Cochise County

Annual Financial and
Single Audit Reports

Year Ended June 30, 2022

A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General

ARIZONA
Auditor General
Making a Positive Difference

The Arizona Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

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ANNUAL FINANCIAL REPORT

LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent auditors' report

Members of the Arizona State Legislature

The Board of Supervisors of
Cochise County, Arizona

Report on the audit of the financial statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Cochise County as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of the County as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of the Housing Authority and the discretely presented component unit, which account for the following percentages of the assets and deferred outflows, liabilities and deferred inflows, revenues, and expenses or expenditures of the opinion units affected as of June 30, 2022.

Opinion units affected	Assets and deferred outflows	Liabilities and deferred inflows	Revenues	Expenses/ Expenditures
Government-wide statements				
Business-type activities				
Housing Authority	7%	10%	32%	33%
Discretely presented component unit				
Cochise Private Industry Council, Inc.	100%	100%	100%	100%
Fund statements				
Aggregate remaining fund information				
Housing Authority	1%	15%	1%	1%

Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the other auditors' reports.

Basis for opinions

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the U.S. Comptroller General. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of matters

As discussed in Note 1 to the financial statements, for the year ended June 30, 2022, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

As discussed in Note 2 to the financial statements, the County restated beginning net position/fund balance of its financial statements for the year ended June 30, 2022, to correct a misstatement in its previously issued financial statements. Our opinions are not modified with respect to this matter.

Other matters

Compliance over the use of Highway User Revenue Fund and other dedicated State transportation revenue monies

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

The communication related to compliance over the use of Highway User Revenue Fund and other dedicated State transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the County's Board of Supervisors and management, and other responsible parties within the County and is not intended to be and should not be used by anyone other than these specified parties.

Management's responsibilities for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages a-1 through a-11, budgetary comparison schedules on pages 49 through 52, schedule of the County's proportionate share of the net pension liability—cost-sharing plans on page 53, schedule of changes in the County's net pension liability and related ratios—agent plans on pages 54 and 55, and schedule of County pension contributions on pages 56 and 57 be presented to supplement the basic financial statements. Such information is management's responsibility and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Schedule of expenditures of federal awards

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the accompanying schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

June 21, 2023

Cochise County
Management's Discussion and Analysis
June 30, 2022

As management of Cochise County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Cochise County for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

Financial Highlights

- Cochise County's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources at the close of the fiscal year by $135.0 million (net position). Of the net position amount, $127.0 million is the net investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, infrastructure, intangible right-to-use lease assets and construction in progress); $25.5 million is restricted for specific purposes (restricted net position); and $(17.5) million is the unrestricted net position deficit balance that is primarily a result of recognizing long-term liabilities related to pensions.

- At June 30, 2022, total assets were $265.8 million, an increase of $19.1 million, or 7.8%, in comparison with the prior fiscal year's balance of $246.7 million.

- At June 30, 2022, total liabilities were $131.4 million, a decrease of $10.1 million, or 7.1%, in comparison with the prior fiscal year's balance of $141.5 million.

- At June 30, 2022, the County reported total deferred outflows of resources related to pensions and other postemployment benefits (OPEB) of $20.8 million and deferred inflows of resources related to pensions/OPEB of $20.0 million.

- At June 30, 2022, the governmental funds reported combined fund balances of $86.0 million, an increase of $3.6 million, or 4.4%, in comparison with the prior year's combined fund balances of $82.4 million.

- At June 30, 2022, $24.5 million, or 28.5%, of governmental fund balances were restricted, $24.5 million, or 28.5%, were assigned, $982 thousand, or 1.1%, were nonspendable, and $36.1 million, or 41.9%, were unassigned. Restricted fund balances have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations; or by constitutional language or enabling legislation. The nonspendable fund balances are legally or contractually required to be maintained intact. The assigned and unassigned fund balances are considered unrestricted. The unrestricted fund balances are available for spending at the County's discretion. However, the assigned fund balances are designated by management.

Overview of the 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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Required supplementary information is included in addition to the basic financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a similar manner to a private sector business.

The *Statement of Net Position* presents information on all the assets, deferred outflows of resources, liabilities, and deferred inflows 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 related cash flows (full accrual accounting). 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).

Both government-wide financial statements distinguish the County's functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The County's governmental activities include general government, public safety, highways and streets, sanitation, health and welfare, culture and recreation, and education. The business-type activities include the Cochise County Solid Waste Operations, the Bisbee-Douglas International Airport, and the Cochise County Housing Authority.

The government-wide statements not only include Cochise County itself (the primary government) but also the legally separate Flood Control District, Library District, and various other special assessment districts. These districts function for all practical purposes as departments of the County, and therefore have been included as an integral part of the County.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements are groupings of related accounts that are 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 the County's funds can be divided into three categories: *governmental funds, proprietary funds*, and *fiduciary 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, the governmental fund statements focus on near-term inflows and outflows of spendable resources as well as the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financial position.

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

The County maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and those funds designated as major funds including the Highway and Streets Fund, Border Security Trust Fund, and the Capital Projects Fund. Data for the other governmental funds are combined into a single, aggregated presentation.

The Highway and Streets Fund provides for the construction and maintenance of the County's surface transportation system in a reasonably safe and cost-effective manner. The primary source of revenue for the fund is the Arizona highway user revenue fund.

The Border Security Trust Fund accounts for the maintenance of the County's Department of Emergency and Military Affairs (DEMA) awarded grants in a cost-effective and responsible manner as set forth in each respective grant award document. The Fund's most significant revenue source is intergovernmental grant funding.

The Capital Projects Fund provides resources for the acquisition or construction of major facilities and automation and communications projects. The major source of revenue for the fund is the County's local excise tax.

The basic governmental fund financial statements can be found on pages 3 through 6 of this report.

Proprietary funds include two types. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the Cochise County Solid Waste Operations, the Bisbee-Douglas International Airport, and the Cochise County Housing Authority. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for fleet operations, the computer replacement program, and the County's participation in the Cochise Combined Trust for providing health insurance and other benefits to the County's employees. Because these services predominately benefit governmental rather than business-type activities, the net result of the operations has been included within the governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The Solid Waste Operations Fund and the Bisbee-Douglas International Airport Fund are major funds. The Housing Authority Fund is the only other enterprise fund. The internal service funds are also presented in the proprietary fund financial statements.

The proprietary fund financial statements can be found on pages 7 through 11 of this report.

Fiduciary funds are used to account for resources the County holds for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 12 and 13 of this report.

Notes to the financial statements provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements.

The notes to financial statements can be found on pages 14 through 47 of this report.

Required supplementary information presents budgetary comparison schedules for the general and major special revenue funds and the County's progress in funding its obligation to provide pension benefits to its employees.

Required supplementary information can be found on pages 49 through 59 of this report.

Government-wide Financial Analysis

Below is a comparative analysis between fiscal years for the government-wide statements. The net increase of $22.2 million in current and other assets was primarily due to an additional $12.2 million of American Rescue Plan Act (ARPA) program and $5.1 million of Department of Emergency and Military Affairs (DEMA) program grant funding that was received in the fiscal year. The net decrease in total liabilities of $10.1 million was primarily due to the decrease of $22.6 million in net pension/OPEB liabilities, the increase of $13.7 million in unearned revenue, related to unspent ARPA funds, the increase of $552 thousand in leases payable, and the increase of $380 thousand in landfill closure and postclosure care costs payable, offset by a reduction in accounts payable, compensated absences payable, and leases payable.

Statement of Net Position—As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the fiscal year, Cochise County's assets and deferred outflows exceeded liabilities and deferred inflows by $135.0 million.

Governmental and Business-type Activities
Summary Comparison Statement of Net Position
June 30, 2021 and 2022

	Governmental Activities		Business-type Activities		Total	
	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022
Assets:						
Current and other assets	$108,239,631	$128,128,496	$ 7,763,129	$10,058,870	$116,002,760	$138,187,366
Capital assets, net	123,454,400	120,599,243	7,202,515	7,000,151	130,656,915	127,599,394
Total assets	231,694,031	248,727,739	14,965,644	17,059,021	246,659,675	265,786,760
Deferred outflows	19,126,930	20,307,677	519,505	508,651	19,646,435	20,816,328
Liabilities:						
Other liabilities	17,991,717	29,844,796	490,378	301,332	18,482,095	30,146,128
Long-term liabilities	115,763,790	94,331,964	7,208,123	6,876,243	122,971,913	101,208,207
Total liabilities	133,755,507	124,176,760	7,698,501	7,177,575	141,454,008	131,354,335
Deferred inflows						
Related to pensions and OPEB	1,447,997	19,277,943	66,381	740,259	1,514,378	20,018,202
Related to leases				193,140		193,140
Total deferred inflows	1,447,997	19,277,943	66,381	933,399	1,514,378	20,211,342

	Governmental Activities		Business-type Activities		Total	
	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022
Net position:						
Net investment in capital assets	$123,454,400	$120,047,238	$ 7,202,515	$ 7,000,151	$130,656,915	$127,047,389
Restricted	21,789,837	25,489,714	14,565	6,320	21,804,402	25,496,034
Unrestricted	(29,626,780)	(19,956,239)	503,187	2,450,227	(29,123,593)	(17,506,012)
Total net position	$115,617,457	$125,580,713	$ 7,720,267	$ 9,456,698	$123,337,724	$135,037,411

A large portion of Cochise County's net position (94.1%) reflects its investment in capital assets (e.g., land, buildings, machinery, intangible right-to-use lease assets and equipment). This amount is presented less accumulated depreciation/amortization and any related outstanding debt used to acquire those assets. The County uses capital assets to provide services to 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.

At the end of the fiscal year, unrestricted net assets were negative in governmental activities primarily due to the County's net pension/OPEB liability.

Statement of Activities—The County's total net position increased by $11.7 million during the fiscal year, primarily due to a decrease in expenses. The following table summarizes the results of operations and accounts for the changes in net position for governmental and business-type activities:

Governmental and Business-type Activities
Summary Comparison Statement of Activities
Years Ended June 30, 2021 and 2022

	Governmental Activities Fiscal Year		Business-type Activities Fiscal Year		Total Fiscal Year	
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
Revenues						
Program revenues:						
Charges for services	$ 9,227,710	$ 8,577,102	$ 5,789,017	$ 5,495,226	$ 15,016,727	$ 14,522,328
Operating grants and contributions	30,465,671	36,721,799	3,697,310	5,383,832	34,162,981	42,105,631
General revenues:						
Property taxes	31,797,529	32,433,708			31,797,529	32,433,708
State shared sales tax	17,756,205	18,254,473			17,756,205	18,254,473
State shared unrestricted vehicle license tax	4,787,559	4,543,761			4,787,559	4,543,761
County excise tax	10,422,635	9,187,482	565,910	676,326	10,988,545	9,863,808
Other	4,582,337	2,400,597	90,251	87,253	4,672,588	1,898,206
Total revenues	109,039,646	112,118,922	10,142,488	12,092,637	119,182,134	123,621,915

	Governmental Activities Fiscal Year		Business-type Activities Fiscal Year		Total	
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
Expenses						
General government	$ 55,648,436	$ 54,285,144			$ 55,648,436	$ 53,695,500
Public safety	29,105,446	25,792,280			29,105,446	25,792,280
Highways and streets	10,848,671	11,672,047			10,848,671	11,672,047
Sanitation	476,003	628,539			476,003	628,539
Health and welfare	5,595,530	6,943,703			5,595,530	6,943,703
Culture and recreation	1,286,745	1,415,459			1,286,745	1,415,459
Education	818,825	801,880			818,825	801,880
Solid waste operations			4,530,350	5,120,561	4,530,350	5,120,561
Airport			744,979	2,200,963	744,979	2,200,963
Housing authority			3,577,451	3,614,546	3,577,451	3,614,546
Total expenses	103,779,656	101,539,052	8,852,780	10,936,070	112,632,436	111,885,478
Increase/(decrease) in net position before transfers	5,259,990	10,579,870	1,289,708	1,156,567	6,549,698	11,736,437
Transfers	(735,000)	(616,614)	735,000	616,614		
Increase/(decrease) in net position	$ 4,524,990	$ 9,963,256	$2,024,708	$ 1,773,181	$ 6,549,698	$ 11,736,437

Overall, revenues increased $5.0 million, or 4.2%, and expenses decreased by $157 thousand, or 0.1%, in the current fiscal year. The following summarizes the significant changes in both revenues and expenses:

- State-shared tax revenue increased by $498 thousand, or 2.8%, and County excise tax revenue decreased by $1.1 million, or 10.2%, in the current year primarily due to a decrease in retail sales.
- Operating grants and contributions increased by $7.9 million, or 23.2%, largely due to the receipt of ARPA funds in FY22, and Other revenue decreased by $2.2 million, or 46.8% due to a large decrease in investment income.
- Airport expenses increased $1.5 million, or 195.4%, and health and welfare expenses increased $1.3 million, or 24.1%, because of increases in employee salaries and employer related expenses and in overall pension expense incurred by the County.
- General government decreased by $1.4 million, or 2.4%, largely due to a decrease in personal service expenses and a decrease in overall spending, and Public safety decreased by $3.3 million, or 11.4%, primarily due to a decrease in personal services expenses, professional services expenses, and equipment purchases.

Financial Analysis of the County's Funds

The County reported four major governmental funds for this fiscal year: the General Fund, Border Security Trust Fund, Capital Projects Fund and Highway and Streets Fund. At the end of the current fiscal year, the County's governmental funds reported combined fund balances of $86.0 million, which is an increase of $3.6 million, or 4.4%. Of the total, $24.5 million constitutes restricted fund balances.

For governmental funds, overall revenues increased by $1.6 million, or 1.4%, and expenditures increased by $12.4 million, or 13.2%. Governmental revenues exceeded expenditures by $4.1 million in the current fiscal year.

The General Fund is the County's primary operating fund. At June 30, 2022, the total fund balance was $36.7 million. None of the General Fund balance is restricted for any purpose. As a measure of the General Fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. As of June 30, 2022, the fund balance represents 52.2% of total General Fund expenditures.

The following provides an explanation of the major fund's activities that changed significantly over the prior year:

General Fund

- Cash and investments held by County Treasurer increased by $5.7 million, or 11.9%, in the current year largely due to the receipt of ARPA money during fiscal 2022.

- Property tax receivable increased by $87 thousand, or 16.3%, in the current year largely due to an increase in both real and personal property taxes paid by taxpayers for the prior tax year.

- Accounts receivable decreased by $49 thousand, or 9.0%, in the current year largely due to less revenue being due to several departments at fiscal year-end.

- Due from other funds decreased by $80 thousand, or 100.0%, in the current year largely due to the timing of other departments reimbursing the general fund for their share of expenses that are paid centrally, i.e., phones, credit cards, etc.

- Due from other governments increased by $271 thousand, or 14.5%, primarily due to the deferment intergovernmental revenue grant program at fiscal year end.

- Accounts payable decreased by $227 thousand, or 16.6%, in the current year largely due to invoices being paid prior to fiscal year end.

Capital Projects Fund

- Due from other governments decreased by $12 thousand, or 4.7%, in the current year largely due to receipt of half cent excise tax revenue that was due to the County from the State of Arizona.

- Accounts payable decreased by $140 thousand, or 80.2%, in the current year largely due to expenses on projects being paid in the next fiscal year.

- Tax revenue decreased by $617 thousand, or 17.3%, in the current year largely due to the decrease in the County's half cent excise tax received for capital projects.

- Expenditures for capital outlay increased by $2.0 million, or 1164.2%, in the current year largely due to an increase in capital outlay purchases/remodel/construction projects in FY22.

Highways and Streets Fund

- Cash and investments held by the County Treasurer increased by $2.4 million, or 20.2%, in the current year largely due to an increase in Highway User Revenue Fund (HURF) revenue received prior to fiscal year-end.

- Accounts payable increased by $455 thousand, or 1965.4%, in the current year largely due to the cost of materials for road projects in the current fiscal year.

- Intergovernmental revenues decreased by $12 thousand, or 0.1%, in the current year largely due to the decrease in HURF revenues.

- Current expenditures for highways and streets increased by $925 thousand, or 9.2%, in the current year largely due to the cost of materials used in road maintenance/improvement work throughout the County.

Border Security Trust Fund

- Cash and investments held by the County Treasurer increased by $5 million, or 100%, in the current year as a result of grants received from DEMA in the fiscal year.

- Total assets increased by $6.5 million as a result of grants received from DEMA in the fiscal year.

- Unearned revenue and total liabilities increased by $5 million as a result of deferred intergovernmental grant revenue at fiscal year end.

- Unavailable revenue and deferred inflows of resources increased by $830 thousand as a result of deferred intergovernmental revenues at fiscal year end.

- Intergovernmental revenues increased by $1.5 million or 100%, in the current year as a result of deferred intergovernmental revenues at fiscal year end.

