Apache County, Arizona

Basic Financial Statements

Year ended June 30, 2017

Apache County, Arizona

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Independent Auditors' Report

The Auditor General of the State of Arizona

Honorable 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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2017, which is stated at $291,795. As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventory.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion on the Road Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Road Fund of the County, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Unmodified Opinions

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 4 through 11, the Budgetary Comparison Schedules on pages 66 through 71, Schedule of the County's Proportionate Share of the Net Pension Liability—Cost-Sharing Pension Plans on page 72, Schedule of Changes in the County's Net Pension Liability and Related Ratios—Agent Pension Plans on pages 73 through 74, Schedule of County Pension Contributions on pages 75 through 76, Schedule of Agent OPEB Plans' Funding Progress on page 77 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 Auditor General of the State of Arizona, the Board of Supervisors, management, and other responsible parties within the County and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 13, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Walker & Armstrong, LLP

Phoenix, Arizona
November 13, 2018

Apache County, Arizona
Management's Discussion and Analysis
For the Year Ended June 30, 2017

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, 2017. 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 exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $1,786,781 (net position), a decrease of $2,431,539 from prior year. Of this amount, ($27.5 million) was an unrestricted deficit in net position. The amount of the net pension liability at fiscal year-end was $40,532,781.
- At the end of the fiscal year, unassigned fund balance for the general fund was $6,457,701 or 33% of the total governmental funds' fund balances.

Overview of Financial Statements

This discussion and analysis is 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 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 Colorado Special Improvement District.

The government-wide financial statements can be found on pages 12 and 13 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, the junior college fund, and GADA loan fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The governmental fund financial statements can be found on pages 14–17 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 18-19 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 20-65 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 benefits for employees. Also presented are budgetary comparison schedules for the County's general, road and junior college funds. Required supplementary information can be found on pages 66-78 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, 2017, assets exceeded its liabilities by $1,786,781.

Apache County, Arizona

Management's Discussion and Analysis
For the Year Ended June 30, 2017

Condensed Statement of Net Position
As of June 30,

	Governmental Activities	
	2017	2016 (As Restated)
Assets		
Current and other assets	**$ 21,581,526**	$ 22,169,825
Capital assets	**26,115,571**	26,415,486
Total assets	**47,697,097**	48,585,311
Deferred Outflows of Resources	**8,215,667**	6,004,536
Liabilities		
Current and other liabilities	**1,932,084**	2,195,442
Long-term liabilities outstanding	**48,503,128**	46,090,389
Total liabilities	**50,435,212**	48,285,831
Deferred Inflows of Resources	**3,690,771**	2,085,696
Net Position		
Net investment in capital assets	**19,932,546**	19,524,420
Restricted	**9,411,867**	8,846,678
Unrestricted (deficit)	**(27,557,632)**	(24,152,778)
Total net position	**$ 1,786,781**	$ 4,218,320

Net investment in capital assets of $19,932,546 increased by $408,126 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 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.

The County's total net position decreased by $2,431,539 during the fiscal year. The governmental activities had an decrease in program revenues of $738,128 and an decrease in property tax revenue of $68,844. The decrease in program revenues was from the decrease in funding from the Secure Rural Schools program of $719,004. In addition, all other general revenues increased $164,085. Total expenses increased by $2,616,190 due to increased road projects.

At the end of the fiscal year, unrestricted net assets were negative for governmental activities due to net pension 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	
	2017	2016 (As Restated)
Revenues		
Program revenues		
Charges for services	**$ 3,687,269**	$ 2,874,375
Operating grants and contributions	**12,427,950**	13,475,642
Capital grants and contributions	**803,506**	1,306,836
General revenues		
Property taxes	**9,507,236**	9,576,080
County excise tax	**1,170,231**	1,174,582
Share of state sales taxes	**5,371,358**	4,893,687
Payments in lieu of taxes	**9,140,906**	8,824,099
Miscellaneous state assistance	**550,050**	550,050
Contributions not restricted to specific programs	**602,070**	708,415
Investment income	**18,472**	146,811
Miscellaneous	**345,052**	1,064,580
Total revenues	**43,624,100**	44,595,157

	Governmental Activities	
	2017	2016 (As Restated)
Expenses		
General government	**15,831,799**	14,161,044
Public safety	**11,014,063**	10,819,877
Highways and streets	**8,982,110**	8,173,792
Health	**3,088,449**	3,074,111
Culture and recreation	**1,832,431**	1,839,693
Education	**4,997,701**	4,522,883
Interest on long-term debt	**309,086**	355,774
Total expenses	**46,055,639**	42,947,174
Change in net position	**(2,431,539)**	1,647,983
Net position, beginning, as restated	**4,218,320**	2,570,337
Net position, end of year	**$ 1,786,781**	$ 4,218,320

Governmental Activities

Most categories of expenses were consistent with the prior year except for an increase in general government expenses relating to an increase in payroll expenses and expenses from reclassification of trust and agency fund expenditures in the current year of $1.1 million. The County had a prior-period restatement to the financials see Note 2 of the notes to the financial statement.

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.

As of June 30, 2017, the County's general fund reported a decrease in fund balance of $460,814 and the GADA loan fund reported an increase in fund balance of $289,192. This was primarily due to a transfer of monies between the funds necessary to pay off the GADA loan.

The road fund balance only increased by $180,819 due to increased HURF revenues and increased road projects during 2017.

General Fund Budgetary Highlights

Total general fund expenditures were under budget by $3.2 million. This variance between the final budgeted expenditures and actual expenditures in the general fund is due to cuts in spending in anticipation of reduced revenues in future years.

Capital Assets and Debt Administration

Capital assets—The County's investment in capital assets as of June 30, 2017, totaled $26.1 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		
	2017	2016	Increase (Decrease) Percent of Change
Buildings	**$ 18,016,292**	$ 18,588,508	-3.1%
Machinery and equipment	**5,122,776**	4,922,538	4.1%
Land	**1,937,957**	1,937,957	0.0%
Infrastructure	**697,639**	623,613	11.9%
Improvements other than buildings	**254,950**	275,678	-7.5%
Construction in progress	**85,957**	67,192	27.9%
Totals	**$ 26,115,571**	$ 26,415,486	-1.1%

Additional information on capital assets can be found in Note 6 of the notes to the financial statements on page 32-33 of this report.

Long-term debt—On June 30, 2017, the County had a total of $48.4 million in long-term liabilities. Of this amount, $5.5 million was principal outstanding on general obligation and revenue bonds, $658 thousand was capital lease obligations and $1.7 million represents compensated absences payable. The balance of $40.5 million relates to the net pension liability.

Additional information on the County's long-term liabilities can be found in Note 7 of the notes to the financial statements on pages 33-36 of this report.

Economic Factors and Next Year's Budgets

The significant downturn in the national and state economies that began the latter part of 2008 continued to affect the County in fiscal year 2017. The U.S. and state economies continued to experience a moderate recovery during 2017 and continued minimal improvement is expected in fiscal year 2018. 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.

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.

Government-Wide Financial Statements

Apache County, Arizona
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Cash and cash equivalents	$ 3,350,695
Cash held by trustee	2,920,000
Investments	12,397,795
Receivables (net of allowance for uncollectibles)	
Property taxes	468,419
Accounts	128,917
Due from other governments	1,644,175
Inventories	291,795
Prepaid items	379,730
Capital assets not being depreciated	2,023,914
Capital assets, being depreciated, net	24,091,657
Total assets	47,697,097
Deferred Outflows of Resources	
Deferred outflows related to pensions	8,215,667
Total deferred outflows of resources	8,215,667
Liabilities	
Accounts payable	1,071,286
Accrued payroll and employee benefits	801,835
Unearned revenue	58,963
Noncurrent liabilities	
Due within one year	4,965,359
Due in more than one year	43,537,769
Total liabilities	50,435,212
Deferred Inflows of Resources	
Deferred inflows related to pensions	3,690,771
Total deferred inflows of resources	3,690,771
Net Position	
Net investment in capital assets	19,932,546
Restricted for	
Public safety	2,303,429
Highways and streets	2,221,193
Health	1,052,349
Library	1,066,629
Debt service	2,768,267
Unrestricted (deficit)	(27,557,632)
Total net position	$ 1,786,781

