Apache County, Arizona

Annual Financial Report

Financial Statements
and
Independent Auditor's Report

June 30, 2021

Apache County, Arizona

Table of Contents

Apache County, Arizona

Table of Contents – continued

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Apache County, Arizona ("County") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion on the Road Fund

We did not observe the counting of the inventory of the Road Fund at year-end. Accordingly, we were unable to satisfy ourselves by other auditing procedures concerning the inventory held at June 30, 2021, which is stated at $434,027. As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect to recorded or unrecorded inventory.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the “Basis for Qualified Opinion on the Road Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Road Fund of the County, as of June 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund (other than the Road Fund) and the aggregate remaining fund information of the County as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2021, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84—Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages 4 through 11, the Budgetary Comparison Schedules on pages 65 through 69, Schedule of the County’s Proportionate Share of the Net Pension/OPEB Liability—Cost-Sharing Plans on pages 72 through 73, Schedule of Changes in the County’s Net Pension/OPEB Liability and Related Ratios—Agent Plans on pages 74 through 76, and Schedule of County Pension/OPEB Contributions on pages 77 through 78 be presented to supplement the basic financial statements.

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Arizona Auditor General, the Board of Supervisors, management, and other responsible parties within the County and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 13, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Snyder & Brown CPAs. PLLC

Tempe, Arizona
September 13, 2024

Apache County, Arizona
Management's Discussion and Analysis
For the Year Ended June 30, 2021

As management of the County of Apache (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished herein.

Financial Highlights

- Apache County's assets and deferred outflows of resources were more than its liabilities and deferred inflows of resources at the close of the fiscal year by $17,939,844 net position, an increase of $6,752,426 from prior year. Of this amount, $21.6 million was an unrestricted deficit in net position. The amount of the net pension and other postemployment benefits liability at fiscal year-end was $44,668,269.
- At the end of the fiscal year, unassigned fund balance for the general fund was $17,559,077 or 54% of the total governmental funds' fund balances.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and notes to the financial statements. Required supplementary information is included in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County finances in a manner similar to private-sector businesses.

The statement of net position presents information on all County assets and deferred outflows of resources, and liabilities and deferred inflow of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Component units are included in the County's basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. The blended component units included in the County's basic financial statements are the Apache County Library District, Apache County Flood Control District, Apache County Jail District, Apache County Juvenile Jail District, Apache County Health Services District and Greer Acres-Little Special Improvement District.

The government-wide financial statements can be found on pages 14-16 of this report.

Fund Financial Statements

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

Governmental funds—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a County's near-term financing requirements. Governmental funds include the general, special revenue, debt service and capital projects funds.

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

The County reports four major governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, road fund, junior college fund, and covid related grants fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The governmental fund financial statements can be found on pages 19-22 of this report.

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

The fiduciary funds financial statements can be found on pages 24–25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26–63 of this report.

Other Required Supplementary Information

In addition to the basic financial statements and accompanying notes, the report presents certain required supplementary information concerning the County's progress in funding its obligations to provide pension and other postemployment benefits for employees. Also presented are budgetary comparison schedules for the County's general, road, junior college and covid related grants funds. Required supplementary information can be found on pages 64–80 of this report.

Government-Wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, at June 30, 2021, assets and deferred outflows of resources were more than its liabilities and deferred inflows of resources by $17,939,844.

Condensed Statement of Net Position
As of June 30,

	Governmental Activities	
	2021	2020
Assets		
Current and other assets	$ 42,401,002	$ 25,734,659
Capital assets	25,667,838	24,736,730
Total assets	68,068,840	50,471,389
Deferred Outflows of Resources	21,440,670	7,677,489
Liabilities		
Current and other liabilities	8,508,702	1,752,490
Long-term liabilities outstanding	62,214,680	42,926,371
Total liabilities	70,723,382	44,678,861
Deferred Inflows of Resources	846,284	2,282,599
Net Position		
Net investment in capital assets	25,343,278	23,584,158
Restricted	14,159,588	11,168,234
Unrestricted (deficit)	(21,563,022)	(23,564,974)
Total net position (deficit)	$ 17,939,844	$ 11,187,418

Net investment in capital assets of $25,343,278 increased by $1,759,120 which reflects the investment in capital assets (e.g., land, improvements other than buildings, buildings, machinery and equipment, infrastructure, and construction in progress, less accumulated depreciation) net of related debt used to acquire those assets. The County uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Current and other assets increased by $16.7 million due to significant funding increases from COVID-related grants received during the fiscal year. Charges for services increased by $1.5 million, operating grants increased by $4.4 million, and general revenues increased by $3.2 million. Deferred outflows of resources increased by $13.7 million over prior year. This increase was in relation to the issuance of pledged revenue bonds, of which $14.2 million was used for additional contributions towards the County's unfunded PSPRS pension obligations.

Current liabilities increased by $6,756,212 due to an increase in unearned revenues related to unspent grant proceeds. An increase in long-term liabilities of $19.3 million was associated with the issuance of pledged revenue bonds.

The County's total net position increased by $6,752,426 during the fiscal year. The governmental activities had an increase in intergovernmental revenues of $4,412,141 and an increase in tax related revenues (property, county excise, shared of state sales taxes) of $1,755,338. In addition, PILT (payments in-lieu of taxes) increased $283,311. These increases in intergovernmental revenues were a result of COVID-19 grant funding. Total expenses increased by $6,986,725 primarily from an increased in Health department projects.

At the end of the fiscal year, unrestricted net assets were negative for governmental activities, due to net pension and other postemployment benefits liabilities.

Statement of Activities

The following table illustrates the changes in net position resulting from governmental activities compared to the prior year.

Condensed Statement of Activities
For the Years Ended June 30,

	Governmental Activities	
	2021	2020
Revenues		
Program revenues		
Charges for services	$ 4,245,020	$ 2,742,006
Operating grants and contributions	21,040,293	15,691,337
Capital grants and contributions	-	936,815
General revenues		
Property taxes	10,592,958	10,233,122
County excise tax	1,582,712	1,282,331
Share of state sales taxes	7,130,135	6,035,014
Payments in lieu of taxes	10,136,947	9,853,636
Miscellaneous state assistance	550,050	575,487
Contributions not restricted to specific programs	-	55,607
Investment income	228,993	239,628
Gain on sale of assets	-	78,449
Miscellaneous	1,861,705	562,557
Total revenues	57,368,813	48,285,989

	Governmental Activities	
	2021	2020
Expenses		
General government	$ 11,345,092	$ 9,210,655
Public safety	11,568,756	11,606,861
Highways and streets	9,919,170	11,752,872
Health	8,622,413	3,783,198
Culture and recreation	2,370,245	2,061,236
Education	6,257,063	5,130,939
Interest on long-term debt	533,648	83,901
Total expenses	50,616,387	43,629,662
Change in net position	6,752,426	4,656,327
Net position, beginning of year	11,187,418	6,531,091
Net position, end of year	$ 17,939,844	$ 11,187,418

Governmental Funds

Financial analysis of the Government's funds—As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with financial related legal requirements.

The focus of the County's governmental funds is to provide information of near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financial requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund total expenditures increased by $11 million. This increase was the result of certain public health and public safety expenditures, as well as payment made towards the PSPRS unfunded pension liability. In addition, the general fund is reporting $442,500 in committed fund balance in association with health-related activities.

The Road Fund total expenditures decreased by $195,073. This decrease was due to the County returning to normal fund activity after having higher than usual activity the prior year. In addition, the road fund is reporting $4,783,672 in restricted fund balance in association with highways and streets activities.

The Covid-Related Grants Fund received $4.9 million of CARES Act funding. During the year, the County had $5 million total expenditures for health-related activities.

Additional information on government-wide activity can be found on pages 6-7 of this report.

General Fund Budgetary Highlights

The General fund revenues exceeded budget by $3.4 million. General fund expenditures exceeded budget by $2.8 million.

Additional information on the General Fund budget can be found in *Required Supplementary Information* on pages 65-66, as well as in the *Notes to the Budgetary Comparison Schedules* on pages 70-71.

Capital Assets and Debt Administration

Capital assets—The County's investment in capital assets as of June 30, 2021, totaled $25.7 million, net of accumulated depreciation. This investment in capital assets includes land, improvements other than buildings, construction in progress, buildings, infrastructure, and machinery and equipment.

Capital Assets/Net of Depreciation
June 30,

	Governmental Activities		
	2021	2020	Increase (Decrease) Percent of Change
Buildings	$ 15,368,124	$ 15,886,076	-3.3%
Machinery and equipment	6,008,364	5,245,778	14.5%
Land	2,097,639	2,097,639	0.0%
Infrastructure	500,159	500,159	0.0%
Improvements other than buildings	511,156	312,090	63.8%
Construction in progress	1,182,396	694,988	70.1%
Totals	$ 25,667,838	$ 24,736,730	3.8%

Additional information on capital assets can be found in Note 5 of the notes to the financial statements on page 37 of this report.

Long-term debt—On June 30, 2021, the County had a total of $62.2 million in long-term liabilities. Of this amount, $15,190,000 was principal outstanding on pledged revenue bonds, $324,560 was capital lease obligations and $2 million represents compensated absences payable. The balance of $44.6 million relates to the net pension and other postemployment benefits liability.

In March 2021, the County issued Series 2021 pledged revenue obligations with interest rates between 0.347 percent and 2.894 percent to pay down the unfunded portion of the County's PSPRS pension obligations. The proceeds were used to make additional contributions of $14,157,616 to the PSPRS pension plan during fiscal year 2021. The obligations are generally noncallable, with interest payable semiannually.

Additional information on the County's long-term liabilities can be found in Note 6 of the notes to the financial statements on pages 38-40 of this report.

Economic Factors and Next Year's Budgets

The County's economy continued to experience moderate growth during fiscal year 2021. Although some economic contraction was expected when preparing the fiscal year 2022 budget, the Counties revenues continue to be strong into 2022. The County closely monitors revenues, expenditures, and applicable economic indicators to ensure that the County remains fiscally strong. The County continues to budget conservatively for revenue estimates and other factors affecting the County.

At the time of this report's release, citizens and the economies of the United States and other countries have been impacted by the coronavirus (COVID-19) pandemic. The World Health Organization declared a Public Health Emergency on January 30, 2020. The evolution of the virus, the extent of its economic impact and the results of steps taken and yet to be taken by governments and financial institutions are unknown. Governments and businesses may face supply chain disruptions, labor shortages, revenue declines, an increase in bad debts, reduced cash flow, difficulties meeting loan covenants, goodwill and inventory impairment, credit difficulties, and other financial implications. Furthermore, the financial markets have experienced significant levels of volatility as a result of the pandemic. This volatility has caused significant declines in the value of investments held at year-end. While such declines may be temporary, investment values are subject to market fluctuations, and the timing of any such recovery is unknown at the present time. The significance and the duration of the pandemic's financial impact are indeterminable. These financial statements do not consider the potential financial implications of the pandemic.