- Total current expenditures increased by $581 thousand, or 100%, in the current fiscal year as a result of grants received from DEMA in the fiscal year.

Proprietary Funds

For proprietary funds, the County reported two major funds for this fiscal year, Solid Waste Operations and Bisbee-Douglas International Airport. Other funds considered proprietary funds include Housing Authority of Cochise County and the internal service funds used to account for fleet operations, the computer replacement program, and the County's participation in the Cochise Combined Trust for providing health insurance and other benefits to the County's employees. At the end of the current fiscal year, the County's proprietary funds reported a combined net position of $23.0 million, which is an increase of $828 thousand, or 3.7%. Of the total, $8.3 million constitutes unrestricted net position.

For proprietary funds, overall revenues increased by $11.7 million, or 84.2%, and expenses increased by $13.6 million, or 109.5%. Proprietary operating revenues exceeded operating expenses by $522 thousand in the current fiscal year.

The following provides an explanation of the major fund activities that changed significantly over the prior year.

Solid Waste Operations

- Accounts receivables increased by $107 thousand, or 36.8%, in the current year due to an increase in accounts collected for services provided.

- Net capital assets decreased by $200 thousand, or 7.1%, largely due to depreciation expense in that amount.

- Deferred outflows of resources related to pensions/OPEB decreased by $12 thousand, or 2.9%, in the current year due to the decrease in the estimated amount needed in the future for employee pensions, and other postemployment benefits.

- Due to other funds decreased by $111 thousand, or 100.0%, in the current year due to all transfers completed at year end.

- Long-term landfill closure and postclosure care costs payable increased by $379 thousand, or 9.4%, in the current year due to an increase in the future costs for closure and postclosure of landfill sites.

- Deferred inflows of resources related to pensions/OPEB increased by $517 thousand, or 1015.2%, in the current year due to an increase in the estimated amount needed for future employee pension and other postemployment benefits payouts.

- Net position increased by $888 thousand, or 44.4%, in the current year due to an increase in revenue collected to deliver those services.

Bisbee-Douglas International Airport

- Cash and investments held by County Treasurer increased by $665 thousand, or 55.0%, in the current year largely because of a transfer in from the Capital Projects Fund.

- Net capital assets decreased by $2 thousand, or 0.1%, due to recognized depreciation during the fiscal year.

Capital and Debt Administration

Capital Assets

The County's investment in capital assets as of June 30, 2022, totaled $127.6 million (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, intangible right-to-use lease assets and machinery and equipment. The following provides the major changes in governmental capital assets during the current fiscal year.

- Construction in progress increased by $3.2 million for progress made on new infrastructure.

- Equipment decreased by $1.6 million while accumulated depreciation increased by $1.8 million.

- Intangible right-to-use lease assets Equipment increased by $596 thousand while accumulated amortization increased by $170 thousand.

- Intangible right-to-use lease assets Land increased by $144 thousand while accumulated amortization increased by $28 thousand.

- Infrastructure remained the same for completed infrastructure projects while accumulated depreciation increased by $1.7 million.

- Accumulated depreciation increased by $5.5 million in annual depreciation expense.

- Accumulated amortization increased by $197 thousand in annual amortization expense.

Additional information on the County's capital assets can be found in Note 6 on pages 24 through 26 of this report.

Long-term Debt

At June 30, 2022, the County had no general obligation or revenue bonds outstanding.

The County made lease payments sufficient to pay principal and interest on outstanding lease obligations. Further detail pertaining to the County's lease obligations is available in Note 7 to the financial statements.

Budgetary Comparison—General Fund

For the General Fund, actual revenues were less than final budgeted amounts by $36.4 million, and the actual expenditures were $35.9 million less than the final budgeted amounts. The budget variance for revenues was a decrease in budgeted miscellaneous revenue. Decreases in intergovernmental and investment income were experienced. The budget variance for expenses was due to conservative spending and vacancy savings. Most of the favorable variance is due to unspent general government contingency funds.

Economic Factors

Cochise County continues to lag in growth recovery from the significant downturn in the national and state economies that began in the later part of 2008. While the U.S. and the State are experiencing an increase in economic activity, Cochise County continues a slow recovery in property valuations leading to sluggish property tax revenue. However, the County is beginning to see an increase in revenue from its sales and excise taxes. The County closely monitors revenues, expenditures, and certain economic indicators to ensure that the County remains fiscally strong.

Request 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 Cochise County Finance Department, 1415 Melody Lane, Building G, Bisbee, AZ 85603.

Cochise County
Statement of net position
June 30, 2022

	Primary government			
	Governmental activities	Business-type activities	Total	Component unit
Assets				
Cash in bank and on hand	$ 1,017,673	$ 725,215	$ 1,742,888	$ 51,110
Cash and investments held by County Treasurer	112,225,415	7,831,290	120,056,705	
Receivables (net of allowances for uncollectibles):				
Property taxes	750,382		750,382	
Accounts	818,907	530,469	1,349,376	
Leases		196,538	196,538	30,103
Due from other governments	8,526,228	502,315	9,028,543	263,780
Cash—restricted		193,785	193,785	
Prepaid items	994,856	6,320	1,001,176	
Other assets	1,150,463		1,150,463	1,352
Net pension and other postemployment benefits asset	2,644,572	72,938	2,717,510	
Capital assets, not being depreciated/amortized	5,773,693	1,782,951	7,556,644	
Capital assets, being depreciated/amortized, net	114,825,550	5,217,200	120,042,750	475,478
Total assets	248,727,739	17,059,021	265,786,760	821,823
Deferred outflows of resources				
Deferred outflows related to pensions and other postemployment benefits	20,307,677	508,651	20,816,328	
Liabilities				
Accounts payable	2,720,779	147,855	2,868,634	105,048
Accrued payroll and employee benefits	2,167,038	28,800	2,195,838	
Due to other governments	190,640	68,355	258,995	
Due to related party				34,935
Unearned revenue	24,376,765	54,722	24,431,487	
Deposits held for others	389,574	1,600	391,174	
Noncurrent liabilities				
Due within 1 year	3,933,121	227,184	4,160,305	106,950
Due in more than 1 year	90,398,843	6,649,059	97,047,902	417,098
Total liabilities	124,176,760	7,177,575	131,354,335	664,031
Deferred inflows of resources				
Deferred inflows related to pensions and other postemployment benefits	19,277,943	740,259	20,018,202	
Deferred inflows related to leases		193,140	193,140	29,370
Total deferred inflows of resources	19,277,943	933,399	20,211,342	29,370
Net position				
Net investment in capital assets	120,047,238	7,000,151	127,047,389	
Restricted for:				
Education	604,504		604,504	
Flood	6,196,110		6,196,110	
Highways and streets	6,414,060		6,414,060	
Health	984,363		984,363	
Judicial	4,468,280		4,468,280	
Public safety	2,558,492		2,558,492	
Library	1,434,475		1,434,475	
Other	2,829,430	6,320	2,835,750	
Workforce development				69,471
Unrestricted (deficit)	(19,956,239)	2,450,227	(17,506,012)	58,951
Total net position	$ 125,580,713	$ 9,456,698	$ 135,037,411	$ 128,422

See accompanying notes to financial statements.

Cochise County
Statement of activities
Year ended June 30, 2022

Functions/programs	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: Primary government: Governmental activities	Primary government: Business-type activities	Primary government: Total	Component unit
Primary government:								
Governmental activities:								
General government	$ 53,695,500	$ 6,143,418	$ 11,182,263		$ (36,369,819)		$ (36,369,819)	
Public safety	25,792,280	1,325,813	6,517,455		(17,949,012)		(17,949,012)	
Highways and streets	11,672,047	61,135	13,935,515		2,324,603		2,324,603	
Sanitation	628,539	295,717	289,009		(43,813)		(43,813)	
Health and welfare	6,943,703	739,920	4,279,646		(1,924,137)		(1,924,137)	
Culture and recreation	1,415,459		35,772		(1,379,687)		(1,379,687)	
Education	801,880	11,099	482,139		(308,642)		(308,642)	
Total governmental activities	100,949,408	8,577,102	36,721,799		(55,650,507)		(55,650,507)	
Business-type activities:								
Bisbee-Douglas International Airport	2,200,963	654,507	1,610,692			64,236	64,236	
Solid Waste Operations	5,120,561	5,221,061				100,500	100,500	
Housing Authority	3,614,546	69,658	3,773,140			228,252	228,252	
Total business-type activities	10,936,070	5,945,226	5,383,832			392,988	392,988	
Total primary government	$ 111,885,478	$ 14,522,328	$ 42,105,631		$ (55,650,507)	$ 392,988	$ (55,257,519)	
Component unit:								
Cochise Private Industry Council, Inc.	$ 2,536,655		$ 2,439,906					$ (96,749)
General revenues:								
Taxes								
Property taxes, levied for general purposes					$ 28,847,601		$ 28,847,601	
Property taxes, levied for flood control					2,138,296		2,138,296	
Property taxes, levied for library					1,447,811		1,447,811	
County excise taxes					9,187,482	$ 676,326	9,863,808	
Share of state sales taxes					18,254,473		18,254,473	
Share of state unrestricted vehicle license tax					4,543,761		4,543,761	
Grants and contributions not restricted to specific programs					3,587,192		3,587,192	
Investment income					(3,277,217)	(216,088)	(3,493,305)	
Loss on disposal of capital assets					(589,644)		(589,644)	
Miscellaneous					2,090,622	303,341	2,393,963	72,215
Transfers					(616,614)	616,614		
Total general revenues and transfers					$ 65,613,763	$ 1,380,193	$ 66,993,956	$ 72,215
Change in net position					9,963,256	1,773,181	11,736,437	(24,534)
Net position, July 1, 2021, as restated					115,617,457	7,683,517	123,300,974	152,956
Net position, June 30, 2022					$ 125,580,713	$ 9,456,698	$ 135,037,411	$ 128,422

See accompanying notes to financial statements.

Cochise County
Balance sheet
Governmental funds
June 30, 2022

	Major Funds					
	General Fund	Capital Projects Fund	Highway and Streets Fund	Border Security Trust Fund	Other governmental funds	Total governmental funds
Assets						
Cash in bank and on hand	$ 959,100				$ 58,373	$ 1,017,473
Cash and investments held by County Treasurer	53,641,179	$ 14,151,263	$ 14,531,077	$ 5,039,167	17,467,314	104,830,000
Receivables (net of allowances for uncollectibles):						
Property taxes	622,439				127,943	750,382
Accounts	491,991		11,972		268,522	772,485
Due from:						
Other governments	2,144,774	249,770	2,026,703	829,596	3,275,249	8,526,092
Prepaid items	352,162			630,000		982,162
Other assets	1,015,217				135,246	1,150,463
Total assets	$ 59,226,862	$ 14,401,033	$ 16,569,752	$ 6,498,763	$ 21,332,647	$ 118,029,057
Liabilities						
Accounts payable	$ 1,142,644	$ 34,703	$ 478,090		$ 710,215	$ 2,365,652
Accrued payroll and employee benefits	1,328,266		117,406	$ 7,573	697,870	2,151,115
Due to:						
Other governments					190,640	190,640
Deposits held for others	377,965				11,609	389,574
Unearned revenue	19,101,998			5,072,875	201,892	24,376,765
Total liabilities	21,950,873	34,703	595,496	5,080,448	1,812,226	29,473,746
Deferred inflows of resources						
Unavailable revenue	594,496			829,596	1,082,343	2,506,435
Fund balances						
Restricted			6,414,060		18,080,798	24,494,858
Assigned		14,366,330	9,560,196		561,980	24,488,506
Nonspendable	352,162			630,000		982,162
Unassigned	36,329,331			(41,281)	(204,700)	36,083,350
Total fund balances	36,681,493	14,366,330	15,974,256	588,719	18,438,078	86,048,876
Total liabilities, deferred inflows of resources and fund balances	$ 59,226,862	$ 14,401,033	$ 16,569,752	$ 6,498,763	$ 21,332,647	$ 118,029,057

See accompanying notes to financial statements.

Cochise County
Reconciliation of the governmental funds balance sheet to the government-wide statement of net position
June 30, 2022

Fund balances—total governmental funds		$ 86,048,876
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.		112,939,716
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		2,506,435
Long-term liabilities, such as net pension/OPEB liabilities, leases payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Net pension/OPEB liabilities	(87,480,702)	
Leases payable	(552,005)	
Compensated absences payable	(5,166,219)	(93,198,926)
Net OPEB assets held in trust for future benefits are not available resources for county operations and, therefore, are not reported in the funds.		
Net OPEB asset		2,608,103
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions/OPEB	20,052,660	
Deferred inflows of resources related to pensions/OPEB	(18,907,814)	
		1,144,846
Internal service funds are used by management to charge the costs of certain activities, such as insurance, automotive maintenance and operation, telecommunications, and information technology services, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.		13,531,663
Net position of governmental activities		$ 125,580,713

See accompanying notes to financial statements.

Cochise County

Statement of revenues, expenditures, and changes in fund balances
Governmental funds
Year ended June 30, 2022

	Major funds					
	General Fund	Capital Projects Fund	Highway and Streets Fund	Border Security Trust Fund	Other governmental funds	Total governmental funds
Revenues:						
Taxes	$ 38,909,880	$ 2,957,743			$ 4,646,375	$ 46,513,998
Licenses and permits	24,137					24,137
Fees, fines, and forfeits	1,474,546				88,585	1,563,131
Intergovernmental	27,704,415		$ 13,935,515	$ 1,538,272	13,140,647	56,318,849
Charges for services	3,530,019		61,135		3,101,143	6,692,297
Investment income	(1,548,478)	(449,943)	(414,277)	(160,258)	(491,564)	(3,064,520)
Miscellaneous	833,902	108,764	9,418	41,982	982,532	1,976,598
Total revenues	70,928,421	2,616,564	13,591,791	1,419,996	21,467,718	110,024,490
Expenditures:						
Current:						
General government	44,276,798	576,336		4,095	9,628,974	54,486,203
Public safety	20,813,049		1,324,179	555,975	4,960,180	27,653,383
Highways and streets			9,692,962			9,692,962
Sanitation	458,604				167,360	625,964
Health and welfare	2,440,885				4,466,114	6,906,999
Culture and recreation					1,309,743	1,309,743
Education	468,117				333,126	801,243
Capital outlay	1,755,839	2,162,391	5,477	21,207	535,014	4,479,928
Total expenditures	70,213,292	2,738,727	11,022,618	581,277	21,400,511	105,956,425
Excess (deficiency) of revenues over expenditures	715,129	(122,163)	2,569,173	838,719	67,207	4,068,065
Other financing sources (uses):						
Sale of capital assets	142,666					142,666
Transfers in	263,817	1,614,694			297,713	2,176,224
Transfers out	(1,554,827)	(703,917)	(150,000)	(250,000)	(134,094)	(2,792,838)
Total other financing sources and (uses)	(1,148,344)	910,777	(150,000)	(250,000)	163,619	(473,948)
Net change in fund balances	(433,215)	788,614	2,419,173	588,719	230,826	3,594,117
Fund balances, July 1, 2021	37,114,708	13,577,716	13,555,083		18,207,252	82,454,759
Fund balances, June 30, 2022	$ 36,681,493	$ 14,366,330	$ 15,974,256	$ 588,719	$ 18,438,078	$ 86,048,876

See accompanying notes to financial statements.

Cochise County

Reconciliation of the governmental funds statement of revenues, expenditures, and changes in fund balances to the government-wide statement of activities
Year ended June 30, 2022

Net change in fund balances—total governmental funds		$ 3,594,117
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/amortization expense.		
Capital outlay	4,219,230	
Depreciation/amortization expense	(5,437,517)	
		(1,218,287)
In the statement of activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.		(800,984)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		2,193,104
County pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB liability is measured a year before the County's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for the changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the statement of activities.		
County pension/OPEB contributions	13,396,535	
Pension/OPEB expense	(6,575,277)	6,821,258
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.		
Lease payments		188,183
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.		
Decrease in compensated absences		131,132
Internal service funds are used by management to charge the costs of certain activities, such as insurance, automotive maintenance and operation, telecommunications, and information technology services, to individual funds. The net expense of internal service funds is reported with governmental activities in the statement of activities.		(945,267)
Change in net position of governmental activities		$ 9,963,256

See accompanying notes to financial statements.