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

Apache County, Arizona

Statement of Activities

For the Year Ended June 30, 2017

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Functions/Programs					
Governmental activities					
General government	$ 15,831,799	$ 2,628,409	$ 708,775	$ -	$ (12,494,615)
Public safety	11,014,063	381,372	1,477,109	-	(9,155,582)
Highways and streets	8,982,110	267,365	6,436,394	803,506	(1,474,845)
Health	3,088,449	188,969	1,117,761	-	(1,781,719)
Culture and recreation	1,832,431	20,651	25,000	-	(1,786,780)
Education	4,997,701	200,503	2,662,911	-	(2,134,287)
Interest on long-term debt	309,086	-	-	-	(309,086)
Total governmental activities	$ 46,055,639	$ 3,687,269	$ 12,427,950	$ 803,506	(29,136,914)
General revenues					
Taxes					
Property taxes, levied for general purposes					2,823,366
Property taxes, levied for jail district					903,717
Property taxes, levied for juvenile jail district					406,865
Property taxes, levied for library					1,409,119
Property taxes, levied for library construction					561,595
Property taxes, levied for health service districts					891,091
Property taxes, levied for junior college					1,349,666
Property taxes, levied for fire districts					368,443
Property taxes, levied for post secondary education					637,393
Property taxes, levied for flood control					155,981
County excise tax- general purposes					1,170,231
Shared revenue – state sales taxes					5,371,358
Payments in lieu of taxes					9,140,906
Investment income					18,472
Miscellaneous state assistance					550,050
Contributions not restricted to specific programs					602,070
Miscellaneous					345,052
Total general revenues					26,705,375
Change in net position					(2,431,539)
Net position, July 1, 2016, as restated					4,218,320
Net position, June 30, 2017					$ 1,786,781

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

Fund Financial Statements

Apache County, Arizona
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Road Fund	Junior College Fund	GADA Loan	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 1,379,555	$ 302,036	$ 79,408	$ 25,110	$ 1,564,586	$ 3,350,695
Cash held by trustee	-	-	-	2,920,000	-	2,920,000
Investments	5,104,447	1,117,553	293,815	92,907	5,789,073	12,397,795
Receivables						
Property taxes	126,758	-	99,577	-	242,084	468,419
Accounts	56,506	27,237	-	-	45,174	128,917
Due from						
Other funds	179,833	-	-	-	-	179,833
Other governments	547,206	766,186	-	-	330,783	1,644,175
Inventories	-	291,795	-	-	-	291,795
Prepaid items	378,953	652	-	-	125	379,730
Total assets	$ 7,773,258	$ 2,505,459	$ 472,800	$ 3,038,017	$ 7,971,825	$ 21,761,359
Liabilities						
Accounts payable	$ 188,081	$ 233,038	$ 413,377	$ -	$ 236,790	$ 1,071,286
Accrued payroll and employee benefits	637,594	113,422	-	-	50,819	801,835
Unearned revenue	-	-	-	-	58,963	58,963
Due to other funds	-	52,886	-	-	126,947	179,833
Total liabilities	825,675	399,346	413,377	-	473,519	2,111,917
Deferred Inflows of Resources						
Unavailable revenue property taxes	110,929	-	87,257	-	211,867	410,053
Total deferred inflows of resources	110,929	-	87,257	-	211,867	410,053
Fund Balances						
Nonspendable	378,953	292,447	-	-	125	671,525
Restricted	-	1,813,666	-	3,038,017	7,790,334	12,642,017
Unassigned	6,457,701	-	(27,834)	-	(504,020)	5,925,847
Total fund balances	6,836,654	2,106,113	(27,834)	3,038,017	7,286,439	19,239,389
Total liabilities, deferred inflows of resources, and fund balances	$ 7,773,258	$ 2,505,459	$ 472,800	$ 3,038,017	$ 7,971,825	$ 21,761,359

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, 2017

Total governmental funds — fund balances		$ 19,239,389
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 $66,670,706 and the accumulated depreciation is $40,555,135.		26,115,571
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		410,053
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	$ 8,215,667	
Deferred inflows of resources related to pensions	(3,690,771)	4,524,896
Long-term liabilities, such as pension liabilities and bonds payable, are not due and payable in the current period and, therefore, are not reported as a liability in the funds.		
Net pension liability	(40,532,781)	
Claims and judgments	(67,957)	
Compensated absences payable	(1,719,365)	
General obligation bonds payable	(2,605,000)	
Revenue bonds payable	(2,920,000)	
Capital leases payable	(658,025)	(48,503,128)
Net position of governmental activities		$ 1,786,781

Apache County, Arizona
Statement of Revenues, Expenditures and Changes in Fund Balances — Governmental Funds
For the Year Ended June 30, 2017

	General Fund	Road Fund	Junior College Fund	GADA Loan	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	$ 2,824,890	$ -	$ 1,996,400	$ -	$ 4,709,227	$ 9,530,517
County excise tax	1,170,231	-	-	-	-	1,170,231
Licenses and permits	223,435	-	-	-	-	223,435
Intergovernmental	9,651,451	9,669,782	1,620,383	-	7,352,154	28,293,770
Charges for services	781,632	267,365	-	-	1,337,524	2,386,521
Fines and forfeits	565,072	-	-	-	512,241	1,077,313
Investment income (loss)	(4,190)	5,533	2,195	12,864	2,070	18,472
Miscellaneous	58,323	31,266	-	-	255,463	345,052
Total revenues	15,270,844	9,973,946	3,618,978	12,864	14,168,679	43,045,311
Expenditures						
General government	9,981,956	-	-	359	2,312,464	12,294,779
Public safety	4,606,577	-	-	-	5,558,205	10,164,782
Highways and streets	3,113	7,947,336	-	-	258,571	8,209,020
Health	1,112,566	-	-	-	1,919,043	3,031,609
Culture and recreation	18,750	-	-	-	1,592,735	1,611,485
Education	325,701	-	2,645,870	-	1,997,096	4,968,667
Capital outlay	1,009,859	803,506	-	-	222,102	2,035,467
Debt service						
Principal	515,527	17,926	-	230,000	575,000	1,338,453
Interest and other charges	17,216	5,457	-	143,313	143,100	309,086
Total expenditures	17,591,265	8,774,225	2,645,870	373,672	14,578,316	43,963,348
Excess (deficiency) of revenues over (under) expenditures	(2,320,421)	1,199,721	973,108	(360,808)	(409,637)	(918,037)
Other Financing Sources (Uses)						
Transfers in	2,245,227	-	-	650,000	1,705,612	4,600,839
Transfers out	(1,016,032)	(1,018,902)	(1,043,700)	-	(1,522,205)	(4,600,839)
Capital lease agreements	630,412	-	-	-	-	630,412
Total other financing sources (uses)	1,859,607	(1,018,902)	(1,043,700)	650,000	183,407	630,412
Net change in fund balances	(460,814)	180,819	(70,592)	289,192	(226,230)	(287,625)
Fund balances, July 1, 2016, as restated	7,297,468	1,939,329	42,758	2,748,825	7,512,669	19,541,049
Changes in nonspendable resources						
Decrease in inventories	-	(14,035)	-	-	-	(14,035)
Fund balances, June 30, 2017	$ 6,836,654	$ 2,106,113	$ (27,834)	$ 3,038,017	$ 7,286,439	$ 19,239,389

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, 2017

Net change in fund balances — total governmental funds		$ (287,625)
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.		
Loss on disposal	$ (6,028)	
Capital outlay	2,035,467	
Depreciation expense	(2,329,354)	(299,915)
Revenues in governmental funds that provided current financial resources in the current year were reported as revenues in the statement of activities when earned in a prior year.		(23,281)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are 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	(85,759)	
Claims and judgments	(67,957)	(153,716)
County pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension liability is measured a year before the County's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.		
County's share of state's appropriation to EORP	602,070	
County pension contributions	2,512,299	
Pension expense	(5,475,377)	(2,361,008)
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.		
Capital lease agreements	(630,412)	
General obligation bonds repaid	575,000	
Revenue bonds repaid	230,000	
Capital leases repaid	533,453	708,041
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.		
Decrease in inventories		(14,035)
Change in net position of governmental activities		$ (2,431,539)

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, 2017

	Investment Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	$ 13,585,838	$ 1,274,312
Investments, at fair value	50,268,500	4,715,037
Total assets	63,854,338	$ 5,989,349
Liabilities		
Due to other governments	-	$ 5,989,349
Total liabilities	-	$ 5,989,349
Net Position		
Held in trust for investment trust participants	63,854,338	
Total net position	$ 63,854,338	

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, 2017

	Investment Trust Fund
Additions	
Contributions from participants	$ 200,532,174
Net decrease in the fair value of investments	(82,571)
Total additions	200,449,603
Deductions	
Distributions to participants	196,104,276
Total deductions	196,104,276
Change in net position	4,345,327
Net position restated, July 1, 2016	59,509,011
Net position, June 30, 2017	$ 63,854,338

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

1) Summary of Significant Accounting Policies

Apache County, Arizona'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, 2017, the County implemented the provisions of GASB Statement No. 80, *Blending Requirements of Certain Component Units.* GASB Statement No. 80 provides guidance to improve financial reporting by clarifying the financial statement presentation requirements for certain components units by establishing additional blending requirements. The implementation of this standard did not have a significant impact on the County's financial statements.