Requests for Information

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Apache County Finance Department, Post Office Box 428, St. Johns, AZ 85936.

Basic Financial Statements

Government-Wide Financial Statements

Apache County, Arizona
Statement of Net Position
June 30, 2021

		Governmental Activities
Assets		
Cash and cash equivalents	$	20,726,749
Investments		17,856,262
Receivables (net of allowance for uncollectibles)		
Property taxes		389,698
Accounts		190,204
Due from other governments		1,911,894
Inventories		434,027
Prepaid items		33,117
Other postemployment benefits (OPEB) asset		859,051
Capital assets not being depreciated		3,280,035
Capital assets, being depreciated, net		22,387,803
Total assets		68,068,840
Deferred Outflows of Resources		
Deferred outflows related to pensions and other post-employment benefits		21,440,670
Total deferred outflows of resources		21,440,670
Liabilities		
Accounts payable		1,134,417
Accrued payroll and employee benefits		722,881
Unearned revenue		6,651,404
Noncurrent liabilities		
Due within one year		1,888,651
Due in more than one year		60,326,029
Total liabilities	$	70,723,382

Apache County, Arizona
Statement of Net Position – continued
June 30, 2021

	Governmental Activities
Deferred Inflows of Resources	
Deferred inflows related to pensions and other postemployment benefits	$ 846,284
Total deferred inflows of resources	846,284
Net Position	
Net investment in capital assets	25,343,278
Restricted for	
Highways and streets	4,723,091
Education	633,803
Other purposes	8,802,694
Unrestricted (deficit)	(21,563,022)
Total net position	$ 17,939,844

Apache County, Arizona
Statement of Activities
For the Year Ended June 30, 2021

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Functions/Programs				
Governmental activities				
General government	$ 11,345,092	$ 2,467,379	$ 3,646,338	$ (5,231,375)
Public safety	11,568,756	296,817	4,089,741	(7,182,198)
Highways and streets	9,919,170	209,036	3,461,330	(6,248,804)
Health	8,622,413	275,902	6,815,077	(1,531,434)
Culture and recreation	2,370,245	13,655	888,433	(1,468,157)
Education	6,257,063	982,231	2,139,374	(3,135,458)
Interest on long-term debt, incl bond issuance costs	533,648	-	-	(533,648)
Total governmental activities	$ 50,616,387	$ 4,245,020	$ 21,040,293	(25,331,074)
General revenues				
Taxes				
Property taxes, levied for general purposes				2,819,935
Property taxes, levied for jail district				913,370
Property taxes, levied for juvenile jail district				443,622
Property taxes, levied for library				1,389,788
Property taxes, levied for library construction				491,150
Property taxes, levied for health service districts				1,108,109
Property taxes, levied for junior college				2,192,925
Property taxes, levied for fire districts				406,286
Property taxes, levied for post secondary education				664,567
Property taxes, levied for flood control				163,206
County excise tax- general purposes				1,582,712
Shared revenue – state sales taxes				7,130,135
Payments in lieu of taxes				10,136,947
Investment income				228,993
Miscellaneous state assistance				550,050
Miscellaneous				1,861,705
Total general revenues				32,083,500
Change in net position				6,752,426
Net position, July 1, 2020				11,187,418
Net position, June 30, 2021				$ 17,939,844

The accompanying notes are an integral part of these financial statements.

Fund Financial Statements

Governmental Funds

Apache County, Arizona
Balance Sheet
Governmental Funds
June 30,2021

	General Fund	Road Fund	Junior College Fund	COVID Related Grants Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 7,612,026	$ 2,256,543	$ 320,951	$ 6,099,637	$ 4,437,592	$ 20,726,749
Investments	6,117,926	2,182,707	300,871	5,630,780	3,623,978	17,856,262
Receivables						
Property taxes	103,619	-	99,058	-	187,021	389,698
Accounts	141,200	20,791	-	-	28,213	190,204
Due from						
Other funds	4,358,415	8,913	-	-	1,305,976	5,673,304
Other governments	561,011	947,191	-	-	403,692	1,911,894
Inventories	-	434,027	-	-	-	434,027
Prepaid items	32,729	-	-	-	388	33,117
Total assets	$ 18,926,926	$ 5,850,172	$ 720,880	$ 11,730,417	$ 9,986,860	$ 47,215,255
Liabilities						
Accounts payable	$ 295,099	$ 418,648	$ -	$ 4,194	$ 416,476	$ 1,134,417
Accrued payroll and employee benefits	342,814	160,939	-	-	219,128	722,881
Unearned revenue	-	-	-	6,651,404	-	6,651,404
Due to other funds	162,920	52,886	-	5,074,819	382,679	5,673,304
Total liabilities	800,833	632,473	-	11,730,417	1,018,283	14,182,006
Deferred Inflows of Resources						
Unavailable revenue property taxes	91,787	-	87,077	-	165,495	344,359
Total deferred inflows of resources	91,787	-	87,077	-	165,495	344,359
Fund Balances						
Nonspendable	32,729	434,027	-	-	388	467,144
Restricted	-	4,783,672	633,803	-	8,802,694	14,220,169
Committed	442,500	-	-	-	-	442,500
Unassigned	17,559,077	-	-	-	-	17,559,077
Total fund balances	18,034,306	5,217,699	633,803	-	8,803,082	32,688,890
Total liabilities, deferred inflows of resources, and fund balances	$ 18,926,926	$ 5,850,172	$ 720,880	$ 11,730,417	$ 9,986,860	$ 47,215,255

The accompanying notes are an integral part of these financial statements.

Apache County, Arizona
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2021

Total governmental funds — fund balances		$ 32,688,890
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $70,440,596 and the accumulated depreciation is $44,772,758.		25,667,838
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		344,359
Deferred outflows and inflows of resources related to pensions /OPEB are applicable to future reporting periods and therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions/OPEB	$ 21,440,670	
Deferred inflows of resources related to pensions/OPEB	(846,284)	20,594,386
Net OPEB assets held in trust for future benefits are not available for County operations and therefore, are not reported in the funds.		859,051
Long-term liabilities, such as pension/OPEB liabilities and bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Net pension/OPEB liability	(44,668,269)	
Compensated absences payable	(2,031,851)	
Pledged revenue bonds payable	(15,190,000)	
Capital leases payable	(324,560)	(62,214,680)
Net position of governmental activities		$ 17,939,844

The accompanying notes are an integral part of these financial statements.

Apache County, Arizona
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Road Fund	Junior College Fund	COVID Related Grants Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	$ 2,797,313	$ -	$ 2,857,493	$ -	$ 4,915,523	$ 10,570,329
County excise tax	1,582,712	-	-	-	-	1,582,712
Licenses and permits	154,444	-	-	-	-	154,444
Intergovernmental	11,854,950	12,179,670	1,580,827	5,323,191	7,918,794	38,857,432
Charges for services	754,449	206,441	-	-	1,435,022	2,395,912
Fines and forfeits	1,196,671	-	-	-	497,993	1,694,664
Investment income	150,406	8,425	6,493	26,061	37,608	228,993
Miscellaneous	313,566	31,646	-	-	1,516,493	1,861,705
Total revenues	18,804,511	12,426,182	4,444,813	5,349,252	16,321,433	57,346,191
Expenditures						
General government	6,879,853	-	-	-	1,426,256	8,306,109
Public safety	16,252,406	-	-	-	7,618,478	23,870,884
Highways and streets	-	9,260,757	-	-	323,476	9,584,233
Health	401,979	-	-	5,061,227	2,815,362	8,278,568
Culture and recreation	15,000	-	-	-	2,260,724	2,275,724
Education	352,917	-	3,680,094	-	2,033,344	6,066,355
Capital outlay	184,112	1,298,567	-	258,635	1,460,492	3,201,806
Debt service						
Bond issuance costs	440,936	-	-	-	43,609	484,545
Principal	-	128,012	-	-	700,000	828,012
Interest and other charges	-	17,602	-	-	31,501	49,103
Total expenditures	24,527,203	10,704,938	3,680,094	5,319,862	18,713,242	62,945,339
Excess (deficiency) of revenues over (under) expenditures	(5,722,692)	1,721,244	764,719	29,390	(2,391,809)	(5,599,148)
Other Financing Sources (Uses)						
Pledged revenue bonds issued	13,822,900	-	-	-	1,367,100	15,190,000
Transfers in	1,007,872	386,000	-	-	2,105,551	3,499,423
Transfers out	(1,802,892)	(530,000)	(730,698)	-	(435,833)	(3,499,423)
Total other financing sources (uses)	13,027,880	(144,000)	(730,698)	-	3,036,818	15,190,000
Net change in fund balances	7,305,188	1,577,244	34,021	29,390	645,009	9,590,852
Fund balances July 1, 2020	10,729,118	3,579,874	599,782	(29,390)	8,158,073	23,037,457
Changes in nonspendable resources increase in inventories	-	60,581	-	-	-	60,581
Fund balances, June 30, 2021	$ 18,034,306	$ 5,217,699	$ 633,803	$ -	$ 8,803,082	$ 32,688,890

The accompanying notes are an integral part of these financial statements.

Apache County, Arizona

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities

For the Year Ended June 30, 2021

Net change in fund balances — total governmental funds			$	9,590,852
Amounts reported for governmental activities in the statement of activities are different because:				
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.				
Capital outlay	$	3,201,806		
Depreciation expense		(2,270,698)		931,108
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.				22,622
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.				
Increase in compensated absences				(90,347)
County pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB liability is measured a year before the County's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the statement of activities.				
County pension/OPEB contributions		13,763,181		
Pension/OPEB expense		(3,163,583)		10,599,598
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.				
Debt issued or incurred		(15,190,000)		
General obligation bonds repaid		700,000		
Capital leases repaid		128,012		(14,361,988)
Some cash outlays, such as purchases of inventories, are reported as expenditures in the governmental funds when purchased. In the statement of activities, however, they are reported as expenses when consumed.				
Increase in inventories				60,581
Change in net position of governmental activities			$	6,752,426

The accompanying notes are an integral part of these financial statements.

Fiduciary Funds

Apache County, Arizona
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial funds	
	External investment pool	Other
Assets		
Cash, cash equivalents, and investments	$ 125,170,158	$ 91,911
Total assets	$ 125,170,158	$ 91,911
Net Position		
Restricted For:		
Pool Participants	125,170,158	-
Individuals, organizations, and other governments	-	91,911
Total net position	$ 125,170,158	$ 91,911

The accompanying notes are an integral part of these financial statements.