Cochise County
Statement of net position
Proprietary funds
June 30, 2022

	Business-type activities—enterprise funds				Governmental activities—Internal service funds
	Major fund Solid Waste Operations Fund	Major fund BDI Airport Fund	Other enterprise fund—Housing Authority Fund	Total	
Assets					
Current assets:					
Cash in bank and on hand	$ 2,350		$ 722,865	$ 725,215	$ 200
Cash and investments held by County Treasurer	5,957,389	$ 1,873,901		7,831,290	7,395,415
Restricted cash			193,785	193,785	
Receivables (net of allowances for uncollectibles):					
Accounts	396,245	134,224		530,469	46,422
Leases		48,924		48,924	
Prepaid items			6,320	6,320	12,694
Due from:					
Other governments	296,003	178	206,134	502,315	136
Total current assets	6,651,987	2,057,227	1,129,104	9,838,318	7,454,867
Noncurrent assets:					
Net other postemployment benefits asset	55,919	4,863	12,156	72,938	36,469
Leases receivable		147,614		147,614	
Capital assets, net of accumulated depreciation/amortization, where applicable:					
Land	24,900	1,575,000		1,599,900	
Infrastructure, net		2,009,321		2,009,321	
Buildings, net	2,434,058	5,522		2,439,580	89,690
Improvements other than buildings, net	165,781	565,157		730,938	
Equipment, net	9,035	28,326		37,361	7,569,837
Construction in progress		183,051		183,051	
Total net capital assets	2,633,774	4,366,377		7,000,151	7,659,527
Total noncurrent assets	2,689,693	4,518,854	12,156	7,220,703	7,695,996
Total assets	9,341,680	6,576,081	1,141,260	17,059,021	15,150,863
Deferred outflows of resources					
Deferred outflows related to pensions/OPEB	402,519	24,792	81,340	508,651	255,017

(Continued)

Cochise County
Statement of net position
Proprietary funds
June 30, 2022
(Concluded)

	Business-type activities—enterprise funds				Governmental activities—Internal service funds
	Major fund Solid Waste Operations Fund	Major fund BDI Airport Fund	Other enterprise fund—Housing Authority Fund	Total	
Liabilities					
Current liabilities:					
Accounts payable	$ 33,848	$ 43,083	$ 70,924	$ 147,855	$ 355,127
Accrued payroll and employee benefits	27,971	829		28,800	15,923
Due to:					
Other governments			68,355	68,355	
Compensated absences payable, current portion	197,322	3,384	4,997	205,703	111,294
Landfill closure and postclosure care costs payable, current portion	21,481			21,481	
Deposits held for others		1,600		1,600	
Unearned revenue			25,662	25,662	
Other current liabilities			29,060	29,060	
Total current liabilities	280,622	48,896	198,998	528,516	482,344
Noncurrent liabilities:					
Compensated absences payable	65,774	1,128	44,970	111,872	37,098
Landfill closure and postclosure care costs payable	4,429,933			4,429,933	
Funds held for others			137,961	137,961	
Net pension/OPEB liability	1,509,791	131,286	328,216	1,969,293	984,646
Total noncurrent liabilities	6,005,498	132,414	511,147	6,649,059	1,021,744
Total liabilities	6,286,120	181,310	710,145	7,177,575	1,504,088
Deferred inflows of resources					
Deferred inflows related to pensions/OPEB	567,533	49,350	123,376	740,259	370,129
Deferred inflows related to leases		193,140		193,140	
Total deferred inflows of resources	567,533	242,490	123,376	933,399	370,129
Net position					
Net investment in capital assets	2,633,774	4,366,377		7,000,151	7,659,527
Nonspendable			6,320	6,320	12,694
Unrestricted	256,772	1,810,696	382,759	2,450,227	5,859,442
Total net position	$ 2,890,546	$ 6,177,073	$ 389,079	$ 9,456,698	$ 13,531,663

See accompanying notes to financial statements.

Cochise County
Statement of revenues, expenses, and changes in fund net position
Proprietary funds
Year ended June 30, 2022

	Business-type activities—enterprise funds				Governmental activities—
	Major fund	Major fund	Other		
	Solid Waste Operations Fund	BDI Airport Fund	enterprise fund—Housing Authority Fund	Total	Internal service funds
Operating revenues:					
Charges for services	$ 5,221,061	$ 654,507	$ 69,658	$ 5,945,226	$ 6,517,658
Charges for health insurance					7,631,352
Intergovernmental		1,610,692	3,773,140	5,383,832	
Other					40,433
Total operating revenues	5,221,061	2,265,199	3,842,798	11,329,058	14,189,443
Operating expenses:					
Personal services	2,077,925	52,164	332,746	2,462,835	1,428,144
Professional services	1,945,761	1,771,274	68,700	3,785,735	7,826,448
Supplies	193,044	192,167	5,864	391,075	3,588,474
Landfill closure and postclosure care costs	384,036			384,036	
Housing assistance payments			3,207,236	3,207,236	
Depreciation/amortization	200,087	185,328		385,415	2,261,645
Other	319,708	30		319,738	
Total operating expenses	5,120,561	2,200,963	3,614,546	10,936,070	15,104,711
Operating income (loss)	100,500	64,236	228,252	392,988	(915,268)
Nonoperating revenues (expenses):					
County excise taxes	660,902	15,424		676,326	
Investment income	(232,034)	14,327	1,619	(216,088)	(212,697)
Miscellaneous	238,465	62,218	2,658	303,341	114,024
Gain on disposal of capital assets					68,674
Total nonoperating revenues	667,333	91,969	4,277	763,579	(29,999)
Income (loss) before contributions and transfers	767,833	156,205	232,529	1,156,567	(945,267)
Transfers in	120,277	761,337		881,614	
Transfers out		(265,000)		(265,000)	
Increase (decrease) in net position	888,110	652,542	232,529	1,773,181	(945,267)
Total net position, July 1, 2021, as restated	2,002,436	5,524,531	156,550	7,683,517	14,476,930
Total net position, June 30, 2022	$ 2,890,546	$ 6,177,073	$ 389,079	$ 9,456,698	$ 13,531,663

See accompanying notes to financial statements.

Cochise County
Statement of cash flows
Proprietary funds
Year ended June 30, 2022

	Business-type activities—enterprise funds				Governmental activities—Internal service funds
	Major fund Solid Waste Operations Fund	Major fund BDI Airport Fund	Other enterprise fund—Housing Authority Fund	Total	
Cash flows from operating activities:					
Receipts from customers	$ 5,078,750	$ 439,888		$ 5,518,638	
Operating grants		1,610,692	$ 3,622,735	5,233,427	$ 40,433
Other receipts		193,140	72,316	265,456	
Payments from other funds for goods and services provided			(152,230)	(152,230)	14,609,664
Payments to employees	(2,263,025)	(56,194)	(352,763)	(2,671,982)	(1,277,076)
Payments to suppliers and providers of goods and services	(2,568,347)	(1,927,627)	(3,268,262)	(7,764,236)	(11,182,535)
Net cash provided by (used for) operating activities	247,378	259,899	(78,204)	429,073	2,190,486
Cash flows from noncapital financing activities:					
Miscellaneous receipts	899,367	77,642		977,009	114,024
Cash transfers from other funds	120,277	761,337		881,614	
Cash transfers to other funds		(265,000)		(265,000)	
Net cash provided by noncapital financing activities	1,019,644	573,979		1,593,623	114,024
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets					68,674
Purchases of capital assets		(183,051)		(183,051)	(685,572)
Net cash used for capital and related financing activities		(183,051)		(183,051)	(616,898)
Cash flows from investing activities:					
Interest received on investments	(232,034)	14,327	1,619	(216,088)	(212,697)
Net cash provided by (used for) investing activities	(232,034)	14,327	1,619	(216,088)	(212,697)
Net increase (decrease) in cash and cash equivalents	1,034,988	665,154	(76,585)	1,623,557	1,474,915
Cash and cash equivalents, July 1, 2021	4,924,751	1,208,747	993,235	7,126,733	5,920,700
Cash and cash equivalents, June 30, 2022	$ 5,959,739	$ 1,873,901	$ 916,650	$ 8,750,290	$ 7,395,615

(Continued)

See accompanying notes to financial statements.

Cochise County
Statement of cash flows
Proprietary funds
Year ended June 30, 2022
(Concluded)

	Business-type activities—enterprise funds				Governmental activities—Internal service funds
	Major fund Solid Waste Operations Fund	Major fund BDI Airport Fund	Other enterprise fund—Housing Authority Fund	Total	
Reconciliation of operating income (loss) to net cash provided (used for) by operating activities:					
Operating income (loss)	$ 100,500	$ 64,236	$ 228,252	$ 392,988	$ (915,268)
Adjustments to reconcile operating income (loss) to net cash provided (used for) by operating activities:					
Depreciation/amortization	200,087	185,328		385,415	2,261,645
Miscellaneous income			2,658	2,658	
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:					
Net pension/OPEB liability	558,899	(48,600)	(121,499)	(728,998)	(364,498)
Funds held for others			31,118	31,118	
Other current liabilities			29,060	29,060	
Deferred outflows-pension/OPEB	11,999	(1,563)	418	10,854	252,690
Deferred inflows-pension/OPEB	516,641	44,925	112,312	673,878	336,938
Deferred inflows-leases		193,140		193,140	
Net OPEB asset	(47,511)	(4,132)	(10,328)	(61,971)	(30,986)
Accounts receivable	(106,582)	(214,441)		(321,023)	(39,547)
Due from other funds	3,425			3,425	512,828
Prepaid items					(12,694)
Due to/from other governments	(39,154)	(178)	(153,481)	(192,813)	67
Accounts payable	5,269	37,097	(52,832)	(10,463)	236,010
Accrued payroll and employee benefits	(88,251)	829	(1,660)	(89,082)	(47,088)
Unearned revenue			(152,230)	(152,230)	
Due to other funds	(110,894)	(1,254)		(112,148)	(3,623)
Insurance deposit			9,270	9,270	
Compensated absences payable	(19,077)	4,512	740	(13,825)	4,012
Landfill closure and postclosure care costs payable	379,824			379,824	
Net cash provided by (used for) operating activities	$ 247,378	$ 259,899	$ (78,204)	$ 429,073	$ 2,190,486
Cash and cash equivalents, June 30, 2022, consisted of:					
Cash in bank and on hand	2,350		722,865	725,215	200
Cash—restricted			193,785	193,785	
Cash and investments held by County Treasurer	5,957,389	1,873,901		7,831,290	7,395,415
Total cash and cash equivalents	$ 5,959,739	$ 1,873,901	$ 916,650	$ 8,750,290	$ 7,395,615

Noncash capital financing activities:

The Internal Service Funds sold fully depreciated capital assets.

Cochise County
Statement of fiduciary net position
Fiduciary funds
June 30, 2022

	Private-purpose trust funds	Custodial funds: External investment pool	Custodial funds: Other
Assets			
Cash in bank and on hand			$ 1,135,803
Cash and investments held by County Treasurer	$ 818,524	$ 118,631,774	
Property tax receivable			3,062,868
Interest receivable		184,702	
Total assets	818,524	118,816,476	4,198,671
Net Position			
Restricted for:			
Pool participants		118,816,476	
Individuals, organizations, and other governments	818,524		4,198,671
Total net position	$ 818,524	$ 118,816,476	$ 4,198,671

See accompanying notes to financial statements.

Cochise County
Statement of changes in fiduciary net position
Fiduciary funds
Year ended June 30, 2022

	Private-purpose trust funds	Custodial funds: External investment pool	Custodial funds: Other
Additions:			
Contributions from pool participants		$ 283,379,188	
Contributions from other governments			$ 102,554,959
Property tax collections for other governments			88,038,532
Fines and fees collected for other governments		3,439,856	2,092,726
Investment earnings		(2,153,355)	106
Inmate collections			491,478
Other	$ 1,055,400		289,462
Total additions	1,055,400	284,665,689	193,467,263
Deductions:			
Distributions to pool participants		265,266,968	
Distributions to other governments			102,552,479
Property tax distributions to other governments			90,350,740
Fines and fees distributions to other governments		3,314,296	2,090,056
Payments to inmates			402,679
Other	1,198,852		331,361
Total deductions	1,198,852	268,581,264	195,727,315
Net increase (decrease) in fiduciary net position	(143,452)	16,084,425	(2,260,052)
Net position, July 1, 2021	961,976	102,732,051	6,458,723
Net position, June 30, 2022	$ 818,524	$ 118,816,476	$ 4,198,671

See accompanying notes to financial statements.

Note 1 - Summary of significant accounting policies

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

For the year ended June 30, 2022, the County implemented the provisions of GASB Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, the County's government-wide and fund financial statements have been modified to reflect the implementation of this new guidance, including recognizing a lease liability and an intangible right-to-use lease asset as a lessee, and recognizing a lease receivable and a deferred inflow of resources as a lessor, as applicable.

A. Reporting entity

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

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each blended and discretely presented component unit discussed below has a June 30 year-end.

The following table describes the County's component units:

Component unit	Description; criteria for inclusion	Reporting method	For separate financial statements
Cochise County Flood Control District	A tax-levying district that provides flood control systems; the County's Board of Supervisors serves as the board of directors, and County management has operational responsibility for the component unit.	Blended	Not available
Cochise County Library District	Provides and maintains library services for the County's residents; the County's Board of Supervisors serves as the board of directors, and County management has operational responsibility for the component unit.	Blended	Not available
Cochise Private Industry Council, Inc.	Administers and coordinates Workforce Investment Act programs; the County's Board of Supervisors appoints all governing board members and is able to impose its will on the Private Industry Council, but the Private Industry Council does not provide services entirely to the County.	Discrete	Cochise Private Industry Council 900 Carmelita Dr. Sierra Vista, AZ 85635

B. Basis of presentation

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

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

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

- Charges to customers or applicants for goods, services, or privileges provided.
- Operating grants and contributions.

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

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

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

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as charges for services, in which each party receives and gives up essentially equal values, are operating revenues. Other revenues, such as County excise taxes, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with investment income and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation/amortization on capital assets. Other expenses, such as interest expense, are considered non-operating expenses.

The County reports the following major governmental funds:

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

The Capital Projects Fund accounts for resources to be used for the acquisition or construction of major facilities and automation and communications projects other than those financed by proprietary funds. The Fund's most significant revenue source is the County's local excise tax.

The Highway and Streets Fund accounts for the construction and maintenance of the County's surface transportation system in a cost-effective manner. The Fund's most significant revenue source is highway user revenue fees.

The Border Security Trust Fund accounts for the maintenance of the County's Department of Emergency and Military Affairs (DEMA) awarded grants in a cost-effective and responsible manner as set forth in each respective grant award document. The Fund's most significant revenue source is intergovernmental grant funding.

The County reports the following major enterprise funds:

The Solid Waste Operations Fund accounts for the management of solid waste. The services include the operation of a regional solid waste landfill and transfer stations.

The BDI Airport Fund accounts for the management of County airport operations. The services include the operation of the general aviation airport facilities and the water resources station.

The County also reports the following fund types:

The internal service funds account for health insurance, automotive and machinery maintenance and operation, telecommunications, and information technology services provided to the County's departments on a cost-reimbursement basis.

The fiduciary funds consist of private-purpose trust funds, which account for assets the County's Public Fiduciary holds in trust for the benefit of various parties; and custodial funds, including the pooled assets the County Treasurer holds and invests on behalf of other governmental entities that are not held in trust, the County Treasurer's receipt and distribution of taxes for other governmental entities, and other non-pooled assets.

C. Basis of accounting

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

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

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, intergovernmental, charges for services, and investment income. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, compensated absences, and landfill closure and postclosure care costs, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under lease contracts are reported as other financing sources.

D. Cash and investments

For the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's local government investment pool, and only those highly liquid investments with a maturity of 3 months or less when purchased. All investments are stated at fair value.

E. Property tax calendar

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

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

F. Capital assets

Capital assets are reported at actual cost (or estimated historical cost if historical records are not available). Donated assets are reported at acquisition value. Intangible right-to-use lease assets are initially recorded as the sum of 1) the amount of the initial measurement of the lease liability, 2) lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, 3) initial direct costs that are ancillary charges necessary to place the asset into service.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), are depreciated or amortized using the straight-line method over the following estimated useful lives in the government- wide statements and proprietary funds as follows:

	Capitalization threshold	Depreciation/ Amortization method	Estimated useful life
Land	All	N/A	N/A
Buildings and improvements	$10,000	Straight-line	15-50 years
Improvements other than buildings	10,000	Straight-line	10-45 years
Equipment	10,000	Straight-line	5-25 years
Infrastructure	50,000	Straight-line	10-50 years

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

G. Fund balance classifications

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance 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 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 Administrator to make assignments of resources for specific purposes.

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 balances first. For the disbursement of unrestricted fund balances, the County will use committed amounts first, followed by assigned amounts, and lastly unassigned fund balance.

H. Investment income

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

I. Compensated absences

Compensated absences payable consist of personal leave and a calculated amount of sick leave employees earn based on services already rendered.