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 the prices approximate their external exchange values.

Fund financial statements—Provide information about the County's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental and fiduciary fund categories. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as 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 college fund accounts for monies from property taxes that the County pays the state for out of County tuition.
- *GADA Loan Fund*—The GADA loan funds accounts for loans from the Greater Arizona Development Authority for various County projects.

The County also reports the following fund types:

- *Investment Trust Fund*—The investment trust fund accounts for pooled assets the county treasurer holds and invests on behalf of other governmental entities.

- *Agency Funds*—The agency funds account for assets the County holds as an agent for the state and various local governments, and for property taxes collected and distributed to the State, local school districts, and special districts.

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

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

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 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. Issuances of general long-term debt 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 actual 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		
Land	All		
Construction in progress	$ 5,000		
		Depreciation Method	Estimated Useful Life
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

Deferred Outflows and Inflows of Resources

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

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

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 Earnings

Investment earnings 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 up to 1,500 hours of sick leave. 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) Correction of an Error – Prior-Period Adjustment

Correction of Misstatement

For the year ended June 30, 2016, the County recorded revenues in the general fund that should have been recorded in other funds, in the amount of $371,652 and overstated revenues in the Road Fund in the amount of $577,545. The County also recorded revenues pertaining to July 2016 as revenues in June 2016 in the amount of $174,825. Treasurer trust accounts in the amount of $1,804,993 and agency accounts in the amount of $645,201 were reclassified to Other Governmental Funds.

	Governmental Activities Net Postion	General Fund	Road Fund	Junior College	Other Governmental Funds	Investment Trust Fund
Beginning balances, as originally reported	$ 2,520,496	$ 7,669,120	$ 2,516,874	$ 217,583	$ 4,690,823	$ 65,220,579
Reclassification of trust accounts	1,804,993	-	-	-	1,804,993	(1,804,993)
Reclassification of agency accounts	645,201	-	-	-	645,201	(3,906,575)
Overstatement of revenue	(752,370)	-	(577,545)	(174,825)	-	-
Prior year revenue recorded in the incorrect fund	-	(371,652)	-	-	371,652	-
Total prior-period adjustments	1,697,824	(371,652)	(577,545)	(174,825)	2,821,846	(5,711,568)
Beginning balances, as restated	$ 4,218,320	$ 7,297,468	$ 1,939,329	$ 42,758	$ 7,512,669	$ 59,509,011

The effect of the restatement on prior change in total net position and change in fund balances is a decrease of $752,370 revenues for governmental activities, the Road Fund and the Junior College Fund. Meanwhile, revenues in the general fund would have been $371,652 less with revenues being greater for other governmental funds by the same amount.

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

Deficit fund balances—At June 30, 2017, the following nonmajor funds reported a deficit in fund balances in excess of $25,000:

Nonmajor Funds	Deficit
CDBG/Administration	$ 78,480
Emergency Services	70,177
Juvenile Jail District	65,842
Accent Sheriff	64,947
Forest Thinning	58,331
Accent Attorney	44,907
Case Processing Assistance	41,655
Tyler Technology	36,945
Drug Testing	28,537
Various Grants	28,422

These deficits resulted from operations during the year, but are expected to be corrected through normal operations and transfers from other funds in fiscal year 2018. There were significant unfavorable budget variances for the Sheriff, in the amount of $417,137. The County has added staff to allocate more time to the budget process to address violations.

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

	General Fund	Road Fund	Junior College Fund	GADA Loan	Other Governmental Funds	Total
Fund Balances						
Nonspendable						
Inventories	$ -	$ 291,795	$ -	$ -	$ -	$ 291,795
Prepaid	378,953	652	-	-	125	379,730
Total nonspendable	378,953	292,447	-	-	125	671,525
Restricted for						
Debt service	-	-	-	3,038,017	-	3,038,017
Highways and streets	-	1,813,666	-	-	407,527	2,221,193
Judicial	-	-	-	-	1,296,132	1,296,132
Law enforcement	-	-	-	-	1,007,297	1,007,297
Library	-	-	-	-	1,066,629	1,066,629
Health	-	-	-	-	1,052,349	1,052,349
General government	-	-	-	-	2,931,669	2,931,669
Education	-	-	-	-	28,731	28,731
Total restricted	-	1,813,666	-	3,038,017	7,790,334	12,642,017
Unassigned	6,457,701	-	(27,834)	-	(504,020)	5,925,847
Total fund balance	$ 6,836,654	$ 2,106,113	$ (27,834)	$ 3,038,017	$ 7,286,439	$ 19,239,389

4) 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.

<u>Credit Risk</u>
Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.

2. Bonds, debentures, notes, and other evidences of indebtedness that are denominated in 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, 2017, the carrying amount of the County’s deposits was $12,192,848 and the bank balance was $12,664,728. The County does not have a formal policy with respect to custodial credit risk.

At June 30, 2017, 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.

Cash Equivalents

The County is reporting money market mutual funds totaling $6,017,997 as cash equivalents at year-end.

Investments—The County's investments at June 30, 2017, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

		Fair value measurement using	
Investment Type	Amount	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
U.S. agency securities	$ 56,753,715	$ -	$ 56,753,715
U.S. treasury notes	10,627,617	-	10,627,617
	$ 67,381,332	$ -	$ 67,381,332

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. 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, 2017, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
U.S. agency securities	Aaa	Moodys	$ 56,753,715
U.S. treasury notes	Aaa	Moodys	10,627,617
			$ 67,381,332

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, 2017, the County had $56,753,715 of U.S. agency securities, and $10,627,617 of U.S. Treasury notes that were uninsured and held by the counterparty's trust department, which holds the securities in the County's name.

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, 2017, of 92 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 Treasury Notes. These investments were 23%, 15%, 12%, 28% and 14%, 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, 2017, 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	$ 56,753,715	$ 22,951,641	$ 33,802,074
U.S. treasury notes	10,627,617	5,532,909	5,094,708
	$ 67,381,332	$ 28,484,550	$ 38,896,782

Foreign currency risk—State statutes do not allow foreign investments unless the investment is denominated in United States Dollars.

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	$ 12,192,848
Cash held by trustee	2,920,000
Mutual fund - money market	6,017,997
Amount of investments	67,381,332
Total cash, cash equivalents, and investments	$ 88,512,177

	Governmental Activities	Investment Trust Fund	Agency Funds	Total
Statement of net position				
Cash and cash equivalents	$ 3,350,695	$ 13,585,838	$ 1,274,312	$ 18,210,845
Cash held by trustee	2,920,000	-	-	2,920,000
Investments	12,397,795	50,268,500	4,715,037	67,381,332
Total	$ 18,668,490	$ 63,854,338	$ 5,989,349	$ 88,512,177

5) Due From Other Governments

Amounts due from other governments at June 30, 2017, was as follows:

Due From Other Governments	General Fund	Road Fund	Other Governmental	Total
Federal government	$ -	$ 671,529	$ 200,136	$ 871,665
State governments	542,395	94,657	102,958	740,010
Other	-	-	27,676	27,676
City government	4,811	-	13	4,824
Total	$ 547,206	$ 766,186	$ 330,783	$ 1,644,175

6) Capital Assets

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

Governmental Activities	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets not being depreciated				
Land	$ 1,937,957	$ -	$ -	$ 1,937,957
Construction in progress	67,192	85,957	(67,192)	85,957
Total capital assets not being depreciated	2,005,149	85,957	(67,192)	2,023,914
Capital assets being depreciated				
Buildings	29,105,308	137,678	-	29,242,986
Improvements other than buildings	526,008	11,996	-	538,004
Machinery and equipment	30,956,831	1,730,583	(483,661)	32,203,753
Infrastructure	2,525,604	136,445	-	2,662,049
Total capital assets being depreciated	63,113,751	2,016,702	(483,661)	64,646,792
Less accumulated depreciation				
Buildings	10,516,800	709,894	-	11,226,694
Improvements other than buildings	250,330	32,724	-	283,054
Machinery and equipment	26,034,293	1,524,317	(477,633)	27,080,977
Infrastructure	1,901,991	62,419	-	1,964,410
Total accumulated depreciation	38,703,414	2,329,354	(477,633)	40,555,135
Total capital assets being depreciated, net	24,410,337	(312,652)	(6,028)	24,091,657
Governmental activities capital assets, net	$ 26,415,486	$ (226,695)	$ (73,220)	$ 26,115,571

Depreciation expense was charged to functions as follows:

Governmental activities	
Highways and streets	$ 737,957
General government	698,976
Public safety	595,705
Culture and recreation	217,198
Health and welfare	51,303
Education	28,215
Total depreciation expense – governmental activities	$ 2,329,354

Construction Commitments
One project was in process as of June 30, 2017, with an estimated cost to complete of $30,000 for the construction of bridges within the County.