Apache County, Arizona
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Custodial funds	
	External investment pool	Other
Additions		
Contributions from pool participants	$ 275,649,666	$ -
Net increase (decrease) in the fair value of investments	(648,470)	-
Other	-	1,851,517
Total additions	275,001,196	1,851,517
Deductions		
Distributions to pool participants	$ 263,275,609	$ -
Other	-	1,775,993
Change in net position	11,725,587	75,524
Net position, July 1, 2020, as restated	113,444,571	16,387
Net position, June 30, 2021	$ 125,170,158	$ 91,911

1) Summary of Significant Accounting Policies

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

For the year ended June 30, 2021, the County implemented the provisions of GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes. As a result, the County's fiduciary fund financial statements have been modified to reflect the implementation of this new guidance, including reclassifying activities previously reported in agency funds to custodial or governmental funds, as applicable.

Reporting Entity

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

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

The following table describes the County's component units:

Component Unit	Description; Criteria for Inclusion	Reporting Method
Apache 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. County management has operational responsibility for the component unit.	Blended
Apache County Health Services Districts	Provides comprehensive, culturally sensitive, quality health resources to the County's residents; the County's Board of Supervisors serves as the board of directors. County management has operational responsibility for the component unit.	Blended

Component Unit	Description; Criteria for Inclusion	Reporting Method
Apache 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. County management has operational responsibility for the component unit.	Blended
Apache County Juvenile Jail District	A tax-levying district that acquires, constructs, operates, maintains, and finances county juvenile jails and jail systems; the County's Board of Supervisors serves as the board of directors. County management has operational responsibility for the component unit.	Blended
Apache 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. County management has operational responsibility for the component unit.	Blended
Greer Acres – Little Colorado Special Improvement District	A tax-levying district that develops and constructs, sewer systems; the County's Board of Supervisors serves as the board of directors. County management has operational responsibility for the component unit.	Blended

Separately issued financial statements for these component units are not available.

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

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses to programs or functions. Program revenues include:

- Charges to customers or applicants for goods, services, or privileges provided;
- Operating grants and contributions; and
- 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 doing so would distort the direct costs and program revenues reported by the departments concerned.

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

The County reports the following major governmental funds:

- *General Fund*—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.
- *Road Fund*—The road fund accounts for monies from specific revenue sources that are restricted for road maintenance and operations and for pavement preservation.
- *Junior College Fund*—The junior college fund accounts for monies from property taxes that the County pays the state for out-of-County-tuition.
- *Covid Related Grants Fund*- The Covid Related Grants Fund accounts for CARES Act (Coronavirus Aid, Relief, and Economic Security Act) funding authorized under section 601(a) of the Social Security Act, as added by section 5001 of the CARES act, for the necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19).

The fiduciary funds consist of custodial funds, 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.

Basis of Accounting

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

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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgements, and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Loan proceeds and acquisitions under capital lease agreements are reported as other financing sources.

Cash and Investments

Nonparticipating interest-earning investment contracts are 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 are stated at amortized cost. All other investments are stated at fair value.

Inventories

Inventories in the government-wide financial statements are recorded as assets when purchased and expensed when consumed. These inventories are stated at cost using the first-in, first-out method.

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 first-in, first-out method.

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

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

Capital Assets
Capital assets are reported at historical cost. Donated assets are reported at acquisition value.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All		
Construction in progress	$ 5,000		
Buildings	$ 5,000	Straight line	25–40 years
Improvements other than buildings	$ 5,000	Straight line	25–40 years
Machinery and equipment	$ 5,000	Straight line	5–8 years
Infrastructure	$ 5,000	Straight line	40–45 years

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.

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.

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 finance director to assign resources for a specific purpose.

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

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

Investment Income

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

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 280 hours of vacation, but they forfeit any unused vacation hours in excess of the maximum amount at fiscal year-end. Upon termination of employment, the County pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative, but employees forfeit them upon termination of employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, upon retirement, for employees who have accumulated at least 500 hours of sick leave, sick leave benefits do vest, and therefore, are accrued in the government-wide financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

2) Stewardship, Compliance, Accountability, and Fund Balance Classifications

Deficit fund balances—At June 30, 2021, the following nonmajor funds reported a deficit in fund balances in excess of $25,000:

Nonmajor Funds		Deficit
Accent Sheriff	$	127,495
Forest Thinning		86,794
Miscellaneous Community Grant		57,124
Accent Attorney		48,712
Drug Testing		43,213
Tyler Technology		37,518
GIS		27,694
	$	428,550

For the year ended June 30, 2021, significant expenditures exceeding final budget amounts at the department level were as follows:

Fund/Department	Excess
General Fund	
Sheriff	12,338,296
Road Fund	
Liability Insurance	53,793
Limestone Pit	149,456
Roads - Round Valley	95,090
Roads - St. Johns	89,082

The General fund deficit resulted from unbudgeted expenditures related to payment on the unfunded PSPRS pension obligation. The issuance of pledged revenue bonds for this purpose was approved by the Board of Supervisors.

The Road fund deficits resulted from unanticipated increases to department operations during the year, but are expected to be corrected through normal operations and transfers from other funds in fiscal year 2022.

The fund balance classifications for the governmental funds as of June 30, 2021, were as follows:

	General Fund	Road Fund	Junior College Fund	Other Governmental Funds	Total
Fund Balances					
Nonspendable					
Inventories	$ -	$ 434,027	$ -	$ -	$ 434,027
Prepaid items	32,729	-	-	388	33,117
Total nonspendable	32,729	434,027	-	388	467,144
Restricted for					
Debt service	-	-	-	364,611	364,611
Highways and streets	-	4,783,672	-	152,163	4,935,835
Judicial	-	-	-	930,054	930,054
Law enforcement	-	-	-	3,269,532	3,269,532
Library	-	-	-	1,063,589	1,063,589
Health	-	-	-	1,330,177	1,330,177
General government	-	-	-	736,084	736,084
Education	-	-	633,803	956,484	1,590,287
Total restricted	-	4,783,672	633,803	8,802,694	14,220,169
Committed to					
Health	442,500	-	-	-	442,500
Unassigned	17,559,077	-	-	-	17,559,077
Total fund balance	$ 18,034,306	$ 5,217,699	$ 633,803	$ 8,803,082	$ 32,688,890

3) Deposits and Investments

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, 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 deposits, and repurchase agreements in eligible depositories; and 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 two 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 two nationally recognized rating agencies.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial Credit Risk
Statutes require collateral for deposits at 102 percent of all deposits 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, 2021, the carrying amount of the County's deposits was $85,861,914, including $1,229,008 held in money market accounts. The bank balance is $86,238,171. The County does not have a formal policy with respect to custodial credit risk.

At June 30, 2021, balances in these accounts are insured up to FDIC limits of $500,000. The remaining amounts are uninsured but fully collateralized pursuant to the Statewide Pooled Collateral Program.

Investments—The County's investments at June 30, 2021, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

		Fair Value Measurement Using
Investments By Fair Value Level	Amount	Significant Other Observable Inputs (Level 2)
U.S. agency securities	$ 42,688,139	$ 42,688,139
U.S. treasury notes	18,074,228	18,074,228
Certificates of deposit	15,991,792	15,991,792
Total investments categorized by fair value level	$ 76,754,159	$ 76,754,159

The investments categorized as Level 2 of the fair value hierarchy are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

Credit risk—The County does not have a formal investment policy with respect to credit risk. At June 30, 2021, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
U.S. agency securities	AAA	Moody's	$ 42,688,139
Certificates of deposit	Not Rated		15,991,792
			$ 58,679,931

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. The County does not have a formal investment policy with respect to custodial credit risk. At June 30, 2021, the County had $42,688,139 of U.S. agency securities, $18,074,228 of U.S. treasury notes, and $15,991,792 of certificates of deposit that were uninsured and held by the counterparty's trust department, not in the name of the County.

Concentration of credit risk—The County does not have a formal investment policy with respect to concentration of credit risk. The County had investments at June 30, 2021, of 5 percent or more in Freddie Mac (Federal Home Loan Mortgage Corporation), Fannie Mae (Federal National Mortgage Association), Federal Farm Credit Bank, Federal Home Loan Bank, and U.S. Treasury Notes. These investments were 28%, 8%, 12%, 15% and 7%, respectively, of the County's total investments.

Interest rate risk—The County does not have a formal investment policy with respect to interest rate risk. At June 30, 2021, the County had the following investments in debt securities:

		Investment Maturities (in Years)	
Investment Type	Fair Value	Less Than 1	1–5
U.S. agency securities	$ 42,688,139	$ -	$ 42,688,139
U.S. treasury notes	18,074,228	-	18,074,228
Certificates of deposit	15,991,792	2,714,193	13,277,599
	$ 76,754,159	$ 2,714,193	$ 74,039,966

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

Cash and Investments

Carrying amount of deposits - cash and cash equivalents	$ 85,861,914
Money market accounts	1,229,008
Amount of investments	76,754,159
Total cash, cash equivalents, and investments	$ 163,845,081

		Custodial funds		
	Governmental Activities	External investment pools	Other	Total
Statement of net position				
Cash and cash equivalents	$ 20,726,750	$ 66,316,379	$ 47,793	$ 87,090,922
Investments	17,856,262	58,853,779	44,118	76,754,159
Total	$ 38,583,012	$ 125,170,158	$ 91,911	$ 163,845,081

4) Due From Other Governments

Amounts due from other governments at June 30, 2021, as reported on the Governmental funds balance sheet was as follows:

Due From Other Governments	General Fund	Road Fund	Other Governmental	Total
Federal government	$ -	$ -	$ 248,244	$ 248,244
State governments	518,362	947,191	126,181	1,591,734
Other	42,649	-	29,267	71,916
Total	$ 561,011	$ 947,191	$ 403,692	$ 1,911,894

5) Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

Governmental Activities	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not being depreciated				
Land	$ 2,097,639	$ -	$ -	$ 2,097,639
Construction in progress	694,988	759,592	(272,184)	1,182,396
Total capital assets not being depreciated	2,792,627	759,592	(272,184)	3,280,035
Capital assets being depreciated				
Buildings	29,242,986	61,062	110,878	29,414,926
Improvements other than buildings	726,226	252,240	-	978,466
Machinery and equipment	31,814,902	2,128,912	161,306	34,105,120
Infrastructure	2,662,049	-	-	2,662,049
Total capital assets being depreciated	64,446,163	2,442,214	272,184	67,160,561
Less accumulated depreciation				
Buildings	13,356,910	689,892	-	14,046,802
Improvements other than buildings	414,136	53,174	-	467,310
Machinery and equipment	26,569,124	1,527,632	-	28,096,756
Infrastructure	2,161,890	-	-	2,161,890
Total accumulated depreciation	42,502,060	2,270,698	-	44,772,758
Total capital assets being depreciated, net	21,944,103	171,516	272,184	22,387,803
Governmental activities capital assets, net	$ 24,736,730	$ 931,108	$ -	$ 25,667,838

Depreciation expense was charged to functions as follows:

Governmental activities	
Highways and streets	$ 380,383
General government	331,788
Public safety	953,525
Culture and recreation	90,904
Health and welfare	330,688
Education	183,410
Total depreciation expense – governmental activities	$ 2,270,698

Construction Commitments

The County had major contractual commitments related to various capital projects at June 30, 2021, for the construction of Lodge Teen Center in Round Valley. At June 30, 2021, the County spent $1,182,396 on these projects and had remaining contractual commitments with contractors of $221,238. The Lodge is in the Juvenile Jail District and is funded by the District's property taxes.

6) Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2021:

Governmental Activities	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
General obligation bonds	$ 700,000	$ -	$ (700,000)	$ -	-
Pledged revenue bonds	$ -	$ 15,190,000	$ -	$ 15,190,000	$ 625,000
Capital leases payable	452,572	-	(128,012)	324,560	73,242
Net pension and other postemployment benefits liability	39,832,295	4,835,974	-	44,668,269	-
Compensated absences payable	1,941,504	1,401,611	(1,311,264)	2,031,851	1,190,409
Total governmental activities long-term liabilities	$ 42,926,371	$ 21,427,585	$ (2,139,276)	$ 62,214,680	$ 1,888,651

Bonds

The County's bonded debt consists of general obligation bonds and pledged revenue bonds. The general obligation bonds pay primarily for acquiring or constructing capital facilities, and are callable with interest payable semiannually. The County repays general obligation bonds from voter-approved property taxes.

The County pledged future excise tax, vehicle license tax, PILT, and state shared revenues to repay $15.2 million in Series 2021 pledged revenue bonds issued in March 2021. Proceeds from the bonds were used to pay down the unfunded portion of the County's PSPRS pension obligations. The bonds are payable solely from the stated revenue sources above and are payable through 2038. Annual principal and interest payments on the bonds are expected to require less than 11.4 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $18,786,420. Principal and interest become payable in July 2021.

The following pledged revenue obligations were outstanding at June 30, 2021:

Description	Original Amount Issued	Maturity Ranges	Interest Rates	Outstanding Principal
Pledged revenue bonds Series 2021	$ 15,190,000	1/15/22 - 38	0.347-2.894%	$ 15,190,000

The following schedule details debt service requirements to maturity for the County's bonds payable at June 30, 2021:

	Pledged Revenue Bonds	
	Principal	Interest
Year ending June 30,		
2022	$ 625,000	$ 257,944
2023	780,000	318,037
2024	805,000	314,395
2025	810,000	308,535
2026	820,000	299,074
2027-31	4,320,000	1,275,583
2032-36	4,880,000	729,086
2037-38	2,150,000	93,766
Total	$ 15,190,000	$ 3,596,420

Capital Leases

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

The following assets were acquired through capital leases:

Software	$ 630,412
Machinery and equipment	1,165,455
Less accumulated depreciation	(1,013,699)
Carrying value	$ 782,168

The following schedule details minimum lease payments to maturity for the County's capital leases payable at June 30, 2021:

Year ending June 30,	
2022	$ 87,908
2023	87,908
2024	87,908
2025	21,453
2026	83,440
Total minimum lease payments	368,617
Less amount representing interest	(44,057)
Present value of net minimum lease payments	$ 324,560

Compensated Absences

Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2021, the County paid for compensated absences as follows: 42 percent from the general fund, 28 percent from the road fund, and 30 percent from other funds.

7) Risk Management

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

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

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

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

The Arizona Counties Property and Casualty Pool, the Arizona 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 five years. All pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation. If a pool were to become insolvent, the County would be assessed an additional contribution.

8) Pensions and Other Postemployment Benefits

The County contributes to the Arizona State Retirement System (ASRS), the Corrections Officer Retirement Plan - Detention Officers (CORP), the Corrections Officer Retirement Plan - Administrative Office of the Courts (CORP AOC), the Public Safety Personnel Retirement System - Sheriff (PSPRS), and the Elected Officials Retirement Plan (EORP), all described below. The plans are component units of the State of Arizona.

At June 30, 2021, the County reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

	Governmental Activities
Statement of Net Position and Statement of Activities	
Net OPEB asset	$ 859,051
Net pension and OPEB liability	44,668,269
Deferred outflows of resources related to pensions and OPEB	21,440,670
Deferred inflows of resources related to pensions and OPEB	846,284
Pension and OPEB expense	3,163,583

The County's accrued payroll and employee benefits includes $73,980 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2021. Also, the County reported $13,763,181 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

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

The 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.

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:

	Retirement Initial Membership Date	
ASRS	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, 2021, statute required active ASRS members to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 percent for long-term disability) of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.18 percent for long-term disability) of the active members' annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 10.21 percent (10.14 percent for retirement and 0.07 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, 2021, were $1,326,446, $56,765 and $19,694, respectively.

During fiscal year 2021, the County paid for ASRS pension and OPEB contributions as follows: 43 percent from the General Fund, 27 percent from the Road Fund, and 30 percent from other governmental funds.

Liability—At June 30, 2021, the County reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

ASRS	Net Pension/OPEB (Asset) Liability
Pension	$ 18,941,352
Health insurance premium benefit	(78,559)
Long-term disability	(83,607)

The net asset and net liabilities were measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020.

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, 2020. The County's proportion measured as of June 30, 2020, and the change from its proportion measured as of June 30, 2019, were:

ASRS	Proportion June 30, 2020	Increase (Decrease) From June 30, 2019
Pension	.11%	(.002)
Health insurance premium benefit	.11%	(.002)
Long-term disability	.11%	(.002)

Expenses—For the year ended June 30, 2021, the County recognized the following pension and OPEB expense.

ASRS	Pension/OPEB Expense
Pension	$ 554,139
Health insurance premium benefit	60,218
Long-term disability	6,393

Deferred outflows/inflows of resources—At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

ASRS	Pension Deferred Outflows of Resources	Pension Deferred Inflows of Resources	Health Insurance Premium Benefit Deferred Outflows of Resources	Health Insurance Premium Benefit Deferred Inflows of Resources	Long-Term Disability Deferred Outflows of Resources	Long-Term Disability Deferred Inflows of Resources
Differences between expected and actual experience	$ 171,357	$ -	$ -	$ 154,796	$ 7,276	$ 2,153
Changes of assumptions or other inputs	-	-	43,553	-	9,008	-
Net difference between projected and actual earnings on plan investments	1,826,916	-	80,380	-	9,205	-
Changes in proportion and differences between county contributions and proportionate share of contributions	-	311,449	351	53	1,862	1,406
County contributions subsequent to the measurement date	1,326,446	-	56,765	-	19,694	-
Total	$ 3,324,719	$ 311,449	$ 181,049	$ 154,849	$ 47,045	$ 3,559

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 net assets or a reduction of the net liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized as expenses as follows:

ASRS	Pension	Health Insurance Premium Benefit	Long-Term Disability
Year ending June 30,			
2022	$ 11,748	$ (16,604)	$ 3,980
2023	449,206	405	5,474
2024	660,815	4,088	5,748
2025	565,055	(4,260)	5,179
2026	-	(14,194)	2,795
Thereafter	-	-	616

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

ASRS	
Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2% 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, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 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 and by adding expected inflation. 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%	6.39%
Fixed income - credit	20%	5.44%
Fixed income - interest rate sensitive	10%	0.22%
Real estate	20%	5.85%
Total	100%	

Discount rate—The discount rate used to measure the ASRS total pension/OPEB liability was 7.5 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 7.5 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County's proportionate share of the			
Net pension liability	$ 25,902,041	$ 18,941,352	$ 13,122,573
Net insurance premium benefit liability (asset)	103,078	(78,559)	(233,139)
Net long-term disability asset	91,285	83,607	76,154

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

Public Safety Personnel Retirement System and Corrections Officer Retirement Plan

Plan descriptions—County sheriff employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

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

County detention officers 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 (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, 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.

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.

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:

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

CORP	Initial Membership Date: Before January 1, 2012	On or after January 1, 2012 and before July 1, 2018	AOC probation and surveillance officers On or after July 1, 2018
Retirement and Disability			
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years, any age 10 years, age 62	25 years, age 52.5 10 years, age 62	10 years, age 52.5* 10 years 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, 2021, the following employees were covered by the agent plans' benefit terms:

	PSPRS Sheriff Pension	CORP Detention Pension	CORP Detention Health
Inactive employees or beneficiaries currently receiving benefits	24	6	6
Inactive employees entitled to but not yet receiving benefits	7	25	-
Active employees	18	12	12
Total	49	43	18

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. Contributions rates for the year ended June 30, 2021, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active Member-Pension	County-Pension	County-Health Insurance Premium Benefit
PSPRS Sheriff	7.65% - 11.65%	64.11%	N/A
CORP Detention	8.41%	14.82%	0%
CORP AOC	8.41% or 10.18%	33.58% or 32.79%	N/A

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.

	Pension	Health Insurance
PSPRS Sheriff	10.51%	N/A
CORP Detention	8.04%	0.00%
CORP AOC	27.84%	N/A

The County's contributions to the plans for the year ended June 30, 2021, were:

	Pension	Health Insurance Premium Benefit
PSPRS Sheriff	$ 14,871,635	N/A
CORP Detention	99,679	-
CORP AOC	222,885	N/A

During fiscal year 2021, the County paid for PSPRS and CORP contributions as follows:

	General Fund	Other Governmental Funds
PSPRS Sheriff	93%	7%
CORP Detention	0%	100%
CORP AOC	16%	84%

Liability—At June 30, 2021, the County reported the following assets and liabilities:

	Net Pension Liability	Net OPEB Asset
PSPRS Sheriff	$ 12,210,457	N/A
CORP Detention	1,196,781	$ 126,775
CORP AOC (County's proportionate share)	2,602,234	N/A

The net assets and net liabilities were measured as of June 30, 2020, and the total liability used to calculate the net assets or liability was determined by an actuarial valuation as of that date.

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, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Mortality rates	Pub S-2010 Tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

The long-term expected rate of return on PSPRS and CORP plan investments was determined to be 7.3 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	23%	4.93%
International public equity	15%	6.09%
Global private equity	18%	8.42%
Other assets (capital appreciation)	7%	5.61%
Core bonds	2%	0.22%
Private credit	22%	5.31%
Diversifying strategies	12%	3.22%
Cash - Mellon	1%	-0.60%
Total	100%	

Discount rates—At June 30, 2020, the discount rate used to measure the PSPRS and CORP total pension/OPEB liabilities was 7.3 percent. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution 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.