Employees may accumulate up to 2,080 personal leave hours. Employees who separate from County service after completing their initial probation for reasons other than retirement are paid up to 280 hours of unused personal leave. County court employees who separate because of retirement and were hired before April 1, 2012, are paid up to 340 hours of personal leave at 100 percent and 50 percent of all remaining hours up to 2,080. All remaining employees who separate because of retirement are paid up to 280 hours of unused personal leave at 100 percent and (1) 50 percent of unused remaining hours between 281 and 2,080 if hired prior to April 1, 2012 or (2) 35 percent of unused remaining hours between 281 and 2,080 if hired between April 1, 2012 and December 15, 2018, or (3) 30 percent of unused remaining hours between 281 and 2,080 if hired after December 15, 2018, as applicable. In addition, the maximum payment upon retirement is $20,000 for employees hired after December 15, 2018. Personal leave benefits are accrued as a liability in the government-wide and proprietary funds' financial statements.

Regular full-time employees receive 40 hours of sick leave each calendar year. Any sick leave hours remaining at calendar year-end are converted to personal leave hours. Regular part-time and temporary employees accrue 1 hour of sick leave for every 30 hours worked up to 40 hours of sick leave each calendar year. Any sick leave hours remaining at calendar year-end are carried over into the next calendar year. Upon separation of employment, any remaining unused hours of sick leave are forfeited. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements, except for an estimate of full-time employee sick leave at fiscal year-end that will be converted to personal leave at calendar year-end.

In addition, because personal and sick leave used by employees within the first 2 months after fiscal year-end is paid for with current financial resources, a compensated absences liability for these amounts is reported in the governmental funds' financial statements within accrued payroll and employee benefits.

J. Postemployment benefits

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

K. Leases

As lessee, the County recognizes lease liabilities with an initial, individual value of $10,000 or more. The County is a lessee for noncancellable leases of equipment and land. The County uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The County's estimated incremental borrowing rate is based on a combination of an applicable market rate and a credit spread based on market data points as of the most recent quarter end as compared to the lease commencement date.

As lessor, the County recognizes lease receivables with an initial, individual value of $10,000 or more. The County leases ground and building space to third-parties. If there is no stated rate in the lease contract (or if the stated rate is not the rate the County charges the lessee) and the implicit rate cannot be determined, the County uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The County's estimated incremental borrowing rate is calculated as described above.

During the fiscal year ended June 30, 2022, the County recognized total lease-related revenues of $51,169.

Note 2 – Correction of a misstatement - prior period adjustment

In June 2022, subsequent to the issuance of the County's fiscal year 2021 Annual Financial and Single Audit Reports, the Housing Authority reissued their separately audited financial statements to correct an error regarding the Housing Authority's Emergency Housing Vouchers funding. The County evaluated this error and determined that the amount was not material to the County's financial statements and therefore, would not require the reissuance of the fiscal year 2021 Annual Financial and Single Audit Reports. However, the County has restated beginning net position/fund balance as of July 1, 2021 as follows:

	Business-type Activities	Other enterprise – Housing Authority Fund
Net position/fund balance as previously reported at June 30, 2021	$7,720,267	$193,300
Prior period adjustment:		
Increase in unearned revenue	(36,750)	(36,750)
Net position/fund balance as restated, July 1, 2021	$7,683,517	$156,550

Note 3 - Fund balance classifications of the governmental funds

The fund balance classifications of the governmental funds as of June 30, 2022, were as follows:

	General fund	Capital projects fund	Highway and streets fund	Border security trust fund	Other governmental funds	Total
Restricted for:						
Flood control					$ 6,196,110	$ 6,196,110
Highways and streets			$ 6,414,060			6,414,060
Health services					984,363	984,363
Judicial services					4,468,280	4,468,280
Library services					1,434,475	1,434,475
Law enforcement					1,928,492	1,928,492
Education services					604,504	604,504
Other services					2,464,574	2,464,574
Total restricted			6,414,060		18,080,798	24,494,858
Assigned to:						
Capital projects		$14,366,330				$14,366,330
Highways and streets			$ 9,560,196			9,560,196
Health services					$ 65,973	65,973
Judicial services					48,183	48,183
Law enforcement					192,149	192,149
Other					255,675	255,675
Total assigned		14,366,330	9,560,196		561,980	24,488,506
Nonspendable:						
Prepaid items	$ 352,162			$630,000		982,162
Unassigned:	36,329,331			(41,281)	(204,700)	36,083,350
Total fund balances	$36,681,493	$14,366,330	$15,974,256	$588,719	$18,438,078	$86,048,876

Note 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 deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top 2 ratings by a nationally recognized rating agency.
2. Specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars must be rated "A" or better at the time of purchase by at least 2 nationally recognized rating agencies.

3. Fixed income securities must carry 1 of the 2 highest ratings by Moody's investors service and Standard and Poor's rating service. If only 1 of these services rates the security, it must carry the highest rating of that service.

Custodial credit risk
Statutes require collateral for deposits and certificates of deposit at 102 percent of all deposits not covered by federal depository insurance.

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

Interest rate risk
Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

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

Deposits—At June 30, 2022, the carrying amount of the County's deposits was $41,069,683, and the bank balance was $44,949,960. The County does not have a formal policy with respect to custodial credit risk.

Investments—The County had total investments of $201,504,025 at June 30, 2022. The County categorizes certain investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles as follows:

	Fair value measurement using		
	Amount	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Investment by fair value level			
U.S. agency securities	$141,485,650		$141,485,650
Money market mutual funds	18,375	$18,375	
Total investments categorized by fair value level	$141,504,025	$18,375	$141,485,650

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. Investments categorized as Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The County also had investments of $60,000,000 in the State Treasurer's investment pool 7 measured at fair value. Investments in the State Treasurer's investment pool are valued at the pool's share price multiplied by the number of shares the County held. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

Credit risk—Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County does not have a formal policy with respect to credit risk.

At June 30, 2022, credit risk for the County's investments was as follows:

Investment type	Rating	Rating agency	Amount
State Treasurer's investment pool 7	Unrated	Not applicable	$ 60,000,000
Money market mutual funds	AAA	Standard & Poor's	18,375
U.S. agency securities	AA+	Standard & Poor's	115,424,610
U.S. agency securities	Unrated	Not applicable	26,061,040
Total			$201,504,025

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 policy with respect to custodial credit risk.

Concentration of credit risk—Concentration of credit risk is the risk of loss associated with the significance of investments in a single issuer. The County does not have a formal policy with respect to concentration of credit risk.

Five percent or more of the County's investments at June 30, 2022, were in debt securities of various U.S. agencies as follows:

U.S. agency	Amount	Percent of county investments
Federal Home Loan Bank	$103,909,140	51.6%
Federal Agriculture Mortgage Corporation	15,765,830	7.8
Federal Home Loan Mortgage Corporation	11,283,420	5.6

Interest rate risk—Interest rate risk is the risk that changes in the interest rates will adversely affect an investment's fair value. The County does not have a formal policy with respect to interest rate risk.

At June 30, 2022, maturities of the County's investments were as follows:

		Investment maturities	
Investment type	Amount	Less than 1 Year	1-5 Years
State Treasurer's investment pool 7	$ 60,000,000	$60,000,000	
Money market mutual funds	18,375	18,375	
U.S. agency securities	141,485,650	3,990,920	$137,494,730
Total	$201,504,025	$64,009,295	$137,494,730

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

Cash, deposits, and investments:	
Cash on hand	$ 5,771
Amount of deposits	41,069,683
Amount of investments	201,504,025
Total	$242,579,479

	Statement of net position		Statement of fiduciary net position			
				Custodial funds		
	Governmental activities	Business-type activities	Private-purpose trust funds	External investment pool	Other	Total
Cash in bank and on hand	$ 1,017,673	$ 725,215			$1,135,803	$ 2,878,691
Cash and investments held by County Treasurer	112,225,415	7,831,290	$818,524	$118,631,774		239,507,003
Cash—restricted		193,785				193,785
Total	$113,243,088	$8,750,290	$818,524	$118,631,774	$1,135,803	$242,579,479

Note 5 - Due from other governments

Due from other governments totaling $9,028,543 at June 30, 2022, included $1,921,839 in state-shared revenue from highway user fees, $753,510 in state-shared sales taxes, $276,383 in state-shared vehicle license taxes, and $837,874 in county excise taxes. The remaining balance of $5,238,937 represents amounts receivable from various state and federal government grantor agencies.

Note 6 - Capital assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021* (Restated)	Increases	Decreases	Balance June 30, 2022
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 2,557,210			$ 2,557,210
Construction in progress	176,575	$ 3,039,908		3,216,483
Total capital assets not being depreciated	2,733,785	3,039,908		5,773,693
Capital assets being depreciated:				
Buildings	49,900,302		15,408	49,884,894
Improvements other than buildings	12,791,076	366,944	14,558	13,143,462
Equipment	57,508,758	1,497,949	3,147,490	55,859,217
Infrastructure	117,985,969			117,985,969
Total capital assets being depreciated	238,186,105	1,864,893	3,177,456	236,873,542
Intangible right-to-use lease assets, being amortized:				
Equipment	596,479			596,479
Land	143,709			143,709
Total intangible right-to-use lease assets being amortized	740,188			740,188

	Balance July 1, 2021* (Restated)	Increases	Decreases	Balance June 30, 2022
Less accumulated depreciation for:				
Buildings	$ 23,601,940	$ 1,255,513	$ 8,929	$ 24,848,524
Improvements other than buildings	4,374,799	541,404	14,557	4,901,646
Equipment	39,484,583	4,110,390	2,352,986	41,241,987
Infrastructure	50,004,168	1,594,644		51,598,812
Total accumulated depreciation	117,465,490	7,501,951	2,376,472	122,590,969
Less accumulated amortization for:				
Intangible right-to-use leased equipment		169,662		169,662
Intangible right-to-use leased land		27,549		27,549
Total accumulated amortization		197,211		197,211
Total capital assets being depreciated/ amortized net	121,460,803	(5,834,269)	800,984	114,825,550
Governmental activities, capital assets, net	$124,194,588	$(2,794,361)	$ 800,984	$120,599,243
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 1,599,900			$ 1,599,900
Construction in progress		$ 183,051		183,051
Total capital assets not being depreciated	1,599,900	183,051		1,782,951
Capital assets being depreciated:				
Buildings	4,559,025			4,559,025
Improvements other than buildings	7,089,517			7,089,517
Equipment	2,780,574			2,780,574
Infrastructure	2,259,884			2,259,884
Total	16,689,000			16,689,000
Less accumulated depreciation for:				
Buildings	$ 2,032,059	$ 87,386		$ 2,119,445
Improvements other than buildings	6,131,385	227,194		6,358,579
Equipment	2,728,874	14,339		2,743,213
Infrastructure	194,067	56,496		250,563
Total accumulated depreciation	11,086,385	385,415		11,471,800
Total capital assets being depreciated, net	5,602,615	(385,415)		5,217,200
Business-type activities capital assets, net	$ 7,202,515	$ (202,364)	$	$ 7,000,151

*Due to implementation of GASB Statement No. 87 for leases, the County's beginning intangible right-to-use leased equipment and land balances were restated from fiscal year 2021. There was no impact to net position.

Depreciation/amortization expense was charged to functions as follows:

Governmental activities:	
General government	$2,820,278
Public safety	910,656
Highways and streets	1,653,818
Health and welfare	29,147
Education	23,618
Internal service funds	2,261,645
Total governmental activities depreciation/amortization expense	$7,699,162
Business-type activities:	
Solid Waste Operations	$ 200,087
Bisbee-Douglas International Airport	185,328
Total business-type activities depreciation/amortization expense	$ 385,415

Note 7 - Long-term liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2022:

	Balance July 1, 2021* (Restated)	Additions	Reductions	Balance June 30, 2022	Due within 1 year
Governmental activities					
Net pension/OPEB liabilities	$110,322,059		$21,856,711	$88,465,348	
Compensated absences payable	5,441,731	$3,272,261	3,399,381	5,314,611	$3,739,946
Leases payable	740,188		188,183	552,055	193,175
Total governmental activities long-term liabilities	$116,503,978	$3,272,261	$25,444,275	$94,331,964	$3,933,121
Business-type activities					
Net pension/OPEB liabilities	$ 2,698,291		$ 728,998	$ 1,969,293	
Landfill closure and postclosure care costs payable	4,071,589	$ 380,686	861	4,451,414	$ 21,481
Compensated absences payable	331,400	157,570	171,395	317,575	205,703
Funds held for others-Housing	106,843	31,118		137,961	
Total business-type activities long-term liabilities	$ 7,208,123	$ 569,374	$ 901,254	$ 6,876,243	$ 227,184

*Due to implementation of GASB Statement No. 87 for leases, the County's beginning leases payable balance was restated from fiscal year 2021. There was no impact to net position.

Lease payable—This note provides information for leases where Cochise County is the lessee. For leases where Cochise County is the lessor, see Note 1, Section K.

The County is obligated under leases covering certain machinery and IT equipment.

Most leases have initial terms of up to 5 years, and contain one or more renewals at the County's option, generally for 3 or 5-year periods. The County has generally included these renewal periods in the lease term when it is reasonably certain that it will exercise the renewal option. The County's lease arrangements do not contain any material residual value guarantees.

The total amount of lease assets and the related accumulated amortization are as follows:

	Governmental Activities
Intangible right-of-use lease assets	
Equipment	$ 596,479
Land	143,709
Less: accumulated amortization	(197,211)
Carrying value	$ 542,977

The following schedule details minimum lease payments to maturity for the County's leases payable at June 30, 2022:

	Governmental Activities	
Fiscal year	**Principal**	**Interest**
2023	$193,175	$21,689
2024	202,324	12,540
2025	111,859	3,980
2026	31,900	1,500
2027	8,269	434
2028-2032	4,478	322
Total	$552,005	$40,465

Landfill closure and postclosure care costs—State and federal laws and regulations require the County to place a final cover on its solid waste landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will not be paid until near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs in each period that the County operates the landfill. These costs will be paid from solid waste fees in the Solid Waste Operations Fund. At June 30, 2022, the County reported closure and postclosure care costs for 2 landfills discussed below.

At June 30, 2022, the County has reported landfill closure and postclosure care liabilities totaling $4,451,414. This total consists of the cumulative amounts reported to date for the County's Eastern Regional and Western Regional landfills and was based on landfill capacity used at June 30, 2022. The liability reported for the Eastern Regional landfill of $543,582 is based on 100.0 percent use of the landfill's capacity. This landfill was closed in 2002. The liability reported for the Western Regional landfill of $3,907,832 is based on the use of 31.76 percent of the landfill's estimated capacity. The County will recognize the remaining estimated cost of closure and post closure care of $8,396,424 as the remaining estimated capacity is filled. The County expects to close this landfill in 2065. The landfills' closure and postclosure care costs were based on what it would cost to perform all closure and postclosure care in fiscal year 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

Compensated absences—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2022, the County paid for compensated absences as follows: 72.26 percent from the General Fund, 6.51 percent from the Highway and Streets Fund, 0.39 percent from the Border Security Fund, 4.8 percent from the enterprise funds, and 16.04 percent from other funds.

Note 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; but was unable to obtain insurance at a cost it considered to be economically justifiable. Therefore, the County joined and is covered by 3 public entity risk pools: the Arizona Counties Property and Casualty Pool, the Arizona Counties Workers' Compensation Pool, and the Cochise Combined Trust, which are described below.

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 13 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; cyber security; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium based on its exposure in relation to the exposure of the other participants, and a deductible of $25,000 per occurrence for property claims and $75,000 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 3 years after becoming a member; however, it may withdraw after the initial 3-year period.

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 13 member counties. The pool provides member counties with workers' compensation coverage, as required by law, 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 County provides health, prescription, vision, dental, life, and short-term disability benefits to its employees and their dependents through the Cochise Combined Trust (Trust) currently composed of 3 member entities. The Trust provides the benefits through a self-funding agreement with its participants and has contracted with a third party to administer the program. The County is responsible for paying the premium. If it withdraws from the Trust, the County is responsible for a proportional share of any claims run- out costs, including administrative costs, that exceed trust fund reserves.

The Arizona Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool receive independent audits annually and an audit by the Arizona Department of Insurance every 5 years. The Cochise Combined Trust receives an independent audit annually. All 3 pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation. If the Trust were to terminate, the County would be responsible for its proportional share of any trust deficit. If a pool were to become insolvent, the County would be assessed an additional contribution.

Note 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 (PSPRS), the Public Safety Personnel Defined Contribution Retirement plan (PSPDCRP), the Elected Officials Retirement Plan (EORP), and the Elected Officials Defined Contribution Retirement System (EODCRS). The plans are component units of the State of Arizona.