7) Long-Term Liabilities

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

Governmental Activities	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due Within One Year
Bonds payable					
General obligation bonds	$ 3,180,000	$ -	$ (575,000)	$ 2,605,000	$ 605,000
Revenue bonds	3,150,000	-	(230,000)	2,920,000	2,920,000
Total bonds payable	6,330,000	-	(805,000)	5,525,000	3,525,000
Capital leases payable	561,066	630,412	(533,453)	658,025	412,594
Claims and judgments	-	67,957	-	67,957	67,957
Net pension liabilities	37,565,717	2,967,064	-	40,532,781	-
Compensated absences payable	1,633,606	1,269,997	(1,184,238)	1,719,365	959,808
Total governmental activities long-term liabilities	$ 46,090,389	$ 4,935,430	$ (2,522,691)	$ 48,503,128	$ 4,965,359

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

Bonds outstanding at June 30, 2017, were as follows:

Description	Original Amount Issued	Maturity Ranges	Interest Rates	Outstanding Principal
General obligation bonds				
Series 2007	$ 7,190,000	7/1/10–21	4.5%	$ 2,605,000
Revenue bonds				
Series 2007B	3,980,000	8/1/13–27	4.0 – 5.0%	2,920,000
				$ 5,525,000

The following schedule details debt service requirements to maturity for the County's bonds payable at June 30, 2017:

	General Obligation Bonds		Revenue Bonds
	Principal	Interest	Principal
Year ending June 30,			
2018	$ 605,000	$ 117,225	$ 2,920,000
2019	635,000	90,000	-
2020	665,000	61,425	-
2021	700,000	31,500	-
Total	$ 2,605,000	$ 300,150	$ 2,920,000

The County has pledged state shared revenues to repay the revenue bonds issued by the Greater Arizona Development Authority (the "Authority"). The bonds, issued by the Authority in November 2007 in the amount of $3.98 million are to provide financing for construction of two administrative facilities and acquisition of two buildings and remodeling thereof to provide office space, and are payable through 2021. Total principal for the revenue bonds was prepaid and held by trustee at June 30, 2017, in the amount of $2,920,000, bonds were called on July 3, 2017. For the current year, interest paid, principal paid and total state shared revenues were $143,313, $230,000 and $5,371,358, respectively.

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	$	538,277
Machinery and equipment		1,332,425
Less accumulated depreciation		(776,296)
Carrying value	$	1,094,406

The following schedule details debt service requirements to maturity for the County's capital leases payable at June 30, 2017:

Year ending June 30,		
2018	$	455,879
2019		254,973
Total minimum lease payments		710,852
Less amount representing interest		(52,827)
Present value of net minimum lease payments	$	658,025

Compensated Absences
Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2017, the County paid for compensated absences as follows: 41 percent from the general fund, 27 percent from the road fund, and 32 percent from other funds.

8) Risk Management

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

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 12 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium based on its exposure in relation to the exposure of the other participants, and a deductible of $5,000 per occurrence for property claims and $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 12 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.

9) 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, 2017, the County reported the following aggregate amounts related to pensions for all plans to which it contributes:

	Governmental Activities
Statement of net position and statement of activities	
Net pension liabilities	$ 40,532,781
Deferred outflows of resources	8,215,667
Deferred inflows of resources	3,690,771
Pension expense	5,475,377

The County's accrued payroll and employee benefits includes $14,850 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2017. Also, the County reported $2,512,299 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

A. 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:

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

* With actuarially reduced benefits.

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

Contributions—In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2017, statute required active ASRS members to contribute at the actuarially determined rate of 11.48 percent (11.34 percent for retirement and 0.14 percent for long-term disability) of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members' annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 9.47 percent (9.17 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.09 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 plan for the year ended June 30, 2017, were $1,177,599. The County's OPEB contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

ASRS		Health Benefit Supplement Fund		Long-Term Disability Fund
Year ended June 30,				
2017	$	57,444	$	14,361
2016		50,715		12,172
2015		58,195		11,836

During fiscal year 2017, the County paid for ASRS pension and OPEB contributions as follows: 42 percent from the General Fund, 29 percent from the Road Fund, and 29 percent from other governmental funds.

Pension liability—At June 30, 2017, the County reported a liability of $17,514,604 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The total pension liability as of June 30, 2016, reflects a change in actuarial assumption for a decrease in loads for future potential permanent benefit increases.

The County's proportion of the net pension liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The County's proportion measured as of June 30, 2016, was 0.11%, which was an increase of .0005 from its proportion measured as of June 30, 2015.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2017, the County recognized pension expense for ASRS of $1,049,377. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 106,435	$ 1,204,877
Changes of assumptions or other inputs	-	926,662
Net difference between projected and actual earnings on pension plan investments	1,898,000	-
Changes in proportion and differences between county contributions and proportionate share of contributions	128,515	-
County contributions subsequent to the measurement date	1,177,599	-
Total	$ 3,310,549	$ 2,131,539

The $1,177,599 reported as deferred outflows of resources related to ASRS pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

ASRS	Pension Expense
Year ending June 30,	
2018	$ (737,904)
2019	(571,685)
2020	778,806
2021	532,194

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

ASRS

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

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

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

ASRS

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

Discount rate—The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the ASRS net pension liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

ASRS	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
County's proportionate share of the net pension liability	$ 22,332,450	$ 17,514,604	$ 13,651,745

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

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

Plan descriptions—County sheriff employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent 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.

County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP). The CORP administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan for county detention officers, and 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). 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:

PSPRS

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

CORP

	Initial Membership Date	
	Before January 1, 2012	On or after January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years, any age 10 years, age 62	25 years, age 52.5 10 years, age 62
Final average salary is based on	Highest 36 consecutive months of last 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%	
Accidental disability retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service
Total and permanent disability retirement	50% or normal retirement if more than 25 years of credited service	
Ordinary disability retirement	2.5% per year of credited service	
Survivor Benefit		
Retired members	80% of retired member's pension benefit	
Active members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.	

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

Employees covered by benefit terms—At June 30, 2017, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Sheriff	CORP Detention
Inactive employees or beneficiaries currently receiving benefits	21	5
Inactive employees entitled to but not yet receiving benefits	5	15
Active employees	31	18
Total	57	38

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

	PSPRS Sheriff	CORP Detention	CORP AOC
Active members-pension PSPRS members with an initial membership date on or before July 19, 2011	0.00%	0.00%	0.00%
July 2016 through March 31, 2017	11.65%	N/A	N/A
April 1, 2017 through June 2017	7.65%	N/A	N/A
PSPRS members with an initial membership date on or before July 19, 2011, and all CORP members	11.65%	8.41%	8.41%
County			
Pension	53.26%	10.83%	20.08%
Health insurance premium benefit	0.55%	0.00%	0.80%

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.