Changes in the Net Pension/OPEB Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
PSPRS Sheriff			
Balances, June 30, 2020	$ 17,017,356	$ 5,071,954	$ 11,945,402
Adjustment to Beginning of Year	-	1	(1)
Changes for the year			
Service cost	261,760	-	261,760
Interest on the total liability	1,223,290	-	1,223,290
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the liability	(87,963)	-	(87,963)
Changes in assumptions and other inputs	-	-	-
Contributions – employer	-	953,872	(953,872)
Contributions – employee	-	115,689	(115,689)
Net investment income	-	65,208	(65,208)
Benefit payments, including refunds of employee contributions	(1,043,434)	(1,043,434)	-
Administrative expenses	-	(5,316)	5,316
Other changes	-	2,578	(2,578)
Net changes	353,653	88,597	265,056
Balances, June 30, 2021	$ 17,371,009	$ 5,160,552	$ 12,210,457

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
CORP Detention			
Balances, June 30, 2020	$ 2,704,491	$ 1,644,677	$ 1,059,814
Changes for the year			
Service cost	72,681	-	72,681
Interest on the total liability	198,330	-	198,330
Changes of benefit terms			
Differences between expected and actual experience in the measurement of the liability	32,681	-	32,681
Change of assumptions and other inputs	-	-	-
Contributions – employer	-	82,928	(82,928)
Contributions – employee	-	40,399	(40,399)
Net investment income	-	45,145	(45,145)
Benefit payments, including refunds of employee contributions	(120,651)	(120,651)	-
Administrative expenses	-	(1,747)	1,747
Net changes	183,041	46,074	136,967
Balances, June 30, 2021	$ 2,887,532	$ 1,690,751	$ 1,196,781

	Increase (Decrease) Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OBEB Liability/(Asset) (a) - (b)
CORP Detention-Health Insurance Premium Benefit			
Balances, June 30, 2020	$ 58,876	$ 195,867	$ (136,991)
Changes for the year			
Service cost	1,935	-	1,935
Interest on the total OPEB liability	4,335	-	4,335
Differences between expected and actual experience in the measurement of the OPEB liability	9,177	-	9,177
Change of assumptions and other inputs	-	-	-
Net investment income	-	5,442	(5,442)
Benefit payments, including refunds of employee contributions	(2,842)	(2,842)	-
Administrative expenses	-	(211)	211
Net changes	12,605	2,389	10,216
Balances, June 30, 2021	$ 71,481	$ 198,256	$ (126,775)

The County's proportion of the CORP AOC net pension liability was based on the County's actual contributions to the plan relative to the total of all participating counties' actual contributions for the year ended June 30, 2020. The County's proportion measured as of June 30, 2020, was .4904 percent which was an decrease of .04533 from its proportion measured as of June 30, 2019.

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 (asset) liabilities calculated using the discount rate of 7.3 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 (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

	1% Decrease 6.3%	Current Discount Rate 7.3%	1% Increase 8.3%
PSPRS Sheriff			
Net pension liability	$ 14,399,665	$ 12,210,457	$ 10,412,383
CORP Detention			
Net pension liability	$ 1,569,917	$ 1,196,781	$ 892,374
Net OPEB (asset) liability	(118,727)	(126,775)	(133,520)
CORP AOC			
County's proportionate share of the net pension liability	$ 3,305,674	$ 2,602,234	$ 2,027,611

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, 2021, the County recognized the following Pension and OPEB expense:

	Pension Expense	OPEB Expense
PSPRS Sheriff	$ 699,225	N/A
CORP Detention	122,408	$ 240,454
CORP AOC (County's proportionate share)	42,391	N/A

Deferred outflows/inflows of resources—At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS-Sheriff Pension		
Differences between expected and actual experience	$ 209,749	$ 147,698
Changes of assumptions or other inputs	365,926	-
Net difference between projected and actual earnings on pension plan investments	277,401	-
County contributions subsequent to the measurement date	14,871,635	-
Total	$ 15,724,711	$ 147,698
CORP - Detention Pension		
Differences between expected and actual experience	$ 100,590	$ 8,688
Changes of assumptions or other inputs	20,488	-
Net difference between projected and actual earnings on pension plan investments	69,047	-
County contributions subsequent to the measurement date	99,679	-
Total	$ 289,804	$ 8,688
CORP - Detention Health Insurance Premium Benefit		
Differences between expected and actual experience	$ 7,866	$ 29,054
Changes of assumptions or other inputs	485	2,984
Net difference between projected and actual earnings on plan investments	7,877	-
Total	$ 16,228	$ 32,038

		Deferred Outflows of Resources		Deferred Inflows of Resources
CORP - AOC Pension				
Differences between expected and actual experience	$	271,039	$	30,953
Changes of assumptions or other inputs		83,685		-
Net difference between projected and actual earnings on pension plan investments		112,808		-
Changes in proportion and differences between County contributions and proportionate share of contributions		243,348		117,412
County contributions subsequent to the measurement date		222,885		-
Total	$	933,765	$	148,365

The amounts reported as deferred outflows of resources related to pension 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, 2022. 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:

		PSPRS Sheriff		CORP Detention				CORP AOC
		Pension		Pension		Health		Pension
Year ending June 30,								
2022	$	316,406	$	102,600	$	(5,389)	$	149,792
2023		270,040		42,786		(3,983)		172,418
2024		57,771		21,061		(2,839)		139,915
2025		61,161		14,990		(2,799)		100,390
2026		-		-		(2,111)		-
Thereafter		-		-		1,311		-

PSPDCRP plan—County sheriff employees, County detention officers, 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, 2021, active PSPDCRP members were required by statute to contribute at least 9 percent (County sheriff employees) or 5 percent (County detention officers, 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, 2021, the County recognized pension expense/(income) of ($11,738).

Elected Officials Retirement Plan

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

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, 2021, 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 61.43 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 49.39 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 55.43 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the County's required contributions to ASRS and EODCRS for these elected officials and judges.

The County's contributions to the pension and health insurance premium benefit plans for the year ended June 30, 2021, were $579,058 and $0, respectively.

During fiscal year 2021, the County paid 100 percent of the EORP pension contributions from the General Fund.

Liability—At June 30, 2021, the County reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the County's proportionate share of the State's appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	$ 8,858,394
State's proportionate share of the EORP net pension liability associated with the County	818,833
Total	$ 9,677,227

The County also reported an asset of $570,110 for its proportionate share of EORP's net OPEB asset.

The net asset and net liability were measured as of June 30, 2020, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date.

The County's proportion of the net pension liability was based on the County's required contributions to the plan relative to the total of all participating employers' required contributions for the year ended June 30, 2020. 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, 2020.

The County's proportion measured as of June 30, 2020, was 5.97 percent, which was an decrease of .0599 from its proportion measured as of June 30, 2019.

Expense—For the year ended June 30, 2021, the County recognized pension and OPEB expense/(income) for EORP of $1,805,740 and $(22,493), respectively and revenue of $73,404 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, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
EORP				
Differences between expected and actual experience	$ -	$ 7,270	$ 9,364	$ 23,692
Changes of assumptions or other inputs	-	-	658	-
Net difference between projected and actual earnings on plan investments	170,709	-	64,718	-
Changes in proportion and differences between County contributions and proportionate share of contributions	96,491	-	4,015	8,675
County contributions subsequent to the measurement date	579,058	-	-	-
Total	$ 846,258	$ 7,270	$ 78,755	$ 32,367

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 in the net asset or a reduction of the net liability in the year ending June 30, 2022. 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:

	Pension	Health Insurance Premium Benefit
Year ending June 30		
2022	$ 112,602	$ 701
2023	55,018	10,875
2024	53,827	20,419
2025	38,482	14,393

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

EORP	
Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.75% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pension/not applicable OPEB
Mortality rates	PubG-2010 tables.
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

The long-term expected rate of return on EORP plan investments was determined to be 7.3 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	23%	4.93%
International public equity	15%	6.09%
Global private equity	18%	8.42%
Other assets (capital appreciation)	7%	5.61%
Core bonds	2%	0.22%
Private Credit	22%	5.31%
Diversifying strategies	12%	3.22%
Cash - Mellon	1%	-0.60%
Total	100%	

Discount rates—At June 30, 2020, the discount rate used to measure the EORP total pension liability and total OPEB liability was 7.3 percent. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the 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 7.3 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 (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

EORP	1% Decrease	Current Discount Rate	1% Increase
Rate-pension	6.3%	7.3%	8.3%
County's proportionate share of the net pension liability	$ 10,105,184	$ 8,858,394	$ 7,792,011
Rate-OPEB	6.3%	7.3%	8.3%
County's proportionate share of the net OPEB (asset)	(504,307)	(570,110)	(627,538)

Plan fiduciary net position—Detailed information about the plan's 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, 2021, 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, 2021, the County recognized pension expense of $34,743.

Apache County, Arizona
Notes to Financial Statements
June 30, 2021

9) Interfund Balances and Activity

Interfund receivables and payables—Interfund balances at June 30, 2021, were as follows:

	Payable To			
Payable From	General Fund	Road Fund	Other Governmental Funds	Total
General fund	$ -	$ 6,857	$ 156,063	$ 162,920
Other governmental funds	-	2,056	380,623	382,679
Covid related grants fund	4,305,529	-	769,290	5,074,819
Road fund	52,886	-	-	52,886
Total	$ 4,358,415	$ 8,913	$ 1,305,976	$ 5,673,304

The interfund balances resulted from time lags between the dates that interfund goods and services are provided and reimbursement occurred.

Interfund transfers—Interfund transfers for the year ended June 30, 2021, were as follows:

	Transfer to			
Transfer From	General Fund	Road Fund	Other Governmental Funds	Total
General fund	$ -	$ 386,000	$ 1,416,892	$ 1,802,892
Road fund	386,000	-	144,000	530,000
Junior college fund	186,039	-	544,659	730,698
Other governmental funds	435,833	-	-	435,833
Total	$ 1,007,872	$ 386,000	$ 2,105,551	$ 3,499,423

The principal purpose of interfund transfers was to provide grant matches, fund debt service payments, and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

10) 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 monies under his or her stewardship. The treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the treasurer determines the fair value of those pooled investments annually at June 30.

The County treasurer's investment pool is not registered with the Securities and Exchange Commission as an investment company, and there is no regulatory oversight of its operations. The pool's structure does not provide for shares, and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments. The Treasurer allocates interest earnings to each of the pool's participants.

The deposits and investments the County holds are included in the County treasurer's investment pool, except for $1,942,047 in other deposits accounts. 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 3 for disclosure of the County's deposit and investment risks.

Details of each major investment classification follow:

Investment Type		Principal	Interest Rate(s)	Maturities		Fair Value
U.S. agency securities	$	43,036,424	0.35-0.75	02/2024-12/2025	$	42,688,139
U.S. treasury notes	$	18,132,996	0.27-1.03	12/2024-01/2025	$	18,074,228
Certificates of deposit					$	15,991,792

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

Statement of fiduciary net position	
Assets	$ 161,903,034
Net position	$ 161,903,034
Net position held for:	
Internal participants	$ 36,640,965
External participants	125,170,158
Total net position	$ 161,811,123
Statement of changes in fiduciary net position	
Total additions	$ 355,036,719
Total deductions	325,249,591
Net increase	29,787,128
Net position	
July 1, 2020	132,115,906
June 30, 2021	$ 161,903,034

11) Joint Ventures

The County is a member of the Blue Hills Environmental Association (Association), a nonprofit corporation created in 1991 by the County, City of St. Johns, Town of Springerville, and Town of Eagar. The members then entered into a solid waste operation agreement with the Association to operate the Blue Hills Regional Municipal Landfill and to provide solid waste services to the members and public. The Association is accumulating financial reserves to pay for closure and post-closure care costs when it anticipates closing the landfill in 2080.