At June 30, 2022, the County reported the following aggregate amounts related to pension and other post-employment benefits (OPEB) for all plans to which it contributes:

Statement of net position and statement of activities	Governmental activities	Business-type activities	Total
Net OPEB asset	$ 2,644,572	$ 72,938	$ 2,717,510
Net pension and OPEB liability	88,465,348	1,969,293	90,434,641
Deferred outflows of resources related to pensions and OPEB	20,307,677	508,651	20,816,328
Deferred inflows of resources related to pensions and OPEB	19,277,943	740,259	20,018,202
Pension and OPEB expense	6,876,848	107,229	6,984,077

The County's accrued payroll and employee benefits includes $689,342 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2022. Also, the County reported $13,396,535 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

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

A. Arizona State Retirement System

Plan descriptions—County employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 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 and survivor benefits. State statute establishes benefits 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, 2022, statute required active ASRS members to contribute at the actuarially determined rate of 12.22 percent of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 12.01 percent of the active members' annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 10.13 percent 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 ASRS pension plan for the year ended June 30, 2022 were $3,187,278.

During fiscal year 2022, the County paid for ASRS pension contributions as follows: 62 percent from the General Fund, 17 percent from major funds, and 22 percent from other funds.

Liability—At June 30, 2022, the County reported the following liability for its proportionate share of the ASRS' net pension liability.

ASRS	Net pension liability
Pension	$32,770,053

The net pension liability was measured as of June 30, 2021. The total liability used to calculate the net liability was determined using updated procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7 percent–7.2 percent to 2.9 percent–8.4 percent. The County's proportion of the net liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The County's proportions measured as of June 30, 2021, and the change from its proportions measured as of June 30, 2020, were:

ASRS	Proportion June 30, 2021	Decrease from June 30, 2020
Pension	0.25%	(0.01)

Expense—For the year ended June 30, 2022, the County recognized the following pension expense.

ASRS	Pension expense
Pension	$1,902,829

Deferred outflows/inflows of resources—At June 30, 2022, 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	$ 499,549	
Changes of assumptions or other inputs	4,265,284	
Net difference between projected and actual earnings on pension plan investments		$10,382,705
Changes in proportion and differences between County contributions and proportionate share of contributions	55,720	918,705
County contributions subsequent to the measurement date	3,187,278	
Total	$8,007,831	$11,301,410

The $3,187,278 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 ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30	
2023	$ (296,545)
2024	(317,499)
2025	(2,288,855)
2026	(3,577,958)

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

ASRS	
Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

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

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

ASRS Asset class	Target allocation	Long-term expected geometric real rate of return
Equity	50%	4.90%
Fixed income-credit	20%	5.20%
Fixed Income-interest rate sensitive	10%	0.70%
Real estate	20%	5.70%
Total	100%	

Discount rate—At June 30, 2021, the discount rate used to measure the ASRS total pension liability was 7.0 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. 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 7.0 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate:

ASRS	1% Decrease (6.0%)	Current discount rate (7.0%)	1% Increase (8.0%)
County's proportionate share of the net pension liability	$51,544,548	$32,770,053	$17,117,318

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. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plan, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plan (PSPRS Tier 3 Risk Pool) which is not further disclosed because of its relative insignificance to the County's financial statements.

County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP). The CORP administers an agent multiple-employer defined benefit pension plan for county detention officers (agent plan), which was closed to new members as of July 1, 2018, and a cost-sharing multiple-employer defined benefit pension plan for AOC officers (cost sharing plan). Employees who were CORP members before July 1, 2018, participate in CORP, and AOC probation and surveillance officers who became members on or after July 1, 2018, participate in CORP. 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, disability and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

PSPRS	Initial membership date: Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Retirement and disability		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years

PSPRS	Initial membership date: Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Benefit percent		
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Retirement and disability		
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor benefit		
Retired members	80% to 100% of retired member's pension benefit	
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

CORP	Initial membership date: Before January 1, 2012	On or after January 1, 2012 and before July 1, 2018	AOC probation and surveillance officers: On or after July 1, 2018
Retirement and disability			
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years, any age 10 years, age 62	25 years, age 52.5 10 years, age 62	10 years, age 52.5* 10 or more years, age 55
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years	
Benefit percent			
Normal retirement	2.0% to 2.5% per year of credited service, not to exceed	2.5% per year of credited service, not to exceed 80%	1.25% 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.		

*With actuarially reduced benefits.

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

Employees covered by benefit terms—At June 30, 2022, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Sheriff	CORP Detention
Inactive employees or beneficiaries currently receiving benefits	71	39
Inactive employees entitled to but not yet receiving benefits	35	32
Active employees	56	36
Total	162	107

Contributions—State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with State statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2022, are indicated below. Rates are a percentage of active members' annual covered payroll. During the fiscal year, the County contributed an additional $5,285,930 to PSPRS to reduce the unfunded accrued liability. The additional contributions are reflected in the table below.

	Active member—pension	County—pension
PSPRS Sheriff	7.65%-11.65%	49.28%
CORP Detention	8.41%	31.69%
CORP AOC	8.41%	35.48%

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.

	Pension
PSPRS Sheriff	38.93%
CORP Detention	26.08%
CORP AOC	31.35%

The County's contributions to the plans for the year ended June 30, 2022, were:

	Pension
PSPRS Sheriff	$7,902,805
CORP Detention	801,765
CORP AOC	690,785

During fiscal year 2022, the County paid for PSPRS and CORP pension contributions as follows: 90 percent from the General Fund and 10 percent from other nonmajor funds.

Pension liability—At June 30, 2022, the County reported the following net pension liabilities:

	Net pension liability
PSPRS Sheriff	$32,785,563
CORP Detention	5,889,077
CORP AOC (County's proportionate share)	6,394,939

The net pension liabilities were measured as of June 30, 2021, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

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, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5%
Price inflation	2.5%
Cost-of-living adjustment	1.75%
Mortality rates	PubS-2010 tables

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS and CORP Asset class	Target allocation	Long-term expected geometric real rate of return
U.S. public equity	24%	4.08%
International public equity	16%	5.20%
Global Private Equity	20%	7.67%
Other assets (capital appreciation)	7%	5.43%
Core bonds	2%	0.42%
Private credit	20%	5.74%
Diversifying strategies	10%	3.99%
Cash - Mellon	1%	(0.31)%
Total	100%	

Discount rates—At June 30, 2021, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.3 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability PSPRS-Sheriff	**Increase (decrease)**		
	Total pension liability (a)	**Plan fiduciary net position (b)**	**Net pension liability (a) – (b)**
Balances at June 30, 2021	$58,121,693	$19,848,772	$38,272,921
Changes for the year:			
Service cost	862,586		862,586
Interest on the total pension liability	4,197,460		4,197,460
Differences between expected and actual experience in the measurement of the pension liability	(1,854,119)		(1,854,119)
Contributions—employer		2,525,213	(2,525,213)
Contributions—employee		363,655	(363,655)
Net investment income		5,831,472	(5,831,472)
Benefit payments, including refunds of employee contributions	(2,969,641)	(2,969,641)	
Administrative expense		(27,055)	27,055
Net changes	236,286	5,723,644	(5,487,358)
Balances at June 30, 2022	$58,357,979	$25,572,416	$32,785,563

Changes in the net pension liability CORP-Detention	**Increase (decrease)**		
	Total pension liability (a)	**Plan fiduciary net position (b)**	**Net pension liability (a) – (b)**
Balances at June 30, 2021	$13,964,672	$6,683,936	$ 7,280,736
Changes for the year:			
Service cost	242,051		242,051
Interest on the total pension liability	1,010,366		1,010,366
Differences between expected and actual experience in the measurement of the pension liability	(1,356)		(1,356)
Contributions—employer		694,560	(694,560)
Contributions—employee		127,642	(126,642)
Net investment income		1,828,969	(1,828,969)
Benefit payments, including refunds of employee contributions	(732,195)	(732,195)	
Administrative expense		(8,451)	8,451
Net changes	518,866	1,910,525	(1,391,659)
Balances at June 30, 2022	$14,483,538	$8,594,461	$ 5,889,077

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, 2021. The County's proportion measured as of June 30, 2021, and the changes from its proportion measured as of June 30, 2020 were:

CORP AOC	Proportion June 30, 2021	Increase from June 30, 2020
Pension	1.72%	(0.09 percent)

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 7.3 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.3 percent) or one percentage point higher (8.3 percent) than the current rate:

	1% Decrease (6.3%)	Current discount rate (7.3%)	1% Increase (8.3%)
PSPRS Sheriff			
Net pension liability	$40,342,607	$32,785,563	$26,589,368
CORP Detention			
Net pension liability	$ 7,860,782	$ 5,889,077	$ 4,286,695
CORP AOC			
County's proportionate share of the net pension liability	$ 8,653,631	$ 6,394,939	$ 4,544,623

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

Pension expense—For the year ended June 30, 2022, the County recognized the following pension expense:

	Pension expense
PSPRS Sheriff	$2,808,866
CORP Detention	817,043
CORP AOC (County's proportionate share)	763,391

Pension deferred outflows/inflows of resources—At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS—Sheriff	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 432,528	$1,236,080
Changes of assumptions or other inputs	344,332	
Net difference between projected and actual earnings on pension plan investments		2,665,611
County contributions subsequent to the measurement date	7,902,805	
Total	$8,679,665	$3,901,691

CORP—Detention	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 353,466	$ 1,017
Changes of assumptions or other inputs	78,205	
Net difference between projected and actual earnings on pension plan investments		837,634
County contributions subsequent to the measurement date	801,765	
Total	$1,233,436	$838,651

CORP—AOC	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 610,342	$ 187,509
Changes of assumptions or other inputs	131,154	
Net difference between projected and actual earnings on pension plan investments		1,032,397
Changes in proportion and differences between County contributions and proportionate share of contributions	140,449	273,340
County contributions subsequent to the measurement date	690,785	
Total	$1,572,730	$1,493,246

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, 2023. 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			
2023	$(609,767)	$ 137,544	$ 91,868
2024	(991,986)	(68,301)	(24,261)
2025	(645,789)	(208,610)	(243,859)
2026	(877,289)	(267,613)	(435,049)

C. Elected Officials Retirement Plan

Plan description—Elected officials and judges participate in the Elected Officials Retirement Plan (EORP) or ASRS. EORP administers a cost-sharing multiple-employer defined benefit pension plan for elected officials and judges who were members of the plan on December 31, 2013. This EORP pension 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 plan. The report is available on PSPRS' website at www.psprs.com.

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

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

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

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

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, 2022, statute required active EORP members to contribute 7 percent or 13 percent of the members' annual covered payroll and the County to contribute at the actuarially determined rate of 61.43 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 49.21 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members, in addition to the County's required contributions to ASRS for these elected officials and judges. In addition, statute required the County to contribute 41.59 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 contributions to the pension plan for the year ended June 30, 2022, was $1,011,666.

During fiscal year 2022, the County paid for EORP pension contributions entirely from the General Fund.

Pension liability—At June 30, 2022, 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	$12,543,558
State's proportionate share of the EORP net pension liability associated with the County	1,260,831
Total	$13,804,389

The net pension liability was measured as of June 30, 2021, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's required contributions to the pension plan relative to the total of all participating employers' required contributions for the year ended June 30, 2021. The County's proportion measured as of June 30, 2021 and the change from its proportions measured as of June 30, 2020, were:

EORP	Proportion June 30, 2021	Increase from June 30, 2020
Pension	2.06%	(0.02)

Expense—For the year ended June 30, 2022, the County recognized pension expense for EORP of $1,080,365 and revenue of $297,537 for the County's proportionate share of the State's appropriation to EORP and the designated court fees.

Deferred outflows/inflows of resources—At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EORP	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience		$166,928
Net difference between projected and actual earnings on pension plan investments		639,076
Changes in proportion and differences between County contributions and proportionate share of contributions	$ 54,141	
County contributions subsequent to the measurement date	1,011,666	
Total	$1,065,807	$806,004

The amounts reported as deferred outflows of resources related to EORP pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized as expenses as follows:

Year ending June 30	
2023	$(243,994)
2024	(133,078)
2025	(157,177)
2026	(217,614)

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

EORP	
Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.75%
Price inflation	2.5%
Cost-of-living adjustment	1.75%
Mortality rates	PubG-2010 tables

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

The long-term expected rate of return on EORP plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

EORP **Asset class**	**Target allocation**	**Long-term expected geometric real rate of return**
U.S. public equity	24%	4.08%
International public equity	16%	5.20%
Global private equity	20%	7.67%
Other assets (capital appreciation)	7%	5.43%
Core bonds	2%	0.42%
Private credit	20%	5.74%
Diversifying strategies	10%	3.99%
Cash - Mellon	1%	(0.31%)
Total	100%	

Discount rate—At June 30, 2021, the discount rate used to measure the EORP total pension liability was 7.3 percent. 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 actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the EORP net pension liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.3 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.3 percent) or one percentage point higher (8.3 percent) than the current rate:

EORP	1% Decrease (6.3%)	Current discount rate (7.3%)	1% Increase (8.3%)
County's proportionate share of the net pension liability	$14,413,526	$12,543,558	$10,938,689

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

Note 10 - Interfund transactions

Interfund transfers—Interfund transfers for the year ended June 30, 2022, were as follows:

	Transfer to					
Transfer from	General Fund	Capital Projects Fund	Other governmental funds	BDI Airport Fund	Solid Waste Fund	Total
General Fund		$1,349,694	$147,713	$ 57,420		$1,554,827
Capital Projects Fund				703,917		703,917
Border Security Trust Fund	$250,000					250,000
Highway and Streets Fund			150,000			150,000
Other governmental funds	13,817				$120,277	134,094
BDI Airport Fund		265,000				265,000
Total	$263,817	$1,614,694	$297,713	$761,337	$120,277	$3,057,838

Transfers were used to move revenues between funds in accordance with external restrictions or budgetary authorizations.

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

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

The Treasurer allocates interest earnings to each of the pool's participants.

A majority of all deposits and investments of the County's primary government are included in the County Treasurer's investment pool, except for $5,771 of cash, $2,872,920 of deposits and $193,785 in restricted cash. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks disclosed in Note 4.

Details of each major investment classification follow:

Investment type	Principal	Interest rates	Maturities	Amount
State Treasurer's investment pool 7	$ 60,000,000	None stated	None stated	$ 60,000,000
Money market mutual funds	18,375	None stated	None stated	18,375
U.S. agency securities	149,000,000	0.40%-3.0%	Up to 5 years	141,485,650

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

Statement of fiduciary net position	
Assets	$239,507,003
Net position	$239,507,003
Net position held for:	
Internal participants	$120,875,229
External participants	118,631,774
Total net position	$239,507,003
Statement of changes in fiduciary net position	
Total additions	$414,147,829
Total deductions	380,951,483
Net increase	33,196,346
Net position:	
July 1, 2021	206,310,657
June 30, 2022	$239,507,003

Note 12 - Discretely presented component unit—Cochise Private Industry Council, Inc.

A. Summary of significant accounting policies

For the year ended June 30, 2022, ARIZONA@WORK SEAZ implemented the provisions of GASB Statement No. 87, Leases, as amended, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, ARIZONA@WORK SEAZ's financial statements have been modified to reflect the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the contract payment provisions.

Basis of accounting
The statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

<u>Capital assets</u>
Capital assets, which include intangible right-to-use lease assets, are defined as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over the useful lives ranging from 5 to 15 years as determined by management based on experience for each class of asset. Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

<u>Leases</u>
Lessee liabilities are recognized with an initial, individual value of $1,000 or more. An estimated incremental borrowing rate to measure lease liabilities is utilized unless it can readily determine the interest rate implicit in the lease. The estimated incremental borrowing rate is based on a related party's current borrowing rate.

Lessor receivables are recognized with an initial, individual value of $1,000 or more. If there is no stated rate in the lease contract (or if the states rate is not the rate it charges the lessee) and the implicit rate cannot be determined, Cochise Private Industry Council, Inc.'s own estimated incremental borrowing rate is used as the discount rate to measure lease receivables. The estimated incremental borrowing rate is calculated as described above. Deferred inflows related to leases is recognized as revenue ratably over the term of the lease.

<u>Program revenues</u>
Reimbursement grants are recorded as receivables and revenues when the related expenses are incurred.

B. Cash

At June 30, 2022, the carrying amount of the Cochise Private Industry Council, Inc.'s deposits was $50,760, and the bank balance was $72,273.

The Cochise Private Industry Council does not have any formal policies as it relates to custodial credit risk applicable to its deposits.

C. Lease receivables

The Cochise Private Industry Council leases building space to a third party under the provisions of a lease agreement. At June 30, 2022, Cochise Private Industry Council recognized total lease-related revenues of $31,657.

The lease contract includes other payments for operating expenses, which are not included in the lease receivable. At June 30, 2022, Cochise Private Industry Council recognized revenues of $31,407 for other payments not included in the measurement of lease receivables.