	PSPRS Sheriff	CORP Detention	CORP AOC
Pension	40.58%	4.70%	13.68%
Health insurance premium benefit	0.01%	0.00%	0.53%

For the agent plans, the County's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2017, were:

	PSPRS Sheriff	CORP Detention
Pension		
Contributions made	$ 932,323	$ 67,206
Health Insurance Premium Benefit		
Annual OPEB cost	9,455	2,630
Contributions made	9,455	2,630

Contributions to the CORP AOC pension plan for the year ended June 30, 2017, were $112,779. The County's contributions for the current and 2 preceding years for the CORP AOC OPEB, all of which were equal to the required contributions, were as follows:

CORP AOC

	Health Insurance Fund
Year ended June 30,	
2017	$ 4,321
2016	4,513
2015	11,108

During fiscal year 2017, the County paid for PSPRS and CORP pension and OPEB contributions as follows: 85 percent from the General Fund and 15 percent from other funds.

Pension liability—At June 30, 2017, the County reported the following net pension liabilities:

	Net Pension Liability
PSPRS Sheriff	$ 10,176,071
CORP Detention	563,282
CORP AOC (County's proportionate share)	1,351,472

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

- In May 2016 voters approved Proposition 124 that authorized certain statutory adjustments to PSPRS' automatic cost-of-living adjustments. The statutory adjustments change the basis for future cost-of-living adjustments from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.
- Laws 2016, Chapter 2, changed the benefit formula and contribution requirements for members hired on or after July 1,2017.
- The investment rate of return actuarial assumption was decreased from 7.85 percent to 7.50 percent for PSPRS and CORP plans.

The net pension liabilities measured as of June 30, 2017, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the County's net pension liabilities as a result of these changes is not known.

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

PSPRS and CORP - Pension

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Investment rate of return	7.50%
Projected salary increases	4.0%–8.0% for PSPRS and 4.0%–7.25% for CORP
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

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

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.50 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

PSPRS and CORP

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

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

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
PSPRS Sheriff			
Balances, June 30, 2016	$ 13,381,926	$ 3,593,616	$ 9,788,310
Changes for the year			
Service cost	352,705	-	352,705
Interest on the total pension liability	1,027,738	-	1,027,738
Changes of benefit terms	(121,221)	-	(121,221)
Differences between expected and actual experience in the measurement of the pension liability	(296,009)	-	(296,009)
Changes in assumptions and other inputs	521,471	-	521,471
Contributions – employer	-	896,934	(896,934)
Contributions – employee	-	178,568	(178,568)
Net investment income	-	20,966	(20,966)
Benefit payments, including refunds of employee contributions	(932,155)	(932,155)	-
Administrative expenses	-	(3,418)	3,418
Other changes	-	3,873	(3,873)
Net changes	552,529	164,768	387,761
Balances, June 30, 2017	$ 13,934,455	$ 3,758,384	$ 10,176,071

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
CORP Detention			
Balances, June 30, 2016	$ 1,863,669	$ 1,304,906	$ 558,763
Changes for the year			
Service cost	78,199	-	78,199
Interest on the total pension liability	141,303	-	141,303
Changes of benefit terms	5,786	-	5,786
Differences between expected and actual experience in the measurement of the pension liability	(134,578)	-	(134,578)
Change of assumptions and other inputs	60,136	-	60,136
Contributions – employer	-	86,900	(86,900)
Contributions – employee	-	53,031	(53,031)
Net investment income	-	7,904	(7,904)
Benefit payments, including refunds of employee contributions	(205,467)	(205,467)	-
Administrative expenses	-	(1,518)	1,518
Other changes	-	10	(10)
Net changes	(54,621)	(59,140)	4,519
Balances, June 30, 2017	$ 1,809,048	$ 1,245,766	$ 563,282

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, 2016. The County's proportion measured as of June 30, 2016, was .48 percent which was an decrease of .32 from its proportion measured as of June 30, 2015.

Sensitivity of the County's net pension liability to changes in the discount rate—The following table presents the County's net pension liabilities calculated using the discount rate of 7.50 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
PSPRS Sheriff			
Net pension liability	$ 11,907,686	$ 10,176,071	$ 8,742,281
CORP Detention			
Net pension liability	$ 776,740	$ 563,282	$ 386,073
CORP AOC			
County's proportionate share of the net pension liability	$ 1,736,931	$ 1,351,472	$ 1,033,100

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

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

	Pension Expense
PSPRS Sheriff	$ 1,194,179
CORP Detention	74,976
CORP AOC (County's proportionate share)	47,114

Pension deferred outflows/inflows of resources—At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS-Sheriff		
Differences between expected and actual experience	$ -	$ 391,697
Changes of assumptions or other inputs	1,054,489	-
Net difference between projected and actual earnings on pension plan investments	229,424	-
County contributions subsequent to the measurement date	932,323	-
Total	$ 2,216,236	$ 391,697

	Deferred Outflows of Resources	Deferred Inflows of Resources
CORP - Detention		
Differences between expected and actual experience	$ 6,107	$ 226,893
Changes of assumptions or other inputs	120,557	-
Net difference between projected and actual earnings on pension plan investments	79,166	-
County contributions subsequent to the measurement date	67,206	-
Total	$ 273,036	$ 226,893

	Deferred Outflows of Resources	Deferred Inflows of Resources
CORP - AOC		
Differences between expected and actual experience	$ 28,738	$ 68,053
Changes of assumptions or other inputs	183,436	-
Net difference between projected and actual earnings on pension plan investments	102,060	-
Changes in proportion and differences between County contributions and proportionate share of contributions pension plan investments	-	653,845
County contributions subsequent to the measurement date	112,779	-
Total	$ 427,013	$ 721,898

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

	PSPRS Sheriff	CORP Detention	CORP AOC
Year ending June 30,			
2018	$ 401,723	$ 1,015	$ (89,831)
2019	304,380	1,016	(89,831)
2020	105,722	(12,080)	(94,135)
2021	80,391	(6,207)	(112,555)
2022	-	(4,807)	(21,312)

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

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

Projections of benefits are based on (1) the plans as the County and plans' members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS and CORP plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2017 contribution requirements:

PSPRS and CORP—OPEB Contribution Requirements

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4%–8% for PSPRS and 4%–7.25% for CORP
Wage growth	4% for PSPRS and CORP

Agent plan OPEB trend information—Annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years follows for each of the agent plans:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS- Sheriff			
2017	$ 9,455	100 %	$ -
2016	11,482	100 %	-
2015	14,280	100 %	-
CORP-Detention			
2017	2,630	100 %	$ -
2016	2,636	100 %	-
2015	796	100 %	-

Agent plan OPEB funded status—The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2017, along with the actuarial assumptions and methods used in those valuations follow:

	PSPRS Sheriff	CORP Detention
Actuarial value of assets (a)	$ 314,247	$ 183,473
Actuarial accrued liability (b)	309,752	87,737
Unfunded actuarial accrued liability (funding excess) (b) – (a)	(4,495)	(95,736)
Funded ratio (a) / (b)	101.5%	209.1%
Annual covered payroll (c)	1,656,301	698,487
Unfunded actuarial accrued liability (funding excess) as a percentage of coverage payroll ([(b) – (a)] / (c))	(.27 %)	(13.71 %)

The actuarial methods and assumptions used are the same for all the PSPRS and CORP health insurance premium benefit plans (unless noted), and for the most recent valuation date are as follows:

PSPRS and CORP—OPEB Funded Status	
Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	20 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions	
Investment rate of return	7.50%
Projected salary increases	4%–8% for PSPRS and 4%–7.25% for CORP
Wage growth	4% for PSPRS and CORP

C. Elected Officials Retirement Plan

Plan description—Elected officials and judges participate in the Elected Officials Retirement Plan (EORP), ASRS, or the Elected Officials Defined Contribution

Retirement System (EODCRS). EORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. This plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the EORP plans. The report is available on PSPRS's website at www.psprs.com.

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 excess investment earnings. 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.

Contributions—State statutes establish active member and employer contribution requirements. Statute also appropriates $5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2017, statute required active EORP members with an initial membership date on or before July 19, 2011, to contribute 13 percent of the members' annual covered payroll for July 2016 through March 31, 2017 and 7 percent of the members' annual covered payroll for April 1, 2017 through June 2017. Statute required active EORP members with an initial membership date after July 19, 2011, to contribute 13 percent of the members' annual covered payroll and the County to contribute 23.5 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 12.16 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 17.50 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the County's required contribution to ASRS for these elected officials and judges. In addition, statute required the County to contribute 23.5 percent of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the EORP would typically fill. The County's contributions to the pension plan for the year ended June 30, 2017, were $222,392. No OPEB contributions were required or made for the years ended June 30, 2015, 2016 and 2017.

During fiscal year 2017, the County paid 100 percent of the EORP pension contributions from the General Fund.