However, the County will assume the financial responsibility for these costs if the Association is unable to pay when they are due. Annually, the County files the required financial assurance report with the Arizona Department of Environmental Quality to demonstrate financial responsibility for closure and post-closure care costs as required by state and federal laws and regulations. In the most recent annual financial report for the years ended June 30, 2021 and 2020, closure costs and post-closure care costs were estimated to be $2,592,846 assuming the landfill was completely filled to capacity. This amount is based on what it would cost to perform all closure and post-closure care, evaluated as of June 30, 2019. Estimation reports are updated every 4-5 years. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

According to its audited financial information for the years ended June 30, 2021 and 2020, the Association had recognized a liability of $800,973 to pay for these costs.

The Association issues audited financial statements annually which are available upon request by writing or calling the Association:

Blue Hills Environmental Association
P.O. Box 175
St. Johns, AZ 85936
(928) 337-2357

12) Change in accounting principle

Net position as of July 1, 2020, has been restated as follows for the implementation of GASB Statement No. 84, Fiduciary Activities.

	Investment trust funds	Custodial funds: External investment pool	Custodial funds: Other
Net position, as previously reported at June 30, 2020	$ 113,444,571	$ -	$ -
Prior-period adjustment - implementation of GASB 84			
Reclassification of investment pools	(113,444,571)	113,444,571	-
Reclassification of agency fund activities	-	-	16,387
Net position, as restated July 1, 2020	$ -	$ 113,444,571	$ 16,387

Required Supplementary Information

Apache County, Arizona
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget-Favorable (Unfavorable)
Revenues				
Property taxes	$ 2,956,574	$ 2,956,574	$ 2,797,313	$ (159,261)
County excise tax	1,361,000	1,361,000	1,582,712	221,712
Licenses and permits	89,000	89,000	154,444	65,444
Intergovernmental	8,609,448	8,609,448	10,644,491	2,035,043
Charges for services	160,000	160,000	754,449	594,449
Fines and forfeits	486,000	486,000	1,196,671	710,671
Investment income (loss)	20,000	20,000	150,406	130,406
Contributions	1,231,133	1,231,133	1,210,459	(20,674)
Miscellaneous	526,100	526,100	313,566	(212,534)
Total revenues	15,439,255	15,439,255	18,804,511	3,365,256
Expenditures				
General government				
Assessor	714,985	714,985	564,860	150,125
Attorney	1,153,131	1,153,131	289,179	863,952
Board of supervisors - general	386,055	386,055	208,647	177,408
Board of supervisors - county manager	549,974	549,974	297,238	252,736
Human resources	317,985	317,985	171,858	146,127
Wellness	11,665	11,665	6,304	5,361
Records management	23,541	23,541	12,723	10,818
District #1	236,883	236,883	260,079	(23,196)
District #2	236,883	236,883	155,112	81,771
District #3	236,883	236,883	201,192	35,691
Clerk of the superior court	591,511	591,511	127,808	463,703
Contingency	3,916,190	3,916,190	460,048	3,456,142
Information technology service	496,239	496,239	360,985	135,254
IT capital improvements and software maintenance	1,000,000	1,000,000	219,375	780,625
Elections	446,137	446,137	352,989	93,148
Finance	743,591	743,591	401,880	341,711
Grounds/maintenance	895,504	895,504	704,070	191,434
JP – Chinle	174,502	174,502	6,769	167,733
JP – Puerco	343,764	343,764	68,637	275,127
JP – St. Johns	231,763	231,763	42,691	189,072
St. Johns magistrate	37,681	37,681	35,576	2,105
JP – Round Valley	320,905	320,905	53,339	267,566
Springerville magistrate	7,675	7,675	3,685	3,990
Communication specialist and project	95,514	95,514	68,577	26,937
Community development	394,457	394,457	213,174	181,283
County fair	25,000	25,000	19,461	5,539
Recorder	554,230	554,230	444,514	109,716
Superior court	492,791	492,791	150,787	342,004
Public defenders	427,500	427,500	374,938	52,562

The accompanying notes are an integral part of these financial statements.

Apache County, Arizona
Required Supplementary Information
Budgetary Comparison Schedule
General Fund — continued
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget-Favorable
	Original	Final	Actual	(Unfavorable)
Expenditures – continued				
Jury fees and related	109,797	109,797	49,991	59,806
Jury trial costs	19,869	19,869	-	19,869
Support and care of persons	-	-	-	-
Treasurer	496,847	496,847	388,576	108,271
Public fiduciary	-	-	-	-
Legal services/judgments	-	-	-	-
Insurance	273,000	273,000	228,625	44,375
Fleet management	300,000	300,000	113,974	186,026
Total general government	16,262,452	16,262,452	7,057,661	9,204,791
Public safety				
Constables	152,965	152,965	43,920	109,045
Adult probation	277,973	277,973	277,973	-
Juvenile probation	210,872	210,872	210,872	-
Dispatch services	609,134	609,134	344,456	264,678
Search and rescue	-	-	200	(200)
Sheriff	3,483,404	3,483,404	15,821,700	(12,338,296)
Total public safety	4,734,348	4,734,348	16,699,121	(11,964,773)
Health				
AHCCCS	469,520	469,520	401,979	67,541
Culture and recreation				
Agricultural extension	25,000	25,000	15,000	10,000
Education				
School SIT Grant	120,000	120,000	132	119,868
School superintendent	354,517	354,517	353,310	1,207
Total education	474,517	474,517	353,442	121,075
Total expenditures	21,965,837	21,965,837	24,527,203	(2,561,366)
Deficiency of revenues over expenditures	(6,526,582)	(6,526,582)	(5,722,692)	803,890
Other Financing Sources (Uses)				
Pledged revenue obligations issued	-	-	13,822,900	13,822,900
Transfers in	3,016,474	3,016,474	1,007,872	(2,008,602)
Transfers out	(1,687,892)	(1,687,892)	(1,802,892)	(115,000)
Total other financing sources (uses)	1,328,582	1,328,582	13,027,880	11,699,298
Net change in fund balances	(5,198,000)	(5,198,000)	7,305,188	12,503,188
Fund balances, June 30, 2020	-	-	10,729,118	10,729,118
Fund balances, June 30, 2021	$ (5,198,000)	$ (5,198,000)	$ 18,034,306	$ 23,232,306

The accompanying notes are an integral part of these financial statements.

Apache County, Arizona
Required Supplementary Information
Budgetary Comparison Schedule
Road Fund
For the Year Ended June 30, 2021

	Budgeted Amounts Original and Final	Actual	Variance with Final Budget-Favorable (Unfavorable)
Revenues			
Intergovernmental	$ 8,966,000	$ 12,179,670	$ 3,213,670
Charges for services	826,186	206,441	(619,745)
Investment income	-	8,425	8,425
Miscellaneous	1,000,000	31,646	(968,354)
Total revenues	10,792,186	12,426,182	1,633,996
Expenditures			
Highways and streets			
General	1,272,983	951,154	321,829
Engineer	648,874	598,803	50,071
HURF support	184,541	120,461	64,080
District #1	1,136,067	716,914	419,153
District #2	692,108	662,004	30,104
District #3	759,234	582,710	176,524
Liability insurance	273,000	326,793	(53,793)
Contingency	1,448,309	587,389	860,920
RAC Grant	150,000	-	150,000
Limestone Pit	500,000	649,456	(149,456)
Roads - Puerco	722,870	727,930	(5,060)
Roads - Round Valley	828,398	923,488	(95,090)
Roads - St. Johns	754,138	843,220	(89,082)
Roads - Ganado	1,751,012	1,465,273	285,739
Roads - Chinle	1,751,012	1,513,258	237,754
Aviation	110,000	36,085	73,915
Total highways and streets	12,982,546	10,704,938	2,277,608
Excess(deficiency) of revenues over expenditures	(2,190,360)	1,721,244	3,911,604
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	-	-	-
Transfers in	386,000	386,000	-
Transfers out	(1,476,154)	(530,000)	946,154
Total other financing sources (uses)	(1,090,154)	(144,000)	946,154
Net change in fund balances	(3,280,514)	1,577,244	4,857,758
Fund balances, July 1, 2020	-	3,579,874	3,579,874
Changes in nonspendable resources	-	60,581	60,581
Fund balances, June 30, 2021	$ (3,280,514)	$ 5,217,699	$ 8,498,213

The accompanying notes are an integral part of these financial statements.

Apache County, Arizona
Required Supplementary Information
Budgetary Comparison Schedule
Junior College Fund
For the Year Ended June 30, 2021

	Budgeted Amounts Original and Final	Actual	Variance with Final Budget- Favorable (Unfavorable)
Revenues			
Property taxes	$ 3,037,178	$ 2,857,493	$ (179,685)
Intergovernmental	-	349,650	349,650
Salt River Project	1,252,154	1,231,177	(20,977)
Investment income	-	6,493	6,493
Total revenues	4,289,332	4,444,813	155,481
Expenditures			
Education			
Junior college tuition	3,974,628	3,680,094	294,534
Total education	3,974,628	3,680,094	294,534
Revenues over (under) expenditures	314,704	764,719	450,015
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	(548,570)	(730,698)	(182,128)
Total other financing sources (uses)	(548,570)	(730,698)	(182,128)
Net change in fund balances	(233,866)	34,021	267,887
Fund balances, July 1, 2020	-	599,782	599,782
Fund balances, June 30, 2021	$ (233,866)	$ 633,803	$ 867,669

The accompanying notes are an integral part of these financial statements.

Apache County, Arizona
Required Supplementary Information
Budgetary Comparison Schedule
Covid Related Grants Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Variance with Final Budget-
	Original and Final	Actual	Favorable (Unfavorable)
Revenues			
Intergovernmental	7,055,552	5,323,191	(1,732,361)
Investment income	-	26,061	26,061
Total revenues	7,055,552	5,349,252	(1,706,300)
Expenditures			
Health			
Board of Supervisors	7,055,552	5,319,862	1,735,690
Total health	7,055,552	5,319,862	1,735,690
Revenues over (under) expenditures	-	29,390	29,390
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	29,390	29,390
Fund balances, July 1, 2020	-	(29,390)	(29,390)
Fund balances, June 30, 2021	$ -	$ -	$ -

Apache County, Arizona

Required Supplementary Information
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2021

1) Budgeting and Budgetary Control

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

The County budgets capital outlay and debt service expenditures within the functional categories.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Board of Supervisors' approval.