D. Due from other governments

Due from other governments consists of the following grants receivable at June 30, 2022:

Program	Amount
Cochise County, Arizona	
WIOA Adult Program	$ 99,081
WIOA Dislocated Workers	78,212
WIOA Youth Program	62,503
	239,796
Other	23,984
Total	$263,780

E. Capital assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022
Capital assets being depreciated:				
Furniture and equipment	$ 123,379		$(15,864)	$ 107,525
Leasehold improvements	13,354			13,354
Intangibles:				
Right-to use lease assets:				
Buildings		$ 564,507		564,507
Total capital assets being depreciated/amortized	136,733	564,507	(15,864)	685,376
Less accumulated depreciation/amortization:	(122,097)	(103,665)	15,864	(209,898)
Total capital assets being depreciated/amortized, net	$ 14,636	$ 460,842	$	$ 475,478

F. Due to related party

Center for Academic Success, Inc. (CAS) is considered to be a related party of ARIZONA@WORK SEAZ because of common management as well as shared facilities and financial management systems.

During 2022, ARIZONA@WORK SEAZ paid $390,451 as reimbursement for expenses to CAS to administer the Professional Youth Quest program funded by the Workforce Innovation and Opportunity Act–Youth Activities grant. The amount due to CAS related to this program was $34,935 as of June 30, 2022.

G. Long-term liabilities

The following schedule details ARIZONA@WORK SEAZ's long-term liabilities and obligation activity for the year ended June 30, 2022:

	Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022	Due Within 1 Year
Governmental activities:					
Leases payable		$564,507	$ 86,939	$477,568	$106,950
Compensated absences	$42,112	46,480	42,112	46,480	
Total governmental activities long-term liabilities	$42,112	$610,987	$129,051	$524,048	$106,950

Leases—ARIZONA@WORK SEAZ's has acquired the right to use buildings under the provisions of various lease agreements. The total amount of lease assets and the related accumulated amortization is as follows:

Total intangible right-to-use lease assets	$564,507
Less: accumulated amortization	(98,980)
Carrying value	$465,527

The following schedule details minimum lease payments to maturity for ARIZONA@WORK SEAZ's leases payable at June 30, 2022:

	Governmental activities		
Year ending June 30,	Principal	Interest	Total
2023	$106,950	$21,450	$128,400
2024	112,423	15,977	128,400
2025	118,174	10,226	128,400
2026	124,220	4,180	128,400
2027	15,801	199	16,000
Total	$477,568	$52,032	$529,600

Other Required Supplementary Information

Cochise County
Required supplementary information
Budgetary comparison schedule
General Fund
Year ended June 30, 2022

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues:				
Taxes	$ 37,770,095	$ 37,237,936	$ 38,909,880	$ 1,671,944
Licenses and permits	20,500	20,500	24,137	3,637
Fees, fines, and forfeits	973,268	973,268	1,474,546	501,278
Intergovernmental	17,738,955	30,223,704	27,704,415	(2,519,289)
Charges for services	3,178,873	3,172,271	3,530,019	357,748
Investment income	200,000	200,000	(1,548,478)	(1,748,478)
Miscellaneous	47,681,560	35,479,082	833,902	(34,645,180)
Total revenues	107,563,251	107,306,761	70,928,421	(36,378,340)
Expenditures:				
Assessor	2,212,146	2,212,146	1,861,864	350,282
Attorney	3,101,382	3,108,714	3,070,668	38,046
Board of Supervisors	4,066,483	4,225,940	3,533,415	692,525
Cochise Aging and Social Services	8,105,996	8,187,302	7,807,267	380,035
General government	49,195,471	48,458,829	17,280,856	31,177,973
Health	1,725,616	1,747,504	1,698,724	48,780
Judicial system	13,227,178	13,182,913	11,158,847	2,024,066
Public and legal defenders	1,875,582	1,935,234	1,838,152	97,082
Recorder	727,517	727,517	600,155	127,362
Public safety	21,714,486	22,194,624	21,422,022	772,602
School Superintendent	496,012	496,012	478,117	17,895
Treasurer	1,159,199	1,159,199	1,018,032	141,167
Total expenditures	107,607,068	107,635,934	71,768,119	35,867,815
Excess (deficiency) of revenues over expenditures	(43,817)	(329,173)	(839,698)	(510,525)
Other financing sources:				
Sale of capital assets	30,000	30,000	142,666	112,666
Transfers in	13,817	299,173	263,817	(35,356)
Total other financing sources	43,817	329,173	406,483	77,310
Net change in fund balances			(433,215)	(433,215)
Fund balances, July 1, 2021	37,114,708	37,114,708	37,114,708	
Fund balances, June 30, 2022	$ 37,114,708	$ 37,114,708	$ 36,681,493	$ (433,215)

See accompanying notes to budgetary comparison schedule.

Cochise County
Required supplementary information
Budgetary comparison schedule
Highway and Streets Fund
Year ended June 30, 2022

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Intergovernmental	$11,354,479	$11,354,479	$ 13,935,515	$ 2,581,036
Charges for services	90,500	90,500	61,135	(29,365)
Investment income	80,000	80,000	(414,277)	(494,277)
Miscellaneous	12,976,941	12,976,941	9,418	(12,967,523)
Total revenues	24,501,920	24,501,920	13,591,791	(10,910,129)
Expenditures:				
Current:				
Highways and streets	24,351,920	24,351,920	11,022,618	10,234,176
Total expenditures	24,351,920	24,351,920	11,022,618	10,234,176
Excess (deficiency) of revenues over expenditures	150,000	150,000	2,569,173	2,419,173
Other financing sources (uses):				
Transfers out	(150,000)	(150,000)	(150,000)	
Total other financing sources and uses	(150,000)	(150,000)	(150,000)	
Net change in fund balances			2,419,173	2,419,173
Fund balances, July 1, 2021			13,555,083	13,555,083
Fund balances, June 30, 2022	$ -	$ -	$ 15,974,256	$ 15,974,256

See accompanying notes to budgetary comparison schedule.

Cochise County
Required supplementary information
Budgetary comparison schedule
Border Security Trust Fund
Year ended June 30, 2022

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Intergovernmental		$ 5,142,205	$ 1,538,272	$ (3,603,933)
Investment income			(160,258)	(160,258)
Miscellaneous			41,982	41,982
Total revenues		5,142,205	1,419,996	(3,722,209)
Expenditures:				
Current:				
Public safety		4,892,205	581,277	4,310,928
Total expenditures		4,892,205	581,277	4,310,928
Excess (deficiency) of revenues over expenditures		250,000	838,719	588,719
Other financing sources (uses):				
Transfers out		(250,000)	(250,000)	
Total other financing sources and uses		(250,000)	(250,000)	
Net change in fund balances			588,719	588,719
Fund balances, July 1, 2021				
Fund balances, June 30, 2022	$ -	$ -	$ 588,719	$ 588,719

See accompanying notes to budgetary comparison schedule.

Cochise County
Required supplementary information
Notes to budgetary comparison schedules
June 30, 2022

Note 1 - Budgeting and budgetary control

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

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

The General Fund's actual expenditures differ from the expenditures reported on the governmental fund's statement of revenues, expenditures, and changes in fund balances because transfers out were budgeted as expenditures.

Cochise County
Required supplementary information
Schedule of the County's proportionate share of the net pension liability
Cost-sharing pension plans
June 30, 2022

Arizona State Retirement System

	Reporting fiscal year (Measurement date)								
	2022 (2021)	**2021 (2020)**	**2020 (2019)**	**2019 (2018)**	**2018 (2017)**	**2017 (2016)**	**2016 (2015)**	**2015 (2014)**	**2014 through 2013**
County's proportion of the net pension liability	0.25%	0.26%	0.26%	0.27%	0.26%	0.26%	0.27%	0.29%	
County's proportionate share of the net pension liability	$ 32,770,053	$ 44,775,193	$ 37,422,682	$ 38,087,839	$ 40,054,284	$ 42,744,608	$ 42,532,701	$ 42,685,890	
County's covered payroll	28,176,928	28,791,204	27,248,793	27,317,312	25,122,131	24,779,581	25,133,395	26,034,337	Information not available
County's proportionate share of the net pension liability as a percentage of its covered payroll	116.3%	155.5%	137.3%	139.4%	159.4%	172.5%	169.2%	163.96%	
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

Corrections Officer Retirement Plan—
Administrative Office of the Courts

	Reporting fiscal year (Measurement date)								
	2022 (2021)	**2021 (2020)**	**2020 (2019)**	**2019 (2018)**	**2018 (2017)**	**2017 (2016)**	**2016 (2015)**	**2015 (2014)**	**2014 through 2013**
County's proportion of the net pension liability	1.72%	1.81%	1.80%	1.81%	1.61%	1.58%	1.72%	1.76%	
County's proportionate share of the net pension liability	$ 6,394,939	$ 8,624,824	$ 7,614,859	$ 6,521,429	$ 6,456,911	$ 4,457,185	$ 4,178,318	$ 3,949,941	
County's covered payroll	2,108,805	2,356,028	2,253,381	2,097,458	1,828,728	1,745,725	1,912,811	1,959,540	Information not available
County's proportionate share of the net pension liability as a percentage of its covered payroll	303.2%	366.1%	337.9%	310.9%	353.1%	255.3%	218.44%	201.57%	
Plan fiduciary net position as a percentage of the total pension liability	62.53%	50.07%	51.99%	53.72%	49.21%	54.81%	57.89%	58.59%	

Elected Officials Retirement Plan

	Reporting fiscal year (Measurement date)								
	2022 (2021)	**2021 (2020)**	**2020 (2019)**	**2019 (2018)**	**2018 (2017)**	**2017 (2016)**	**2016 (2015)**	**2015 (2014)**	**2014 through 2013**
County's proportion of the net pension liability	2.06%	2.04%	2.04%	1.66%	1.78%	1.95%	1.84%	1.87%	
County's proportionate share of the net pension liability	$ 12,543,558	$ 13,801,851	$ 13,512,989	$ 10,482,318	$ 21,749,157	$ 18,427,509	$ 14,367,585	$ 12,532,950	
State's proportionate share of the net pension liability associated with the County	1,260,831	1,311,756	1,270,081	1,796,077	4,513,931	3,804,807	4,479,215	3,842,719	Information not available
Total	$ 13,804,389	$ 15,113,607	$ 14,783,070	$ 12,278,395	$ 26,263,088	$ 22,232,316	$ 18,846,800	$ 16,375,669	
County's covered payroll	$ 1,785,558	$ 1,727,778	$ 2,067,858	$ 1,499,119	$ 1,291,276	$ 1,357,975	$ 1,544,807	$ 1,722,405	
County's proportionate share of the net pension liability as a percentage of its covered payroll	702.5%	798.8%	653.5%	699.2%	1684.3%	1357.0%	930.06%	727.64%	
Plan fiduciary net position as a percentage of the total pension liability	36.28%	29.80%	30.14%	30.36%	19.66%	23.42%	28.32%	31.91%	

See accompanying notes to pension plan schedules.

Cochise County
Required supplementary information
Schedule of changes in the County's net pension liability and related ratios
Agent pension plans
June 30, 2022

	Reporting fiscal year (Measurement date)								
Public Safety Personnel Retirement System—Sheriff	2022	2021	2020	2019	2018	2017	2016	2015	2014 through
Total pension liability	(2021)	(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)	2013
Service cost	$ 862,586	$ 886,465	$ 988,563	$ 949,321	$ 1,037,941	$ 912,659	$ 897,651	$ 864,164	
Interest on the total pension liability	4,197,460	3,992,588	3,809,328	3,575,183	3,282,075	3,306,647	3,212,596	2,633,247	
Changes of benefit terms					705,650	344,258		1,126,739	
Differences between expected and actual experience in the measurement of the pension liability	(1,854,119)	838,018	54,071	1,034,834	(187,240)	(1,789,290)	(213,315)	273,161	
Changes of assumptions or other inputs			1,377,328		2,581,911	1,605,977		5,093,748	
Benefit payments, including refunds of employee contributions	(2,969,641)	(2,803,785)	(3,019,446)	(2,798,784)	(2,848,727)	(2,760,829)	(2,651,828)	(2,603,292)	
Net change in total pension liability	236,286	2,913,286	3,209,844	2,760,554	4,571,610	1,619,422	1,245,104	7,387,767	
Total pension liability—beginning	58,121,693	55,208,407	51,998,563	49,238,009	44,666,399	43,046,977	41,801,873	34,414,106	
Total pension liability—ending (a)	$ 58,357,979	$ 58,121,693	$ 55,208,407	$ 51,998,563	$ 49,238,009	$ 44,666,399	$ 43,046,977	$ 41,801,873	
Plan fiduciary net position									
Contributions—employer	$ 2,525,213	$ 2,841,950	$ 2,774,136	$ 2,321,111	$ 2,447,945	$ 3,414,120	$ 2,816,097	$ 1,590,648	
Contributions—employee	363,655	396,947	403,241	416,973	572,902	542,026	533,148	480,171	
Net investment income	5,831,472	257,546	1,027,398	1,159,997	1,994,903	95,788	479,555	1,625,439	Information
Benefit payments, including refunds of employee contributions	(2,969,641)	(2,803,785)	(3,019,446)	(2,798,784)	(2,848,727)	(2,760,829)	(2,651,828)	(2,603,292)	not available
Hall/Parker settlement				(702,104)					
Pension plan administrative expense	(27,055)	(20,998)	(18,846)	(18,355)	(18,052)	(14,183)	(12,070)		
Other changes			(15,619)	(130,940)	(45,634)	133,030	11,916	(884,905)	
Net change in plan fiduciary net position	5,723,644	671,660	1,150,864	247,898	2,103,337	1,409,952	1,176,818	208,061	
Plan fiduciary net position—beginning	19,848,772	19,177,112	18,026,247	17,778,349	15,675,012	14,265,060	13,088,242	12,880,181	
Plan fiduciary net position—ending (b)	$ 25,572,416	$ 19,848,772	$ 19,177,111	$ 18,026,247	$ 17,778,349	$ 15,675,012	$ 14,265,060	$ 13,088,242	
County's net pension liability—ending (a) - (b)	$ 32,785,563	$ 38,272,921	$ 36,031,296	$ 33,972,316	$ 31,459,660	$ 28,991,387	$ 28,781,917	$ 28,713,631	
Plan fiduciary net position as a percentage of the total pension liability	43.82%	34.15%	34.74%	34.67%	36.11%	35.09%	33.14%	31.31%	
Covered payroll	$ 5,416,350	$ 5,698,159	$ 5,323,875	$ 5,288,422	$ 4,783,431	$ 4,745,782	$ 4,885,979	$ 4,681,028	
County's net pension liability as a percentage of covered payroll	605.31%	671.67%	676.79%	642.39%	657.68%	610.89%	589.07%	613.40%	

See accompanying notes to pension plan schedules.

Cochise County
Required supplementary information
Schedule of changes in the County's net pension liability and related ratios
Agent pension plans
June 30, 2022
(Concluded)

Corrections Officer Retirement Plan—Detention	Reporting fiscal year (Measurement date) 2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2013
Total pension liability									
Service cost	$ 242,051	$ 256,408	$ 317,614	$ 342,971	$ 330,614	$ 297,814	$ 292,414	$ 282,410	
Interest on the total pension liability	1,010,366	941,529	875,544	840,121	724,260	742,741	666,802	574,310	
Changes of benefit terms				(647,977)	1,384,226	13,188		133,007	
Differences between expected and actual experience in the measurement of the pension liability	(1,356)	464,133	277,148	513,693	(331,887)	(636,880)	512,038	(165,636)	
Changes of assumptions or other inputs			312,821		301,101	362,499		798,887	
Benefit payments, including refunds of employee contributions	(732,195)	(677,291)	(634,580)	(797,915)	(638,712)	(562,548)	(450,596)	(448,901)	
Net change in total pension liability	518,866	984,779	1,148,547	250,893	1,769,602	216,814	1,020,658	1,174,077	
Total pension liability—beginning	13,964,672	12,979,893	11,831,346	11,580,453	9,810,851	9,594,037	8,573,379	7,399,302	
Total pension liability—ending (a)	$ 14,483,538	$ 13,964,672	$ 12,979,893	$ 11,831,346	$ 11,580,453	$ 9,810,851	$ 9,594,037	$ 8,573,379	
Plan fiduciary net position									
Contributions—employer	$ 694,560	$ 585,531	$ 527,420	$ 469,110	$ 448,799	$ 400,307	$ 268,393	$ 222,257	
Contributions—employee	127,642	143,084	154,457	195,131	184,017	197,513	171,671	141,534	Information not available
Net investment income	1,828,969	177,408	331,548	396,107	648,996	32,454	182,577	617,823	
Benefit payments, including refunds of employee contributions	(732,195)	(677,291)	(634,580)	(797,915)	(638,712)	(562,548)	(450,596)	(448,901)	
Administrative expense	(8,451)	(6,866)	(6,617)	(6,693)	(6,077)	(4,989)	(4,869)		
Other changes		(10,437)		(118)	(33)	36,666	(25,999)	(497,992)	
Net change in plan fiduciary net position	1,910,525	211,429	372,228	255,622	636,990	99,403	141,177	34,721	
Plan fiduciary net position—beginning	6,683,936	6,472,507	6,100,279	5,844,657	5,207,667	5,108,264	4,967,087	4,932,366	
Plan fiduciary net position—ending (b)	$ 8,594,461	$ 6,683,936	$ 6,472,507	$ 6,100,279	$ 5,844,657	$ 5,207,667	$ 5,108,264	$ 4,967,087	
County's net pension liability—ending (a) - (b)	$ 5,889,077	$ 7,280,736	$ 6,507,386	$ 5,731,067	$ 5,735,796	$ 4,603,184	$ 4,485,773	$ 3,606,292	
Plan fiduciary net position as a percentage of the total pension liability	59.34%	47.86%	49.87%	51.56%	50.47%	53.08%	53.24%	57.94%	
Covered payroll	$ 2,600,893	$ 2,715,762	$ 2,318,248	$ 2,477,913	$ 2,268,355	$ 2,239,735	$ 2,168,765	$ 1,960,381	
County's net pension liability as a percentage of covered payroll	226.43%	268.09%	280.70%	222.31%	252.86%	205.52%	206.84%	183.96%	

See accompanying notes to pension plan schedules.