Pension liability—At June 30, 2017, 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	$ 10,927,352
State's proportionate share of the EORP net pension liability associated with the County	2,192,828
Total	$ 13,120,180

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

The County's proportion of the net pension liability was based on the County's actual contributions to the plan relative to the total of all participating employers' actual contributions for the year ended June 30, 2016. The County's proportion measured as of June 30, 2016, was 1.16 percent, which was an increase of .08 from its proportion measured as of June 30, 2015.

The collective net pension liability measured as of June 30, 2017, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for 5-year ended June 30, 2016. The change in the County's proportionate share of the collective net pension liability as a result of these changes is not known.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2017, the County recognized pension expense for EORP of $3,109,731 and revenue of $602,070 for the County's proportionate share of the State's appropriation to EORP and the designated court fees. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
EORP		
Differences between expected and actual experience	$ -	$ 205,493
Changes of assumptions or other inputs	1,226,870	-
Net difference between projected and actual earnings on pension plan investments	253,131	-
Changes in proportion and differences between County contributions and proportionate share of contributions	286,440	13,251
County contributions subsequent to the measurement date	222,392	-
Total	$ 1,988,833	$ 218,744

The $222,392 reported as deferred outflows of resources related to EORP pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year ending June 30		
2018	$	1,048,374
2019		356,634
2020		91,983
2021		50,706

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

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

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

The long-term expected rate of return on EORP pension plan investments was determined to be 7.50 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

EORP

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

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

Sensitivity of the County's proportionate share of the EORP net pension liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 3.68 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.68 percent) or 1 percentage point higher (4.68 percent) than the current rate:

EORP

	1% Decrease (2.68%)	Current Discount Rate (3.68%)	1% Increase (4.68%)
County's proportionate share of the net pension liability	$ 12,719,977	$ 10,927,352	$ 9,430,965

Pension plan fiduciary net position—Detailed information about the pension 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.

For the year ended June 30, 2017, 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. In addition, statute required active EODCRS members and the County to each contribute at the actuarially determined rate of 0.125 percent of the members' annual covered payroll to the EODCDP plan. For the year ended June 30, 2017, the County recognized pension expense of $5,742. The County's OPEB contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

EODCDP	Disability Fund
Year ended June 30	
2017	$ 120
2016	-
2015	-

10) Interfund Balances and Activity

Interfund receivables and payables—Interfund balances at June 30, 2017, were as follows:

	Payable To
Payable From	General Fund
Other governmental funds	$ 126,947
Road fund	52,886
Total	$ 179,833

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, 2017, were as follows:

	Transfer to			
Transfer From	General Fund	GADA Loan	Other Governmental Funds	Total
General fund	$ -	$ 650,000	$ 366,032	$ 1,016,032
Road fund	951,154	-	67,748	1,018,902
Junior college fund	443,698	-	600,002	1,043,700
Other governmental funds	850,375	-	671,830	1,522,205
Total	$ 2,245,227	$ 650,000	$ 1,705,612	$ 4,600,839

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.

11) 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 deposits and investments the County holds are included in the County treasurer's investment pool, except for $4,017,659 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 4 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	$ 56,747,000	0.375-4.00	8/2017-11/2018	$ 56,753,715
U.S. treasury notes	10,575,000	0.875-2.625	7/2017-12/2019	10,627,617

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

Statement of net position	
Assets	$ 84,494,518
Net position	$ 84,494,518
Net position held in trust for	
Internal participants	$ 14,650,831
External participants	69,843,687
Total net assets held in trust	$ 84,494,518
Statement of changes in net position	
Total additions	$ 263,810,543
Total deductions	260,697,876
Net increase	3,112,667
Net position held in trust	
July 1, 2016	81,381,851
June 30, 2017	$ 84,494,518

12) 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 2040.

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, dated June 30, 2014, the County estimated the closure costs and post-closure care costs to be

$222,393 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 as of June 30, 2014. According to its audited financial information for the year ended June 30, 2014, the landfill had used approximately 14.5 percent of its estimated capacity, and the Association had accumulated $92,609 of financial reserves 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

13) Litigation

The County is a defendant in various lawsuits, which arise in the ordinary course of its operations. The County is unable to predict the outcomes of these proceedings, therefore no liability has been accrued in the accompanying financial statements.

14) Subsequent Events

In September 2018, the County entered into a lease for three caterpillar motor graders for $593,704. The term is for eight years, with annual payments of $56,270 and a balloon payment of $292,500.

In September 2018, the County entered into a lease for three caterpillar motor graders for $775,954. The term is for eight years, with annual payments of $84,829 and a balloon payment of $292,500.

In November 2018, the County entered into a lease for three caterpillar motor graders for $695,404. The term is for seven years, with annual payments of $74,453 and a balloon payment of $292,500.

In April 2018, the County entered into a lease for two 2019 Kenworth T880 commercial trucks for $297,460. The term is for five years with annual payments of $68,849.

In May 2018, the County entered into a lease for two 2019 Kenworth T880 commercial trucks for $297,460. The term is for five years with monthly payments of $5,159.

In May 2018, the County entered into a lease for a Komatsu D155AX-7 crawldozer for $390,077. The term is for three years with annual payments of $116,775 and monthly payments.

Required Supplementary Information

Apache County, Arizona
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget-Favorable
	Original	Final	**Actual**	(Unfavorable)
Revenues				
Property taxes	$ 2,868,475	$ 2,868,475	**$ 2,824,890**	$ (43,585)
County excise tax	1,224,000	1,224,000	**1,170,231**	(53,769)
Licenses and permits	87,200	87,200	**223,435**	136,235
Intergovernmental	8,387,119	8,387,119	**8,557,071**	169,952
Charges for services	86,000	86,000	**781,632**	695,632
Fines and forfeits	475,000	475,000	**565,072**	90,072
Investment income (loss)	6,000	6,000	**(4,190)**	(10,190)
Contributions	1,216,508	1,216,508	**1,094,380**	(122,128)
Miscellaneous	28,800	28,800	**58,323**	29,523
Total revenues	14,379,102	14,379,102	**15,270,844**	891,742
Expenditures				
General government				
Assessor	623,722	623,722	**595,903**	27,819
Attorney	936,603	936,603	**933,910**	2,693
Board of supervisors - general	467,600	467,600	**402,436**	65,164
Board of supervisors - county manager	296,605	296,605	**318,291**	(21,686)
Human resources	252,213	252,213	**148,465**	103,748
Wellness	-	-	**2,806**	(2,806)
Records management	12,205	12,205	**13,726**	(1,521)
District #1	234,139	234,139	**246,724**	(12,585)
District #2	234,139	234,139	**203,600**	30,539
District #3	159,714	159,714	**220,277**	(60,563)
Clerk of the superior court	542,506	542,506	**523,827**	18,679
Contingency	3,000,000	3,000,000	**644,656**	2,355,344
Information technology service	480,519	480,519	**461,550**	18,969
IT capital improvements and software maintenance	1,512,277	1,512,277	**459,881**	1,052,396
Elections	412,744	412,744	**449,798**	(37,054)
Finance	470,186	470,186	**426,007**	44,179
Grant management	60,000	60,000	**29,843**	30,157
Grounds/maintenance	820,056	820,056	**792,246**	27,810
JP – Chinle	164,080	164,080	**144,838**	19,242
JP – Puerco	284,638	284,638	**294,076**	(9,438)
JP – St. Johns	183,531	183,531	**186,757**	(3,226)
St. Johns magistrate	37,917	37,917	**32,423**	5,494
JP – Round Valley	236,406	236,406	**278,370**	(41,964)
Springerville magistrate	40,275	40,275	**7,657**	32,618
Eager magistrate	-	-	**2,728**	(2,728)
Communication specialist and project	100,543	100,543	**101,630**	(1,087)
Community development	397,990	397,990	**354,574**	43,416
County fair	20,000	20,000	**15,000**	5,000
Recorder	492,230	492,230	**496,970**	(4,740)
Superior court	436,261	436,261	**445,270**	(9,009)
Public defenders	400,000	400,000	**508,834**	(108,834)

See accompanying notes to required supplementary information.