2) Expenditures in Excess of Appropriations

The County's budget is prepared on a basis consistent with generally accepted accounting principles, except for the following unbudgeted item: pledged revenue bonds issued. The General fund deficit resulted from unbudgeted expenditures related to payment on the unfunded PSPRS pension obligation. The issuance of pledged revenue bonds for this purpose was approved by the Board of Supervisors.

For the year ended June 30, 2021, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

Fund/Department		Excess
General Fund		
District #1	$	23,196
Search and rescue		200
Sheriff		12,338,296
Total general fund	$	23,396
Road Fund		
Liability Insurance	$	53,793
Limestone Pit		149,456
Roads - Puerco		5,060
Roads - Round Valley		95,090
Roads - St. Johns		89,082
Total road fund	$	392,481

Departments may exceed their department budgets for various reasons, including unexpected events. When departments exceed their budget, it is noted and addressed with the departments in subsequent budget meetings with the County Manager and the Board of Supervisors.

Apache County, Arizona

Required Supplementary Information
Multi-Year Schedule of the County's Proportionate Share of the Net Pension/OPEB Liability – Cost-Sharing Plans
June 30, 2021

Arizona State Retirement System -ASRS

	Reporting Fiscal Year (Measurement Date)							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2012
County's proportion of the net pension liability	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	Information not available
County's proportionate share of the net pension liability	$ 18,941,352	$ 16,247,839	$ 15,804,152	$ 16,570,373	$ 17,514,604	$ 16,819,429	$ 15,839,753	
County's covered payroll	$ 12,057,237	$ 11,946,330	$ 11,269,617	$ 10,627,067	$ 10,573,233	$ 9,969,096	$ 9,649,540	
County's proportionate share of the net pension liability as a percentage of its covered payroll	157.10%	136.01%	140.2%	155.9%	165.6%	168.7%	164.2%	
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

ASRS - Health Insurance Premium Benefit

	Reporting Fiscal Year (Measurement Date)				
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2012
County's proportion of the net OPEB (asset)	0.11%	0.11%	0.11%	0.11%	Information not available
County's proportionate share of the net OPEB (asset)	$ (78,559)	$ (31,261)	$ (41,108)	$ (58,180)	
County's covered payroll	$ 12,057,237	$ 11,946,330	$ 11,269,617	$ 10,627,067	
County's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(0.4%)	(0.4%)	(0.4%)	(0.5%)	
Plan fiduciary net position as a percentage of the total OPEB liability	104.33%	101.62%	102.20%	103.57%	

ASRS - Long-Term Disability

	Reporting Fiscal Year (Measurement Date)				
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2012
County's proportion of the net OPEB liability	0.11%	0.11%	0.11%	0.48%	Information not available
County's proportionate share of the net OPEB liability (asset)	$ (83,607)	$ 73,288	$ 59,309	$ 38,553	
County's covered payroll	$ 12,057,237	$ 11,946,330	$ 11,269,617	$ 10,627,067	
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	(0.5%)	(0.5%)	(0.5%)	0.4%	
Plan fiduciary net position as a percentage of the total OPEB liability	68.01%	72.85%	77.83%	84.44%	

See accompanying notes to pension/OPEB plan schedules.

Apache County, Arizona
Required Supplementary Information
Multi-Year Schedule of the County's Proportionate Share of the Net Pension/OPEB Liability — Cost-Sharing Plans — continued
June 30, 2021

Corrections Officer Retirement Plan - Administrative Office of the Courts - CORP AOC Pension

	Reporting Fiscal Year (Measurement Date)							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2012
County's proportion of the net pension liability	0.54%	0.49%	0.48%	0.48%	0.48%	0.80%	0.89%	Information not available
County's proportionate share of the net pension liability	$ 2,602,234	$ 2,069,061	$ 1,928,376	$ 1,917,366	$ 1,351,472	$ 1,953,897	$ 2,000,091	
County's covered payroll	$ 626,465	$ 587,714	$ 619,607	$ 524,605	$ 546,592	$ 908,555	$ 961,116	
County's proportionate share of the net pension liability as a percentage of its covered payroll	415.4%	352.1%	311.2%	365.5%	247.2%	215.1%	208.1%	
Plan fiduciary net position as a percentage of the total pension liability	50.07%	51.99%	53.72%	49.21%	54.81%	57.89%	58.59%	

Elected Officials Retirement Plan - EORP Pension

	Reporting Fiscal Year (Measurement Date)							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2012
County's proportion of the net pension liability	1.31%	1.28%	1.16%	1.16%	1.16%	1.08%	1.09%	Information not available
County's proportionate share of the net pension liability	$ 8,858,394	$ 8,510,189	$ 5,940,372	$ 13,870,744	$ 10,927,352	$ 8,445,318	$ 7,329,261	
State's proportionate share of the net pension liability associated with the County	818,833	799,870	1,017,844	2,878,805	2,192,828	2,632,899	2,247,219	
Total	$ 9,677,227	$ 9,310,059	$ 6,958,216	$ 16,749,549	$ 13,120,180	$ 11,078,217	$ 9,576,480	
County's covered payroll	$ 2,577,715	$ 984,980	$ 990,328	$ 836,561	$ 784,791	$ 855,434	$ 942,909	
County's proportionate share of the net pension liability as a percentage of its covered payroll	375%	945%	703%	2002%	1392%	987.3%	777.3%	
Plan fiduciary net position as a percentage of the total pension liability	29.80%	30.14%	30.36%	19.66%	23.42%	28.32%	31.91%	

EORP - Health Insurance Premium Benefit

	Reporting Fiscal Year (Measurement Date)				
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2012
County's proportion of the net OPEB (asset)	5.97%	6.03%	5.75%	6.21%	Information not available
County's proportionate share of the net OPEB (asset)	$ (570,110)	$ (590,533)	$ (594,695)	$ (565,110)	
County's covered payroll	$ 2,577,715	$ 984,980	$ 990,328	$ 524,605	
County's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(22.12%)	(59.95%)	(60.05%)	(67.55%)	
Plan fiduciary net position as a percentage of the total OPEB liability	169.89%	169.72%	177.16%	164.84%	

See accompanying notes to pension/OPEB plan schedules.

Apache County, Arizona
Required Supplementary Information
Multi-Year Schedule of Changes in the County's Net Pension/OPEB Liability and Related Ratios – Agent Plans
June 30, 2021

Public Safety Personnel Retirement System -Sheriff - PSPRS Pension

	Reporting Fiscal Year (Measurement Date)							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2012
Total Pension Liability								
Service cost	$ 261,760	$ 334,328	$ 332,513	$ 391,384	$ 352,705	$ 303,780	$ 285,074	Information not available
Interest on the total pension liability	1,223,290	1,155,854	1,083,199	1,027,927	1,027,738	1,006,417	827,366	
Changes of benefit terms	-	-	-	225,266	(121,221)	-	373,856	
Difference between expected and actual experience in the measurement of the pension liability	(87,963)	206,218	323,533	(385,625)	(296,009)	(194,211)	(138,700)	
Changes of assumptions or other inputs	-	469,681	-	618,526	521,471	-	1,777,751	
Benefit payments, including refunds of employee contributions	(1,043,434)	(868,089)	(982,899)	(848,915)	(932,155)	(805,535)	(902,060)	
Net change in total pension liability	353,653	1,297,992	756,346	1,028,563	552,529	310,451	2,223,287	
Total pension liability – beginning	17,017,356	15,719,364	14,963,018	13,934,455	13,381,926	13,071,475	10,848,188	
Total pension liability – ending (a)	$ 17,371,009	$ 17,017,356	$ 15,719,364	$ 14,963,018	$ 13,934,455	$ 13,381,926	$ 13,071,475	
Plan Fiduciary Net Position								
Contributions - employer	$ 953,872	$ 989,810	$ 906,255	$ 932,323	$ 896,934	$ 655,184	$ 628,529	
Contributions - employee	115,689	124,001	158,820	134,451	178,568	144,239	137,407	
Net investment income	65,208	255,158	295,291	459,901	20,966	127,091	435,987	
Benefit payments, including refunds of employee contributions	(1,043,434)	(868,089)	(982,899)	(848,915)	(932,155)	(805,535)	(902,060)	
Hall/Parker settlement	-	-	(219,279)	-	-	-	-	
Administrative expenses	(5,316)	(5,423)	(5,194)	(4,469)	(3,418)	(3,473)	(3,511)	
Other changes*	2,578	-	49	42	3,873	(2,530)	(248,414)	
Net change in plan fiduciary net position	88,597	495,457	153,043	673,333	164,768	114,976	47,938	
Plan fiduciary net position – beginning	5,071,954	4,584,760	4,431,717	3,758,384	3,593,616	3,478,640	3,430,702	
Adjustment to Beginning of Year	1	(8,263)	-	-	-	-	-	
Plan fiduciary net position – ending (b)	$ 5,160,552	$ 5,071,954	$ 4,584,760	$ 4,431,717	$ 3,758,384	$ 3,593,616	$ 3,478,640	
County's net pension liability – ending (a) - (b)	$ 12,210,457	$ 11,945,402	$ 11,134,604	$ 10,531,301	$ 10,176,071	$ 9,788,310	$ 9,592,835	
Plan fiduciary net position as a percentage of total pension liability	29.71%	29.80%	29.17%	29.62%	26.97%	26.85%	26.61%	
Covered valuation payroll	$ 1,181,556	$ 1,904,980	$ 1,723,995	$ 1,723,995	$ 1,729,119	$ 1,551,303	$ 1,576,259	
County's net pension liability as percentage of covered payroll	1033.42%	627.06%	588.51%	588.51%	588.51%	630.97%	608.60%	

* Other changes include adjustments for prior year GASB 68 and reserve transfer to/from employer and employee reserves.