Cochise County
Required supplementary information
Schedule of County pension contributions
June 30, 2022

Arizona State Retirement System

	Reporting fiscal year									
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Statutorily required contribution	$ 3,187,278	$ 3,320,577	$ 3,176,996	$ 2,945,070	$ 2,965,840	$ 2,701,331	$ 2,688,971	$ 2,738,453	$ 2,774,744	
County's contributions in relation to the statutorily required contribution	3,187,278	3,320,577	3,176,996	2,945,070	2,965,840	2,701,331	2,688,971	2,738,453	2,774,744	
County's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	Information not available
County's covered payroll	$ 29,593,679	$ 28,176,928	$ 28,791,204	$ 27,248,793	$ 27,317,312	$ 25,122,131	$ 24,779,581	$ 25,133,395	$ 26,034,337	
County's contributions as a percentage of covered payroll	10.77%	11.78%	11.03%	10.81%	10.86%	10.75%	10.85%	10.90%	10.66%	

Corrections Officer Retirement Plan—Administrative Office of the Courts

	Reporting fiscal year									
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Statutorily required contribution	$ 690,785	$ 653,064	$ 684,566	$ 718,941	$ 477,270	$ 363,649	$ 332,346	$ 284,626	$ 273,752	
County's contributions in relation to the statutorily required contribution	690,785	653,064	684,566	718,941	477,270	363,649	332,346	284,626	273,752	
County's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	Information not available
County's covered payroll	$ 2,008,628	$ 2,108,805	$ 2,356,028	$ 2,253,381	$ 2,097,458	$ 1,828,728	$ 1,745,725	$ 1,912,811	$ 1,959,540	
County's contributions as a percentage of covered payroll	34.39%	30.97%	29.06%	31.90%	22.75%	19.89%	19.04%	14.88%	13.97%	

Elected Officials Retirement Plan

	Reporting fiscal year									
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Statutorily required contribution	$ 1,011,666	$ 1,010,737	$ 998,444	$ 975,743	$ 314,179	$ 303,450	$ 319,124	$ 363,029	$ 398,234	
County's contributions in relation to the statutorily required contribution	1,011,666	1,010,737	998,444	975,743	13,397	303,450	319,124	363,029	398,234	
County's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ 300,782	$ -	$ -	$ -	$ -	Information not available
County's covered payroll	$ 1,781,783	$ 1,785,558	$ 1,727,778	$ 2,067,858	$ 1,499,119	$ 1,291,276	$ 1,357,975	$ 1,544,807	$ 1,722,405	
County's contributions as a percentage of covered payroll	56.78%	56.61%	57.79%	47.19%	0.89%	23.50%	23.50%	23.50%	23.12%	

See accompanying notes to pension plan schedules.

Cochise County
Required supplementary information
Schedule of County pension contributions
June 30, 2022
(Concluded)

Public Safety Personnel Retirement System—Sheriff

	Reporting fiscal year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 2,616,875	$ 2,571,735	$ 2,927,213	$ 2,763,453	$ 2,359,040	$ 2,411,458	$ 2,413,915	$ 1,854,142	$ 1,590,648	
County's contributions in relation to the actuarially determined contribution	7,902,805	2,571,735	2,927,213	2,763,453	1,724,096	2,411,458	3,413,915	2,854,142	1,590,648	
County's contribution deficiency (excess)	$ (5,285,930)	$ -	$ -	$ -	$ 634,944	$ -	$ (1,000,000)	$ (1,000,000)	$ -	Information not available
County's covered payroll	$ 5,424,610	$ 5,416,350	$ 5,698,159	$ 5,323,875	$ 5,288,422	$ 4,783,431	$ 4,745,782	$ 4,885,979	$ 4,681,028	
County's contributions as a percentage of covered payroll	145.68%	47.48%	51.37%	51.91%	32.60%	50.41%	71.94%	58.41%	33.98%	

Corrections Officer Retirement Plan—Detention

	Reporting fiscal year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 801,765	$ 723,172	$ 614,285	$ 547,986	$ 516,924	$ 437,766	$ 384,058	$ 268,394	$ 222,257	
County's contributions in relation to the actuarially determined contribution	801,765	723,172	614,285	547,986	516,924	437,766	384,058	268,394	222,257	
County's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	Information not available
County's covered payroll	$ 2,911,523	$ 2,600,893	$ 2,715,762	$ 2,318,249	$ 2,577,913	$ 2,268,355	$ 2,239,735	$ 2,168,765	$ 1,960,381	
County's contributions as a percentage of covered payroll	27.54%	27.80%	22.62%	23.64%	20.05%	19.30%	17.15%	12.38%	11.34%	

See accompanying notes to pension plan schedules.

Cochise County
Required supplementary information
Notes to pension plan schedules
June 30, 2022

Note 1 – Actuarially determined contribution rates

Actuarial determined contribution rates for PSPRS and CORP are calculated as of June 30, 2 years prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percentage-of-pay, closed
Remaining amortization period as of the 2020 actuarial valuation	26 years for PSPRS; 16 years for CORP
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0% – 8.0% to 3.5% – 7.5% for PSPRS and from 4.0% – 7.25% to 3.5% – 6.5% for CORP. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% – 8.5% to 4.0% – 8.0% for PSPRS and from 4.5% – 7.75% to 4.0% – 7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0% – 9.0% to 4.5% – 8.5% for PSPRS and from 5.0% – 8.25% to 4.5% – 7.75% for CORP.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS and CORP. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006-June 30, 2011.
Mortality	In the 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

Note 2 – Factors that affect trends

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

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

Note 3 – Excess Contributions

During Fiscal Year 2022, Cochise County made additional contributions totaling $5,285,930 to the County's Public Safety Personnel Retirement System to pay down its unfunded actuarial liability.

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SINGLE AUDIT REPORT

LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*

Members of the Arizona State Legislature

The Board of Supervisors of
Cochise County, Arizona

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General, the financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Cochise County as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 21, 2023. Our report includes a reference to other auditors who audited the financial statements of the Housing Authority and Cochise Private Industry Council, Inc., as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Report on internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-01, 2022-02, and 2022-03, that we consider to be significant deficiencies.

Report on compliance and other matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of the other auditors disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and that is described in the accompanying schedule of findings and questioned costs as item 2022-03.

County response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit that are presented in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

June 21, 2023

LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent auditors' report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by the Uniform Guidance

Members of the Arizona State Legislature

The Board of Supervisors of
Cochise County, Arizona

Report on compliance for each major federal program

Opinion on each major federal program

We have audited Cochise County's compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022, except for the Housing Voucher Cluster (Assistance Listings number 14.871), a major federal program administered by the County's Housing Authority. The major federal program was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to that major federal program's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, is based solely on the report of the other auditors. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, based on our audit and the report of the other auditors, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for opinion on each major federal program

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the U.S. Comptroller General, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the auditors' responsibilities for the audit of compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Other matter—Federal expenditures not included in the compliance audit

The County's basic financial statements include the operations of the Cochise Private Industry Council, Inc., which expended $2,439,906 in federal awards that is not included in the County's schedule of expenditures of federal awards during the year ended June 30, 2022. Our compliance audit, described in the opinion of each major federal program section, does not include the operations of Cochise Private Industry Council, Inc., because it engaged other auditors to perform its audit.

Management's responsibilities for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditors' responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we express no such opinion.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other matters

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and that is described in the accompanying schedule of findings and questioned costs as item 2022-101. Our opinion on each major federal program is not modified with respect to this matter.

Report on internal control over compliance

Our consideration of internal control over compliance was for the limited purpose described in the auditors' responsibilities for the audit of compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We and the report of the other auditors did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-101 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

County response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the noncompliance and internal control over compliance findings that are presented in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

June 21, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of auditors' results

Financial statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles	**Unmodified**
Internal control over financial reporting	
Material weaknesses identified?	**No**
Significant deficiencies identified?	**Yes**
Noncompliance material to the financial statements noted?	**No**

Federal awards

Internal control over major programs	
Material weaknesses identified?	**No**
Significant deficiencies identified?	**Yes**
Type of auditors' report issued on compliance for major programs:	**Unmodified**
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	**Yes**

Identification of major programs

Assistance Listings number	Name of federal program or cluster
14.871	Housing Voucher Cluster
20.106	Airport Improvement Program/COVID-19 Airport Improvement Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
93.391	COVID-19 Activities to Support State, Local, and Territorial (STLT) Health Department Response to Public Health or Healthcare Crisis
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs	**$750,000**
Auditee qualified as low-risk auditee?	**No**

Financial statement findings

2022-01

The County allowed 3 employees the ability to change pay rates—including their own—without independent review and approval and without monitoring their payroll processing activities, increasing the risk of fraud and potential misuse of public monies

Condition—County management knowingly allowed 3 employees the ability to change their own pay rates without an independent review and approval and without monitoring their payroll processing activities to ensure that only authorized pay rate changes were made. We reviewed the pay rate changes these 3 employees made during the year and noted no unauthorized pay rate changes.

Effect—Without review and monitoring procedures in place, the County was exposed to an increased risk of fraud and misuse of public monies because employees could overpay themselves or others without detection.

Cause—During the fiscal year, the County reduced the number of employees having the ability to change their own pay rates on the County's system from 9 employees to 3 employees. However, according to County management, because of limited resources they were unable to develop and implement written policies and procedures to monitor these employees' payroll processing activities due to the County's need to prioritize other payroll-related projects.

Criteria—When separating the responsibilities for processing and approving payroll amounts to be paid to employees is not practical, monitoring the activities of individuals having incompatible roles is an essential part of internal control standards, such as the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States, and integral to ensuring monies are not fraudulently or mistakenly misused.[1]

Recommendations—The County should allocate resources appropriately to develop and implement written policies and procedures that:

1. Eliminate an employee's ability to change their own pay rates without an independent review and approval.
2. Require IT to continually monitor employees' payroll processing activities, especially when incompatible role assignments or abilities on the system cannot be avoided, to help reduce the risk of fraud and the potential misuse of public monies.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2021-01.

[1] U.S. Government Accountability Office (GAO). (2014). *Standards for internal control in the federal government.* Retrieved on 4/13/2023 from https://www.gao.gov/assets/670/665712.pdf.

2022-02

The County's control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data

Condition—The County's control procedures were not sufficiently developed and implemented to respond to risks associated with its information technology (IT) systems and data. Specifically, the County lacked sufficient procedures for restricting access to consistently help prevent or detect unauthorized or inappropriate access to its IT systems and data.

Effect—There is an increased risk that the County may not adequately protect its IT systems and data, which could result in unauthorized or inappropriate access and/or the loss of confidentiality or integrity of systems and data.

Cause—The County's administration and IT management implemented procedures for securing its systems and data during the year but reported that it was unable to prioritize developing and implementing a sufficient process for assigning and reviewing account access for key users.

Criteria—Implementing effective internal controls that follow a credible industry source, such as the National Institute of Standards and Technology, help the County to protect its IT systems and ensure the integrity and accuracy of the data it maintains. Specifically, restricting access through logical access control helps to ensure systems and data are accessed by users who have a need, and the access granted is appropriate and compatible with job responsibilities.

Recommendations—The County's administration and IT management should:

1. Make it a priority to develop and implement comprehensive IT policies and procedures and develop a process to ensure the procedures are being consistently followed.
2. Restrict access to its IT systems and data, develop and implement processes to assign and periodically review employee user access ensuring appropriateness and compatibility with job responsibilities.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2021-02.

2022-03

The County failed to provide key financial information to auditors timely and issued its Annual Financial Report late, resulting in untimely financial information to decision makers

Condition—Contrary to State law, the County issued its Annual Financial Report for the year ended June 30, 2022, 12 months after fiscal year-end, nearly 3 months later than required. Specifically, the County's Finance Department failed to provide key financial information, such as complete financial statements, associated note disclosures, and supporting schedules, to auditors by established deadlines agreed upon at the beginning of the audit. The information was provided to auditors up to 3 months past agreed-upon deadlines.

Effect—The County's Finance Department did not provide timely financial information to its Board of Supervisors and others who rely on it to make important decisions about the County's operations. Additionally, because the County had not issued timely financial statements, its Annual Expenditure Limitation Report (AELR), which relies on information from the financial statements and was due 9 months after fiscal year-end, will also be issued late.

Cause—The County experienced significant delays at the beginning of the audit due to turnover in the position responsible for compiling the financial statements, and therefore, decided to outsource the preparation of its financial statements to a third party during the audit. Further, the County had not developed written policies and procedures for the Finance Department to reconcile the financial statements to the underlying accounting records to ensure they were accurate and adequately supported before providing the financial statements for audit, resulting in additional delays.

Criteria—State law requires the County to issue its audited financial statements and AELR within 9 months after fiscal year-end, or by March 31, 2023, for the June 30, 2022, financial statements and AELR (Arizona Revised Statutes §41-1279.07[C]). Developing and implementing policies and procedures for preparing financial information for the County financial statements and other reports, including providing key information for audit by agreed-upon dates after reconciling financial statement information to the underlying accounting records, is an essential part of internal control standards, such as the *Standards for Internal Control in Federal Government* issued by the Comptroller General of the United States, and integral to ensuring the County's financial reporting and related compliance objectives are achieved.[1]

Recommendations—The County should:

1. Provide key financial information to auditors by the agreed-upon deadlines established at the beginning of the audit to ensure timely issuance of its audited financial statements.
2. Develop and implement written policies and procedures for requiring the Finance Department to reconcile the County's financial statements to the underlying accounting records to ensure they are accurate and properly supported before providing the financial statements for audit.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

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[1] U.S. Government Accountability Office (GAO). (2014). *Standards for internal control in the federal government.* Retrieved on 4/5/23 from https://www.gao.gov/assets/670/665712.pdf.

Federal award findings and questioned costs

2022-101

Assistance Listings numbers and names: Not applicable

Questioned costs: Not applicable

Condition—Contrary to federal regulation, the County did not submit its June 30, 2022, Single Audit Report to the federal audit clearinghouse until June 21, 2023, which was nearly 3 months later than required.

Effect—The County submitting its Single Audit Report late prevents the federal government and other grantors of federal awards from having current information to effectively monitor their programs and could delay corrective actions that need to be taken by the County. Further, federal grantors may deny the County future federal awards or subject it to additional cash-monitoring requirements. This finding was not a result of internal control deficiencies of individual federal programs and, accordingly, did not have a direct and material effect on the compliance requirements over the County's major federal programs.

Cause—The County failed to prepare its June 30, 2022, Annual Financial Report in a timely manner for the reasons we reported in finding 2022-03, which delayed the completion of the Single Audit.

Criteria—Federal regulation requires the County to submit its Single Audit Report to the federal audit clearinghouse no later than 9 months after the fiscal year-end, or by March 31, 2023, for the County's June 30, 2022, Single Audit Report (2 CFR §200.512).