Apache County, Arizona
Required Supplementary Information
Budgetary Comparison Schedule
General Fund— continued
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Favorable
	Original	Final	**Actual**	(Unfavorable)
Expenditures – continued				
Jury fees and related	$ 112,031	$ 112,031	**$ 85,164**	$ 26,867
Jury trial costs	20,915	20,915	**-**	20,915
Support and care of persons	5,729	5,729	**-**	5,729
Treasurer	489,615	489,615	**499,994**	(10,379)
Public fiduciary	71,306	71,306	**98,182**	(26,876)
Legal services/judgments	25,098	25,098	**-**	25,098
Insurance	210,000	210,000	**221,069**	(11,069)
Fleet management	300,000	300,000	**346,519**	(46,519)
Total general government	14,543,793	14,543,793	**10,994,001**	3,549,792
Public safety				
Constables	148,274	148,274	**124,823**	23,451
Adult probation	281,716	281,716	**281,716**	-
Juvenile probation	219,295	219,295	**219,295**	-
Dispatch services	480,000	480,000	**519,208**	(39,208)
Sheriff	2,947,656	2,947,656	**3,364,793**	(417,137)
Total public safety	4,076,941	4,076,941	**4,509,835**	(432,894)
Health				
AHCCCS	1,098,700	1,098,700	**1,112,566**	(13,866)
Culture and recreation				
Agricultural extension	25,000	25,000	**18,750**	6,250
Education				
IDEA secure care, special education	41,894	41,894	**-**	41,894
School superintendent	331,216	331,216	**325,701**	5,515
Total education	373,110	373,110	**325,701**	47,409
Total expenditures	20,117,544	20,117,544	**16,960,853**	3,156,691
Deficiency of revenues over expenditures	(5,738,442)	(5,738,442)	**(1,690,009)**	4,048,433
Other Financing Sources (Uses)				
Transfers in	2,254,474	2,254,474	**2,245,227**	9,247
Transfers out	(1,516,032)	(1,516,032)	**(1,016,032)**	(500,000)
Total other financing sources (uses)	738,442	738,442	**1,229,195**	(490,753)
Net change in fund balances	(5,000,000)	(5,000,000)	**(460,814)**	(4,539,186)
Fund balances, July 1, 2016	5,000,000	5,000,000	**7,297,468**	(2,297,468)
Fund balances, June 30, 2017	$ -	$ -	**$ 6,836,654**	$ (6,836,654)

See accompanying notes to required supplementary information.

Apache County, Arizona
Required Supplementary Information
Budgetary Comparison Schedule
Road Fund
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget- Favorable
	Original	Final	**Actual**	(Unfavorable)
Revenues				
Intergovernmental	$ 8,900,000	$ 8,900,000	**$ 9,669,782**	$ 769,782
Charges for services	537,000	537,000	**267,365**	(269,635)
Investment income	-	-	**5,533**	5,533
Miscellaneous	-	-	**31,266**	31,266
Total revenues	9,437,000	9,437,000	**9,973,946**	536,946
Expenditures				
Highways and streets				
Engineer	620,000	620,000	**541,939**	78,061
HURF support	-	-	**1,121**	(1,121)
District #1	489,371	489,371	**490,122**	(751)
District #2	259,047	259,047	**259,047**	-
District #3	711,897	711,897	**711,620**	277
Liability insurance	273,000	273,000	**270,195**	2,805
Contingency	254,039	254,039	**38,215**	215,824
RAC Grant	150,000	150,000	**-**	150,000
Limestone Pit	350,000	350,000	**321,781**	28,219
Roads - Puerco	949,070	949,070	**746,480**	202,590
Roads - Round Valley	979,686	979,686	**1,170,662**	(190,976)
Roads - St. Johns	1,132,762	1,132,762	**1,118,492**	14,270
Roads - Ganado	2,029,146	2,029,146	**1,676,013**	353,133
Roads - Chinle	2,029,146	2,029,146	**1,428,538**	600,608
Total highways and streets	10,227,164	10,227,164	**8,774,225**	1,452,939
Deficiency of revenues over expenditures	(790,164)	(790,164)	**1,199,721**	1,989,885
Other Financing Sources (Uses)				
Transfers out	(1,018,902)	(1,018,902)	**(1,018,902)**	-
Total other financing sources (uses)	(1,018,902)	(1,018,902)	**(1,018,902)**	-
Net change in fund balances	(1,809,066)	(1,809,066)	**180,819**	1,989,885
Fund balances, July 1, 2016	1,809,066	1,809,066	**1,939,329**	130,263
Changes in nonspendable resources	-	-	**(14,035)**	(14,035)
Fund balances, June 30, 2017	$ -	$ -	**$ 2,106,113**	$ 2,106,113

See accompanying notes to required supplementary information.

Apache County, Arizona
Required Supplementary Information
Budgetary Comparison Schedule
Junior College Fund
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget-Favorable
	Original	Final	**Actual**	(Unfavorable)
Revenues				
Property taxes	$ 2,049,875	$ 2,049,875	**$ 1,996,400**	$ (53,475)
Intergovernmental	699,300	699,300	**969,008**	269,708
Salt River Project	926,914	926,914	**651,375**	(275,539)
Investment income	-	-	**2,195**	2,195
Total revenues	3,676,089	3,676,089	**3,618,978**	(57,111)
Expenditures				
Education				
Junior college tuition	2,719,793	2,719,793	**2,645,871**	73,922
Total education	2,719,793	2,719,793	**2,645,871**	73,922
Excess of revenues over expenditures	956,296	956,296	973,107	16,811
Other Financing Sources (Uses)				
Transfers out	(798,570)	(798,570)	**(1,043,700)**	(245,130)
Total other financing sources (uses)	(798,570)	(798,570)	**(1,043,700)**	(245,130)
Net change in fund balances	157,726	157,726	**(70,593)**	(228,319)
Fund balances, July 1, 2016	(316,291)	(316,291)	**42,759**	359,050
Fund balances, June 30, 2017	$ (158,565)	$ (158,565)	**$ (27,834)**	$ 130,731

See accompanying notes to required supplementary information.

Apache County, Arizona
Required Supplementary Information
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2017

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) Budgetary Basis of Accounting

The County's budget is prepared on a basis consistent with generally accepted accounting principles, except for the following unbudgeted item: present value of net minimum capital lease payments. The following schedule reconciles the excess (deficiency) of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances to the budgetary comparison schedule:

	General Fund
Deficiency of revenues over expenditures from the statement of revenues, expenditures and changes in fund balances	$ (2,320,421)
Capital outlay for assets acquired with capital lease	630,412
Deficiency of revenues over expenditures from the budgetary comparison schedules	$ (1,690,009)

3) Expenditures in Excess of Appropriations

For the year ended June 30, 2017, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

Fund/Department		Excess
General Fund		
Sheriff	$	417,137
Public defenders		108,834
District #3		60,563
Fleet management		46,519
JP – Round Valley		41,964
Dispatch services		39,208
Elections		37,054
Public fiduciary		26,876
Board of supervisors - county manager		21,686
AHCCCS		13,866
District #1		12,585
Insurance		11,069
Treasurer		10,379
JP – Puerco		9,438
Superior court		9,009
Recorder		4,740
JP – St. Johns		3,226
Wellness		2,806
Eager magistrate		2,728
Records management		1,521
Communication specialist and project		1,087
Total General Fund	$	882,295
Road Fund		
Roads - Round Valley	$	190,976
Hurf support		1,121
District #1		751
Total Road Fund	$	192,848

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 Liability — Cost-Sharing Pension Plans
June 30, 2017

Arizona State Retirement System -ASRS

	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
County's proportion of the net pension liability	0.11%	0.11%	0.11%	Information not available
County's proportionate share of the net pension liability	$ 17,514,604	$ 16,819,429	$ 15,839,753	
County's covered payroll	$ 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	165.6%	168.7%	164.2%	
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%	

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

	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
County's proportion of the net pension liability	0.48%	0.80%	0.89%	Information not available
County's proportionate share of the net pension liability	$ 1,351,472	$ 1,953,897	$ 2,000,091	
County's covered payroll	$ 546,592	$ 908,555	$ 961,116	
County's proportionate share of the net pension liability as a percentage of its covered payroll	247.2%	215.1%	208.1%	
Plan fiduciary net position as a percentage of the total pension liability	54.81%	57.89%	58.59%	

Elected Officials Retirement Plan - EORP

	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
County's proportion of the net pension liability	1.16%	1.08%	1.09%	Information not available
County's proportionate share of the net pension liability	$ 10,927,352	$ 8,445,318	$ 7,329,261	
State's proportionate share of the net pension liability associated with the County	2,192,828	2,632,899	2,247,219	
Total	$ 13,120,180	$ 11,078,217	$ 9,576,480	
County's covered payroll	$ 784,791	$ 855,434	$ 942,909	
County's proportionate share of the net pension liability as a percentage of its covered payroll	1392%	987.3%	777.3%	
Plan fiduciary net position as a percentage of the total pension liability	23.42%	28.32%	31.91%	

See accompanying notes to pension plan schedules.