Apache County, Arizona
Required Supplementary Information
Multi-Year Schedule of Changes in the County's Net Pension/OPEB Liability and Related Ratios — Agent Plans — continued
June 30, 2021

CORP Detention-Pension

	Reporting Fiscal Year (Measurement Date)							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2012
Total Pension Liability								
Service cost	$ 72,681	$ 97,038	$ 102,454	$ 103,446	$ 78,199	$ 83,135	$ 80,344	Information not available
Interest on the total pension liability	198,330	175,314	163,204	136,198	141,303	150,847	127,309	
Changes of benefit terms	-	-	(97,225)	256,152	5,786	-	33,741	
Difference between expected and actual experience in the measurement of the pension liability	32,681	166,676	63,320	(66,912)	(134,578)	(188,715)	14,264	
Changes of assumptions or other inputs	-	49,820	-	63,387	60,136	-	167,399	
Benefit payments, including refunds of employee contributions	(120,651)	(112,857)	(114,982)	(89,590)	(205,467)	(123,291)	(125,921)	
Net change in total pension liability	183,041	375,991	116,771	402,681	(54,621)	(78,024)	297,136	
Total pension liability – beginning	2,704,491	2,328,500	2,211,729	1,809,048	1,863,669	1,941,693	1,644,557	
Total pension liability – ending (a)	$ 2,887,532	$ 2,704,491	$ 2,328,500	$ 2,211,729	$ 1,809,048	$ 1,863,669	$ 1,941,693	
Plan Fiduciary Net Position								
Contributions - employer	$ 82,928	$ 78,646	$ 80,147	$ 67,206	$ 86,900	$ 67,051	$ 56,502	
Contributions - employee	40,399	48,326	61,105	51,467	53,031	46,795	40,107	
Net investment income	45,145	84,647	101,432	149,555	7,904	46,477	159,806	
Benefit payments, including refunds of employee contributions	(120,651)	(112,857)	(114,982)	(89,590)	(205,467)	(123,291)	(125,921)	
Administrative expense	(1,747)	(2,211)	(2,235)	(1,708)	(1,518)	(1,505)	(1,257)	
Other changes*	-	-	(29)	(8)	10	(1,107)	(128,722)	
Net change in plan fiduciary net position	46,074	96,551	125,438	176,922	(59,140)	34,420	515	
Plan fiduciary net position – beginning	1,644,677	1,548,126	1,422,688	1,245,766	1,304,906	1,270,486	1,269,971	
Plan fiduciary net position – ending (b)	$ 1,690,751	$ 1,644,677	$ 1,548,126	$ 1,422,688	$ 1,245,766	$ 1,304,906	$ 1,270,486	
County's net pension liability – ending (a) - (b)	$ 1,196,781	$ 1,059,814	$ 780,374	$ 789,041	$ 563,282	$ 558,763	$ 671,207	
Plan fiduciary net position as a percentage of total pension liability	58.55%	33.51%	66.49%	64.32%	68.86%	70.02%	65.43%	
Covered payroll	$ 435,258	$ 740,025	$ 666,255	$ 616,809	$ 658,695	$ 637,619	$ 609,417	
County's net pension liability as percentage of covered payroll	274.96%	143.22%	117.13%	127.92%	85.52%	87.60%	110.10%	

* Other changes include adjustments for prior year GASB 68 and reserve transfer to/from employer and employee reserves.

See accompanying notes to pension/OPEB plan schedules.

Apache County, Arizona
Required Supplementary Information
Multi-Year Schedule of Changes in the County's Net Pension/OPEB Liability and Related Ratios — Agent Plans — continued
June 30, 2021

CORP Detention-OPEB

	Reporting Fiscal Year (Measurement Date)				
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2012
Total OPEB Liability					
Service cost	$ 1,935	$ 2,155	$ 2,299	$ 3,003	Information not available
Interest on the total OPEB liability	4,335	5,744	6,490	6,984	
Changes of benefit terms	-	-	-	-	
Difference between expected and actual experience in the measurement of the OPEB liability	9,177	(24,120)	(17,643)	(4,579)	
Changes of assumptions or other inputs	-	682	-	(7,980)	
Benefit payments	(2,842)	(2,110)	(2,358)	(2,630)	
Net change in total OPEB liability	12,605	(17,649)	(11,212)	(5,202)	
Total OPEB liability – beginning	58,876	76,525	87,737	92,939	
Total OPEB liability – ending (a)	$ 71,481	$ 58,876	$ 76,525	$ 87,737	
Plan Fiduciary Net Position					
Contributions - employer	$ -	$ -	$ -	$ -	
Net investment income	5,442	10,208	12,760	19,046	
Benefit payments	(2,842)	(2,110)	(2,358)	(2,630)	
Administrative expense	(211)	(182)	(194)	(166)	
Net change in plan fiduciary net position	2,389	7,916	10,208	16,250	
Plan fiduciary net position – beginning	195,867	187,951	177,743	161,493	
Plan fiduciary net position – ending (b)	$ 198,256	$ 195,867	$ 187,951	$ 177,743	
County's net OPEB liability (asset) – ending (a) - (b)	$ (126,775)	$ (136,991)	$ (111,426)	$ (90,006)	
Plan fiduciary net position as a percentage of total OPEB liability	277.35%	332.68%	245.61%	202.59%	
Covered payroll	$ 435,258	$ 740,025	$ 666,255	$ 616,809	
County's net OPEB (asset) liability as percentage of covered payroll	(29.13%)	(18.51%)	(16.72%)	(14.59%)	

See accompanying notes to pension/OPEB plan schedules.

Apache County, Arizona
Required Supplementary Information
Multi-Year Schedule of County Pension/OPEB Contributions
June 30, 2021

ASRS - Pension

	Reporting Fiscal Year								
	2021	2020	2019	2018	2017	2016	2015	2014	2013 through 2012
Statutorily required contribution	$ 1,326,446	$ 1,347,999	$ 1,302,150	$ 1,228,388	$ 1,177,599	$ 1,163,395	$ 1,144,174	$ 1,098,147	Information not available
County's contributions in relation to the statutorily required contribution	1,326,446	1,347,999	1,302,150	1,228,388	1,177,599	1,163,395	1,144,174	1,098,147	
County's contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
County's covered payroll	$ 11,584,681	$ 12,057,237	$ 11,946,330	$ 11,269,617	$ 10,627,067	$ 10,573,233	$ 9,969,096	$ 9,649,540	
County's contributions as a percentage of covered payroll	11%	11%	11%	11%	11%	11%	11%	11%	

ASRS - Health Insurance Premium Benefit

	Reporting Fiscal Year					
	2021	2020	2019	2018	2017	2016 through 2012
Statutorily required contribution	$ 56,765	$ 55,463	$ 52,564	$ 49,586	$ 57,444	Information not available
County's contributions in relation to the statutorily required contribution	56,765	55,463	52,564	49,586	57,444	
County's contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	
County's covered payroll	$ 11,584,681	$ 12,057,237	$ 11,946,330	$ 11,269,617	$ 10,627,067	
County's contributions as a percentage of covered payroll	0.49%	0.46%	0.44%	0.44%	0.54%	

ASRS - Long-Term Disability

	Reporting Fiscal Year					
	2021	2020	2019	2018	2017	2016 through 2012
Statutorily required contribution	$ 19,694	$ 19,292	$ 19,114	$ 18,031	$ 14,361	Information not available
County's contributions in relation to the statutorily required contribution	19,694	19,292	19,114	18,031	14,361	
County's contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	
County's covered payroll	$ 11,584,681	$ 12,057,237	$ 11,946,330	$ 11,269,617	$ 10,627,067	
County's contributions as a percentage of covered payroll	0.17%	0.16%	0.16%	0.16%	0.14%	

Apache County, Arizona
Required Supplementary Information
Multi-Year Schedule of County Pension/OPEB Contributions— continued
June 30, 2021

CORP- AOC-Pension

	Reporting Fiscal Year								
	2021	2020	2019	2018	2017	2016	2015	2014	2013 through 2012
Statutorily required contribution	$ 222,885	$ 200,212	$ 186,935	$ 140,918	$ 112,779	$ 105,915	$ 144,404	$ 149,907	Information not available
County's contributions in relation to the statutorily required contribution	222,885	200,212	186,935	140,918	112,779	105,915	144,404	149,907	
County's contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
County's covered payroll	$ 725,773	$ 626,465	$ 587,714	$ 619,607	$ 524,605	$ 546,592	$ 908,555	$ 961,116	
County's contributions as a percentage of covered payroll	31%	32%	32%	23%	21%	19%	16%	16%	

PSPRS-Pension

	Reporting Fiscal Year								
	2021	2020	2019	2018	2017	2016	2015	2014	2013 through 2012
Actuarially required contribution	$ 714,019	$ 969,235	$ 1,005,873	$ 925,122	$ 932,323	$ 896,934	$ 655,184	$ 628,529	Information not available
County's contributions in relation to the statutorily required contribution	14,871,635	969,235	1,005,873	705,811	932,323	896,934	655,184	628,529	
County's contributions deficiency (excess)	$ (14,157,616)	$ -	$ -	$ 219,311	$ -	$ -	$ -	$ -	
County's covered payroll	$ 1,253,621	$ 1,394,101	$ 1,904,980	$ 1,716,008	$ 1,723,995	$ 1,729,119	$ 1,551,303	$ 1,576,259	
County's contributions as a percentage of covered payroll	57%	70%	53%	54%	54%	52%	42%	40%	

EORP-Pension

	Reporting Fiscal Year								
	2021	2020	2019	2018	2017	2016	2015	2014	2013 through 2012
Statutorily required contribution	$ 579,058	$ 605,648	$ 605,763	$ 232,727	$ 222,392	$ 224,760	$ 220,245	$ 241,853	Information not available
County's contributions in relation to the statutorily required contribution	579,058	605,648	605,763	5,127	222,392	224,760	220,245	241,853	
County's contributions deficiency (excess)	$ -	$ -	$ -	$ 227,600	$ -	$ -	$ -	$ -	
County's covered payroll	$ 2,464,075	$ 2,577,715	$ 984,980	$ 990,328	$ 836,561	$ 784,791	$ 855,434	$ 942,909	
County's contributions as a percentage of covered payroll	24%	23%	62%	23%	27%	29%	26%	26%	

The excess contribution in 2021 to the PSPRS pension was a result of the Board of Supervisors approving the issuance of pledged revenue bonds in order satisfy the previously unfunded portion of the PSPRS pension obligation.

The County was not required and did not contribute to the EORP health insurance premium benefit plan for fiscal years 2021 through 2017. Information for fiscal years 2016 through 2012 is not available.

CORP Detention- Pension

	Reporting Fiscal Year								
	2021	2020	2019	2018	2017	2016	2015	2014	2013 through 2012
Actuarially required contribution	$ 99,679	$ 92,340	$ 89,025	$ 80,532	$ 67,206	$ 86,900	$ 67,051	$ 56,502	Information not available
County's contributions in relation to the statutorily required contribution	99,679	92,340	89,025	80,532	67,206	86,900	67,051	56,502	
County's contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
County's covered payroll	$ 523,251	$ 566,503	$ 740,025	$ 666,225	$ 616,809	$ 658,695	$ 637,619	$ 609,417	
County's contributions as a percentage of covered payroll	19%	16%	12%	12%	11%	13%	11%	9%	

The County was not required and did not contribute to the CORP Detention health insurance premium benefit plan for fiscal years 2021 through 2017. Information for fiscal years 2016 through 2012 is not available.

See accompanying notes to pension/OPEB plan schedules.

1) Actuarially Determined Contribution Rates

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

PSPRS and CORP	
Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2019 actuarial valuation	16 years
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5% for PSPRS and from 4.0%-7.25% to 3.5%-6.5% for CORP. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS and from 4.5%–7.75% to 4.0%–7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS and from 5.0%–8.25% to 4.5%–7.75% for CORP
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS and CORP. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011
Mortality	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

2) Factors That Affect Trends

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

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