between expected and actual experience | $ |  | $ |  | $ |  | $ |
| Changes of assumptions or other inputs |  |  |  |  |  |  |  |
| Net difference between projected and actual earnings on plan investments |  |  |  |  |  |  |  |
| Changes in proportion and differences between County contributions and proportionate share of contributions |  |  |  |  |  |  |  |
| County contributions subsequent to the measurement date *Source: County records* |  |  |  |  |  |  |  |
| Total | $ |  | $ |  | $ |  | $ |

The amounts reported as deferred outflows of resources related to EORP pensions and OPEB resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions and OPEB will be recognized as expenses as follows: *Source: EORP schedule of net deferred outflows/inflows of resources by employer to be recognized in pension/OPEB expense—5 years and in aggregate thereafter, which is by measurement date. The schedule below should be by the County’s reporting fiscal year. For example, in the schedule below, report the June 30, 2023 (measurement date), EORP schedule amount for the year ending June 30, 2024 (reporting date).*

|  |  |  |  |
| --- | --- | --- | --- |
| Year ending June 30 | Pension |  | Health insurance premium benefit |
| 2024 |  |  |  |
| 2025 |  |  |  |
| 2026 |  |  |  |
| 2027  2028  Thereafter |  |  |  |

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

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

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

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

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

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

Sensitivity of the County’s proportionate share of the EORP net pension/OPEB (asset) liability to changes in the discount rate—The following table presents the County’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.2 percent, as well as what the County’s proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

| EORP | 1% Decrease (6.2%) | Current discount rate (7.2%) | 1% Increase (8.2%) |
| --- | --- | --- | --- |
| County’s proportionate share of the net pension liability | $ | $ | $ |
| County’s proportionate share of the net OPEB (asset) | $ | $ | $ |

Plan fiduciary net position—Detailed information about the plans’ fiduciary net position is available in the separately issued EORP financial report.

EODCRS plan—Elected officials and judges who are not members of EORP or ASRS participate in the EODCRS and the Elected Officials Defined Contribution Retirement System Disability Program (EODCDP). The EODCRS is a defined contribution pension plan. The EODCDP is a cost-sharing multiple-employer defined benefit disability (OPEB) plan for EODCRS members. The PSPRS Board of Trustees governs the EODCRS and EODCDP according to the provisions of A.R.S. Title 38, Chapter 5, Articles 3.1 and 3.2. Benefit terms, including contribution requirements, are established by State statute. The EODCDP is not further disclosed because of its relative insignificance to the County’s financial statements.

For the year ended June 30, 2023, active EODCRS members were required by statute to contribute 8 percent of the members’ annual covered payroll, and the County was required by statute to contribute 6 percent of active members’ annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the County’s contributions to the individual employee account and the earnings on those contributions. For the year ended June 30, 2023, the County recognized pension expense of $\_\_\_\_\_\_\_\_\_ *Source: County records*. *If the County had an outstanding liability to the EODCRS plan at year-end, disclose the liability amount.*

# Note \_ - Interfund balances and activity

Interfund receivables and payables—Interfund balances at June 30, 2023, were as follows:

|  | Payable to | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Payable from | General Fund |  | *Major* Fund |  | Nonmajor  governmental  funds |  | *Major*  Enterprise  Fund |  | Nonmajor  enterprise funds |  | Internal service  fund(s) |  | Total |
| *List funds* |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |  |  |  |  |  |  |

Describe the purpose for interfund balances and describe interfund balances that are not expected to be repaid within 1 year from the date of the financial statements. See Illustration 14 in GASB Statement No. 38 for an example of such disclosure.

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

|  | Transfer to | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Transfer from | General Fund |  | *Major* Fund |  | Nonmajor  governmental  funds |  | *Major*  Enterprise  Fund |  | Nonmajor enterprise funds |  | Internal service fund(s) |  | Total |
| *List funds* |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |  |  |  |  |  |  |

Describe the principal purposes of the County’s interfund transfers.

Describe and give the amount of significant transfers not expected to occur on a routine basis.

Describe the intent for and amount of significant interfund transfers for which the transfer’s purpose was not routine or was inconsistent with the activities of the fund making the transfer. See Illustration 16 in GASB Statement No. 38 for an example of such disclosure.

# Note \_ - Other disclosures

If the County had related organizations (GASB Cod. §2600, paragraph 128); joint ventures or jointly governed organizations (GASB Cod. §J50); related-party transactions or going concern considerations (GASB Cod. §2250); significant contingencies (GASB Cod. §§1500 and C50); significant subsequent events (GASB Cod. §§2250, 2300, and C50); or restricted assets obscured by aggregation, disclose the details here.

# Note \_ - Discretely presented component unit disclosures

The County must include those disclosures of its discretely presented component units that are essential to the fair presentation of this opinion unit, which would include a summary of significant accounting policies. Determining which discretely presented component unit disclosures are essential to fair presentation is a matter of professional judgment and a consideration of the nature and significance of the component unit’s relationship to the County. See GASB Statement No. 61, paragraph 11, for disclosure requirements.

The County should segregate discretely presented component unit disclosures from disclosures relating to the County. The County can accomplish this by presenting component unit information after the County information for each relevant disclosure or by presenting the component units’ disclosures after the County’s disclosures. GASB Implementation Guide No. 2015-1, question 4.39.6.

Further, the notes to the financial statements should disclose, for each major component unit, the nature and amount of significant transactions with the primary government and other component units.

Condensed financial statements of discretely presented component units—Major discretely presented component unit financial statements are required to be separately displayed in the County’s financial statements. Determination that a component unit is “major” should be based on the nature and significance of its relationship to the primary government. (GASB Statement No. 61, paragraph 7, and GASB Cod §2600.108) The reporting requirements may be satisfied by 1 of the following:

* Presenting each major component unit in a separate column in the financial statements.
* Including combining statements of major component units in the basic statements after the fund financial statements.
* Presenting condensed financial statements in the notes. If the County presents condensed financial statements, it must include all the requirements in GASB Statement No. 34, paragraph 127.

Nonmajor component units should be aggregated in a single column. A combining statement for the nonmajor component units is not required but may be presented as supplementary information. (GASB Statement No. 34, paragraph 126, footnote 50, and GASB Statement No. 61, paragraph 7).