Apache County, Arizona
Required Supplementary Information
Multi-Year Schedule of Changes in the County's Net Pension Liability and Related Ratios — Agent Pension Plans
June 30, 2017

Public Safety Personnel Retirement System -Sheriff - PSPRS

	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
Total Pension Liability				
Service cost	$ 352,705	$ 303,780	$ 285,074	Information not available
Interest on the total pension liability	1,027,738	1,006,417	827,366	
Changes of benefit terms	(121,221)	-	373,856	
Difference between expected and actual experience in the measurement of the pension liability	(296,009)	(194,211)	(138,700)	
Changes of assumptions or other inputs	521,471	-	1,777,751	
Benefit payments, including refunds of employee contributions	(932,155)	(805,535)	(902,060)	
Net change in total pension liability	552,529	310,451	2,223,287	
Total pension liability – beginning	13,381,926	13,071,475	10,848,188	
Total pension liability – ending (a)	$ 13,934,455	$ 13,381,926	$ 13,071,475	
Plan Fiduciary Net Position				
Contributions - employer	$ 896,934	$ 655,184	$ 628,529	
Contributions - employee	178,568	144,239	137,407	
Net investment income	20,966	127,091	435,987	
Benefit payments, including refunds of employee contributions	(932,155)	(805,535)	(902,060)	
Administrative expenses	(3,418)	(3,473)	(3,511)	
Other changes*	3,873	(2,530)	(248,414)	
Net change in plan fiduciary net position	164,768	114,976	47,938	
Plan fiduciary net position – beginning	3,593,616	3,478,640	3,430,702	
Plan fiduciary net position – ending (b)	$ 3,758,384	$ 3,593,616	$ 3,478,640	
County's net pension liability – ending (a) - (b)	$ 10,176,071	$ 9,788,310	$ 9,592,835	
Plan fiduciary net position as a percentage of total pension liability	26.97%	26.85%	26.61%	
Covered valution payroll**	$ 1,729,119	$ 1,551,303	$ 1,576,259	
County's net pension liability as percentage of covered payroll	588.51%	630.97%	608.60%	

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

See accompanying notes to pension plan schedules.

Apache County, Arizona
Required Supplementary Information
Multi-Year Schedule of Changes in the County's Net Pension Liability and Related Ratios Agent Pension Plans — continued
June 30, 2017

CORP Detention

	Reporting Fiscal Year			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
Total Pension Liability				
Service cost	$ 78,199	$ 83,135	$ 80,344	Information not available
Interest on the total pension liability	141,303	150,847	127,309	
Changes of benefit terms	5,786	-	33,741	
Difference between expected and actual experience in the measurement of the pension liability	(134,578)	(188,715)	14,264	
Changes of assumptions or other inputs	60,136	-	167,399	
Benefit payments, including refunds of employee contributions	(205,467)	(123,291)	(125,921)	
Net change in total pension liability	(54,621)	(78,024)	297,136	
Total pension liability – beginning	1,863,669	1,941,693	1,644,557	
Total pension liability – ending (a)	$ 1,809,048	$ 1,863,669	$ 1,941,693	
Plan Fiduciary Net Position				
Contributions - employer	$ 86,900	$ 67,051	$ 56,502	
Contributions - employee	53,031	46,795	40,107	
Net investment income	7,904	46,477	159,806	
Benefit payments, including refunds of employee contributions	(205,467)	(123,291)	(125,921)	
Administrative expense	(1,518)	(1,505)	(1,257)	
Other changes*	10	(1,107)	(128,722)	
Net change in plan fiduciary net position	(59,140)	34,420	515	
Plan fiduciary net position – beginning	1,304,906	1,270,486	1,269,971	
Plan fiduciary net position – ending (b)	$ 1,245,766	$ 1,304,906	$ 1,270,486	
County's net pension liability – ending (a) - (b)	$ 563,282	$ 558,763	$ 671,207	
Plan fiduciary net position as a percentage of total pension liability	68.86%	70.02%	65.43%	
Covered valuation payroll**	$ 658,695	$ 637,619	$ 609,417	
County's net pension liability as percentage of covered payroll	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 plan schedules.

Apache County, Arizona
Required Supplementary Information
Multi-Year Schedule of County Pension Contributions
June 30, 2017

Arizona State Retirement System - ASRS

	Reporting Fiscal Year				
	2017	**2016**	2015	2014	2013 through 2008
Statutorily required contribution	**$ 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	**1,177,599**	**1,163,395**	1,144,174	1,098,147	
County's contributions deficiency (excess)	**$ -**	**$ -**	$ -	$ -	
County's covered payroll	**$ 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%	

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

	Reporting Fiscal Year				
	2017	**2016**	2015	2014	2013 through 2008
Statutorily required contribution	**$ 112,779**	**$ 105,915**	$ 144,404	$ 149,907	Information not available
County's contributions in relation to the statutorily required contribution	**112,779**	**105,915**	144,404	149,907	
County's contributions deficiency (excess)	**$ -**	**$ -**	$ -	$ -	
County's covered payroll	**$ 524,605**	**$ 546,592**	$ 908,555	$ 961,116	
County's contributions as a percentage of covered payroll	**21%**	**19%**	16%	16%	

Elected Officials Retirement Plan -EORP

	Reporting Fiscal Year				
	2017	**2016**	2015	2014	2013 through 2008
Statutorily required contribution	**$ 222,392**	**$ 224,760**	$ 220,245	$ 241,853	Information not available
County's contributions in relation to the statutorily required contribution	**222,392**	**224,760**	220,245	241,853	
County's contributions deficiency (excess)	$ -	$ -	$ -	$ -	
County's covered payroll	**$ 836,561**	**$ 784,791**	$ 855,434	$ 942,909	
County's contributions as a percentage of covered payroll	**27%**	**29%**	26%	26%	

Public Safety Personnel Retirement System - Sheriff - PSPRS

	Reporting Fiscal Year				
	2017	**2016**	2015	2014	2013 through 2008
Actuarially required contribution	**$ 932,323**	**$ 896,934**	$ 655,184	$ 628,529	Information not available
County's contributions in relation to the actuarially determined contribution	**932,323**	**896,934**	655,184	628,529	
County's contributions deficiency (excess)	**$ -**	**$ -**	$ -	$ -	
County's covered payroll	**$ 1,723,995**	**$ 1,729,119**	$ 1,551,303	$ 1,576,259	
County's contributions as a percentage of covered payroll	**54%**	**52%**	42%	40%	

Correctional Officer Retirement Plan - CORP

	Reporting Fiscal Year				
	2017	**2016**	2015	2014	2013 through 2008
Actuarially required contribution	**$ 67,206**	**$ 86,900**	$ 67,051	$ 56,502	Information not available
County's contributions in relation to the actuarially determined contribution	**67,206**	**86,900**	67,051	56,502	
County's contributions deficiency (excess)	**$ -**	**$ -**	$ -	$ -	
County's covered payroll	**$ 616,809**	**$ 658,695**	$ 637,619	$ 609,417	
County's contributions as a percentage of covered payroll	**11%**	**13%**	11%	9%	

See accompanying notes to pension 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

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

2) Factors That Affect Trends

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

Apache County, Arizona
Required Supplementary Information
Schedule of Agent OPEB Plans' Funding Progress
June 30, 2017

Health Insurance Premium Benefit

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b)-(a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll ([(b)-(a)]/(c)
PSPRS Sheriff						
6/30/17	$ 314,247	$ 309,752	$ (4,495)	101.45%	$ 1,656,301	(0.27)%
6/30/16	294,853	338,510	43,657	87.10%	1,734,900	2.52%
6/30/15	279,936	281,104	1,168	99.58%	1,544,967	0.08%
CORP Detention						
6/30/17	$ 183,473	$ 87,737	$ (95,736)	209.12%	$ 698,487	(13.71)%
6/30/16	174,617	92,939	(81,678)	187.88%	537,817	(15.19)%
6/30/15	166,431	110,931	(55,500)	150.03%	695,661	(7.98)%