Recommendations—The County should improve its financial reporting process, as noted in finding 2022-03, so that it can submit all future Single Audit Reports on or before the federally required submission deadline, which is no later than 9 months after fiscal year-end or by March 31 of the subsequent year.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

COUNTY SECTION

COCHISE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2021 - 6/30/2022

Federal Awarding Agency/Program Title	Federal CFDA Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned By Funder Pass-Through Entity	Total Amount Provided to Sub-Recipients	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
DEPARTMENT OF AGRICULTURE									
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	10.557		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR0404363 A3 & A4		$640,486	$640,486	N/A	$0
SCHOOLS AND ROADS - GRANTS TO STATES	10.665					$374,698	$374,698	FOREST SERVICE SCHOOLS AND ROADS CLUSTER	$374,698
WATERSHED PROTECTION AND FLOOD PREVENTION	10.904					$210,694	$210,694	N/A	$0
NATIONAL FOREST SYSTEM-LAW ENFORCEMENT	10.U01	18-LE-11030500-003 MOD 3				$15,106	$15,106	N/A	$0
TOTAL DEPARTMENT OF AGRICULTURE						$1,240,984			
DEPARTMENT OF DEFENSE									
FOREST PRODUCT SALES	12.U02	10 USC 2665				$596	$596	N/A	$0
TOTAL DEPARTMENT OF DEFENSE						$596			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
SECTION 8 HOUSING CHOICE VOUCHERS	14.871					$3,499,504	$3,640,646	HOUSING VOUCHER CLUSTER	$3,640,646
SECTION 8 HOUSING CHOICE VOUCHERS	14.871	COVID-19				$141,142	$3,640,646	HOUSING VOUCHER CLUSTER	$3,640,646
FAMILY SELF-SUFFICIENCY PROGRAM	14.896					$67,237	$67,237	N/A	$0
EMERGENCY HOUSING VOUCHERS	14.U03	UNKNOWN				$65,257	$65,257	N/A	$0
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						$3,773,140			
DEPARTMENT OF THE INTERIOR									
DISTRIBUTION OF RECEIPTS TO STATE AND LOCAL GOVERNMENTS	15.227					$5,617	$5,617	N/A	$0
TOTAL DEPARTMENT OF THE INTERIOR						$5,617			
DEPARTMENT OF JUSTICE									
CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING PROGRAM	16.034	COVID-19	ARIZONA CRIMINAL JUSTICE COMMISSION	ACESF-21-015 ACESF-21-016 ACESF-22-001		$137,232	$137,232	N/A	$0
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY	2020-140		$115,873	$115,873	N/A	$0
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738		ARIZONA CRIMINAL JUSTICE COMMISSION	DC-22-003 DC-22-021		$78,402	$78,402	N/A	$0
ORGANIZED CRIME DRUG ENFORCEMENT TASK FORCES	16.U04	SW-AZT-0908				$25,338	$25,338	N/A	$0
TOTAL DEPARTMENT OF JUSTICE						$356,845			
DEPARTMENT OF TRANSPORTATION									
AIRPORT IMPROVEMENT PROGRAM	20.106					$1,495,280	$1,610,692	N/A	$0
AIRPORT IMPROVEMENT PROGRAM	20.106	COVID-19				$115,412	$1,610,692	N/A	$0
HIGHWAY PLANNING AND CONSTRUCTION	20.205		ARIZONA DEPARTMENT OF TRANSPORTATION	JPA/IGA 11-121-1 A2		$5,498	$5,498	HIGHWAY PLANNING AND CONSTRUCTION CLUSTER	$5,498
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		ARIZONA GOVERNORS'S OFFICE OF HIGHWAY SAFETY	2021-AL-012 2021-PTS-015 2022-PTS-016 2022-AL-012		$61,001	$61,001	HIGHWAY SAFETY CLUSTER	$69,401
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNORS'S OFFICE OF HIGHWAY SAFETY	2022-CIOT-006		$8,400	$8,400	HIGHWAY SAFETY CLUSTER	$69,401
INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR TRAINING AND PLANNING GRANTS	20.703		ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY	693JK31940003HMEP		$2,260	$2,260	N/A	$0
TOTAL DEPARTMENT OF TRANSPORTATION						$1,687,851			
DEPARTMENT OF TREASURY									
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19			$263,400	$3,833,122	$3,833,122	N/A	$0
TOTAL DEPARTMENT OF TREASURY					$263,400	$3,833,122			
INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES									
GRANTS TO STATES	45.310	COVID-19	ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS	2021-ARPA-11		$6,551	$6,551	N/A	$0
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES						$6,551			
ENVIRONMENTAL PROTECTION AGENCY									
BROWNFIELDS ASSESSMENT AND CLEANUP COOPERATIVE AGREEMENTS	66.818					$158,636	$158,636	N/A	$0
TOTAL ENVIRONMENTAL PROTECTION AGENCY						$158,636			
DEPARTMENT OF EDUCATION									
ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365		ARIZONA DEPARTMENT OF EDUCATION	21FELENG-113161-66A	$13,183	$13,183	$13,183	N/A	$0
EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425D	ARIZONA DEPARTMENT OF EDUCATION	20FERNT-013161-01A		$16,327	$16,327	N/A	$0
TOTAL DEPARTMENT OF EDUCATION					$13,183	$29,510			
DELTA REGIONAL AUTHORITY or DENALI COMMISSION or ELECTION ASSISTANCE COMMISSION or JAPAN U.S. FRIENDSHIP COMMISSION									
2018 HAVA ELECTION SECURITY GRANTS	90.404		ARIZONA SECRETARY OF STATE'S OFFICE	AZ20101001		$104,198	$104,198	N/A	$0
TOTAL DELTA REGIONAL AUTHORITY or DENALI COMMISSION or ELECTION ASSISTANCE COMMISSION or JAPAN U.S. FRIENDSHIP COMMISSION						$104,198			
DEPARTMENT OF HEALTH AND HUMAN SERVICES									
SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART B_GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS	93.044		SOUTHEASTERN ARIZONA GOVERNMNENTS ORGANIZATION	107-22		$105,771	$105,771	AGING CLUSTER	$105,771
PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS17-133164 A8 CTR055207		$176,516	$176,516	N/A	$0
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR050594		$90,000	$90,000	N/A	$0
INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS	93.136		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-180472 A4 & A5		$145,758	$145,758	N/A	$0
IMMUNIZATION COOPERATIVE AGREEMENTS	93.268		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-177676 A2-A6		$155,442	$262,140	N/A	$0
IMMUNIZATION COOPERATIVE AGREEMENTS	93.268	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-177676 A3-A6		$106,698	$262,140	N/A	$0
EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC)	93.323	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	IGA2021-055 IGA2021-074		$581,815	$581,815	N/A	$0

PUBLIC HEALTH EMERGENCY RESPONSE: COOPERATIVE AGREEMENT FOR EMERGENCY RESPONSE: PUBLIC HEALTH CRISIS RESPONSE	*93.354*	*COVID-19*	*ARIZONA DEPARTMENT OF HEALTH SERVICES*	*ADHS17-133164 A8 CTR055207 A1*		*$35,315*	*$35,315*	*N/A*	*$0*
ACTIVITIES TO SUPPORT STATE, TRIBAL, LOCAL AND TERRITORIAL (STLT) HEALTH DEPARTMENT RESPONSE TO PUBLIC HEALTH OR HEALTHCARE CRISES	*93.391*	*COVID-19*	*ARIZONA DEPARTMENT OF HEALTH SERVICES*	*CTR055990*		*$861,302*	*$861,302*	*N/A*	*$0*
CHILD SUPPORT ENFORCEMENT	*93.563*		*ARIZONA DEPARTMENT OF ECONOMIC SECURITY*	*DI18-002171 DI16-002163*		*$38,055*	*$38,055*	*N/A*	*$0*
CHILD CARE AND DEVELOPMENT BLOCK GRANT	*93.575*		*EARLY CHILDHOOD HEALTH AND DEVELOPMENT BOARD*	*GRA-STATE-19-0968-01-Y4 A1*		*$11,579*	*$11,579*	*CCDF CLUSTER*	*$11,579*
FOSTER CARE_TITLE IV-E	*93.658*		*ADMINISTRATIVE OFFICE OF THE COURTS*	*TITLIVEFY22Q1 TITLIV FY22Q2 TITLIV FY22Q3 TITLIV FYQ4 TITLEIVE1FY22*		*$89,995*	*$89,995*	*N/A*	*$0*
OPIOID STR	*93.788*		*ARIZONA DEPARTMENT OF HEALTH SERVICES*	*ADHS18-180472 A4 & A5*		*$147,307*	*$147,307*	*N/A*	*$0*
PREVENTIVE HEALTH SERVICES_SEXUALLY TRANSMITTED DISEASES CONTROL GRANTS	*93.977*		*ARIZONA DEPARTMENT OF HEALTH SERVICES*	*CTR040475 A1 & A2*		*$50,127*	*$50,127*	*N/A*	*$0*
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	*93.994*		*ARIZONA DEPARTMENT OF HEALTH SERVICES*	*CTR055282 A1 CTR055256 A1*		*$143,768*	*$143,768*	*N/A*	*$0*
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES						$2,739,448			
EXECUTIVE OFFICE OF THE PRESIDENT									
HIGH INTENSITY DRUG TRAFFICKING AREAS PROGRAM	*95.001*		*CITY OF TUCSON*	*HT-20-2909 HT-21-2909 HT-20-2912 HT-19-2912*		*$208,576*	*$208,576*	*N/A*	*$0*
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT						$208,576			
DEPARTMENT OF HOMELAND SECURITY									
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	*97.042*		*ARIZONA DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS*	*EMF-2021-EP-00016/18*		*$338,724*	*$355,000*	*N/A*	*$0*
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	*97.042*	*COVID-19*	*ARIZONA DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS*	*EMF-2021-EP-00016/18*		*$16,276*	*$355,000*	*N/A*	*$0*
HOMELAND SECURITY GRANT PROGRAM	*97.067*		*ARIZONA DEPARTMENT OF HOMELAND SECURITY*	*19-AZDOHS-OPSG-190411-02 20-AZDOHS-OPSG-200412-01 20-AZDOHS-OPSG-200412-02 19-AZDOHS-HSGP-190400-03 19-AZDOHS-HSGP-190400-04 20-AZDOHS-HSGP-200400-01 21-AZDOHS-HSGP-200400-01 21-AZDOHS-HSGP-200400-02*		*$760,715*	*$760,715*	*N/A*	*$0*
TOTAL DEPARTMENT OF HOMELAND SECURITY						$1,115,715			
TOTAL EXPENDITURE OF FEDERAL AWARDS					$276,583	$15,260,789			

Please Note:

Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

COCHISE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2021 - 6/30/2022

Significant Accounting Policies Used in Preparing the SEFA
Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

10% De Minimis Cost Rate
The County did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

Basis of presentation
The accompanying schedule of expenditures of federal awards (schedule) includes Cochise County's federal grant activity for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Federal Assistance Listings number
The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantor or the 2022 Federal Assistance Listings. When no Federal Assistance Listings number had been assigned to a program, the 2-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the 2-digit federal agency identifier and the word unknown were used.

Donated personal protective equipment (PPE)
At the time of receipt, the fair market value of donated personal protective equipment purchased with federal assistance funds for the year ended June 30, 2022 was $6,235.

COUNTY RESPONSE

Cochise County
Finance Department

Public Programs...Personal Service
www.cochise.az.gov

Monica Miranda
Finance Director

May 8, 2023

Lindsey A. Perry
Arizona Auditor General
2910 N. 44th St., Ste. 410

Dear Ms. Perry:

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in *Government Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for each finding, we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Monica Miranda
Cochise County Finance Director

1415 Melody Lane, Building G
Bisbee, Arizona 85603
520-432-8370
520-432-8398 fax
mmiranda@cochise.az.gov

Cochise County

Corrective Action Plan
Year ended June 30, 2022

Financial statement findings

2022-01

The County allowed 3 employees the ability to change pay rates—including their own—without independent review and approval and without monitoring their payroll processing activities, increasing the risk of fraud and potential misuse of public monies

Contact: Elda Orduno

Anticipated completion date: July 1, 2022

Corrective Action:

The logistics and process for correcting this finding was completed and fully set in place in FY 2022. However, full implementation of monitoring commenced in July 2022. Human Resources is now monitoring the checks put in place during the payroll process to control the ADP system limitation of this finding. A pay rate change report is kept by Human Resources and filtered to ensure all pay rate changes are made by authorized personnel and that proper documentation is in place to authorize these changes. Additionally, the Manager Self-Serve function in ADP was implemented in FY23 to process electronic PAF requests by departments. This function included electronic approval workflows at each department level. These controls are in place to ensure that only appropriate personnel actions are processed.

2022-02

The County's control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data

Contact: Joe Casey

Anticipated completion date: June 30, 2023

Corrective Action:

The IT department staff continues to make it a priority to develop and implement processes to ensure the procedures are consistently followed. To date, they have been working with Finance to set up and test a workflow system to identify and grant appropriate system access based on "roles" that are compatible with job responsibilities rather than individual access and restrict user access where appropriate. At the end of FY 2022, staff were working together to discuss the format and set up of the user specified "roles".

In FY23, staff continue to work to identify the various user templates needed within the organization, once this is completed, they will then begin the process of setting up the templates and test them to ensure they are set up correctly and functioning effectively. Additionally, they will begin discussing the process of creating organizational level access request forms that will be used to set up or make user changes once the process is implemented. After successful completion of the set up and testing process, staff will work to ensure the templates will function successfully in all layers of user setup within New World. Staff will then begin the process of planning the logistics of implementation.

2022-03

The County failed to provide key financial information to auditors timely and issued its Annual Financial Report late, resulting in untimely financial information to decision makers

Contact: Monica Miranda

Anticipated completion date: June 23, 2023

Corrective Action:

In mid-August of 2022, the Finance department experienced a change in leadership. At this time, the Finance Director requested authorization to contract with IGM Technologies for the automation of the Annual Comprehensive Financial Report (ACFR as well as the Annual Expenditure Limitation Report (AELR through Gravity. The request was based on the fact that the New World ACFR module was not capable of generating an automated report and the method used to generate the ACFR in the past, was extensively time consuming, outdated and inefficient.

On December 28, 2022, at the commencement of audit fieldwork and upon the receipt of the Audit Request Listing report, the Finance team began to collect the requested documentation to provide to the auditors. Simultaneously the automated ACFR had been mapped and the electronic ACFR was generated (saving the County a significant amount of reporting preparation time and man hours. Preliminary drafts of the statements were provided to the auditors beginning January 20, 2023, with revisions provided throughout as necessary. A delayed receipt on April 7, 2022, of a required finalized report from an external source necessary to complete the ACFR draft statement, further impacted the Finance team from a timely submission of the completed ACFR, consequently impacting and delaying the submittal of the FY22 ACFR and AELR by the March 31st deadline. The FY22 AELR draft was submitted to the auditors on March 16, 2023 and is currently pending review upon finalization of the ACFR.

In FY23, the Finance team has significantly improved its financial reporting process. Through the automation of the ACFR (barring unforeseen delays as those realized during the FY22 audit such as late mandatory report submittals/ revisions from external sources, there will be an efficient and time saving reporting mechanism for the preparation and timely submission of reports to the Auditor General's office and the Board of Supervisors.

Federal award findings and questioned costs

2022-101

Contrary to federal regulation, the County did not submit its June 30, 2022, Single Audit Report to the federal audit clearinghouse until June 21, 2023, which was nearly 3 months later than required

Contact: Monica Miranda

Anticipated completion date: March 31, 2024

Corrective Action:

In mid-August of 2022, the Finance department experienced a change in leadership. At this time, the Finance Director requested authorization to contract with IGM Technologies for the automation of the Annual Comprehensive Financial Report (ACFR as well as the Annual Expenditure Limitation Report (AELR through Gravity. The request was based on the fact that the New World ACFR module was not capable of generating an automated report and the method used to generate the ACFR in the past, was extensively time consuming, outdated and inefficient.

On December 28, 2022, at the commencement of audit fieldwork and upon the receipt of the Audit Request Listing report, the Finance team immediately began to collect and submit the requested documentation to the auditors. Simultaneously the automated ACFR had been mapped and the electronic ACFR was generated (saving the County a significant amount of reporting preparation time and man hours. Preliminary drafts of the statements were provided to the auditors beginning January 20, 2023, with revisions provided throughout as necessary. A delayed receipt on April 7, 2022, of a required finalized report from an external source necessary to complete the ACFR draft statement, further impacted the Finance team from a timely submission of the completed ACFR, consequently impacting and delaying the submittal of the FY22 ACFR and Single Audit by the March 31st deadline. The FY22 AELR draft was submitted to the auditors on March 16, 2023 and is currently pending review upon finalization of the ACFR.

In FY23, the Finance team has significantly improved its financial reporting process. Through the automation of the ACFR (barring unforeseen delays as those realized during the FY22 audit such as late mandatory report submittals/ revisions from external sources, there will be an efficient and time saving reporting mechanism for the preparation and timely submission of reports to the Auditor General's office and the Board of Supervisors, and equally important, timely submission of the Single Audit to the federal audit clearinghouse.

Cochise County
Finance Department
Public Programs...Personal Service
www.cochise.az.gov

Monica Miranda
Finance Director

April 7, 2023

Lindsey A. Perry
Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying summary schedule of prior audit findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. This schedule also includes the status of audit findings reported in the prior audit's summary schedule of prior audit findings that were not corrected.

Sincerely,

Monica Miranda
Cochise County Finance Director

1415 Melody Lane, Building G
Bisbee, Arizona 85603
520-432-8376
520-432-8398 fax
Mmiranda@cochise.az.gov

Cochise County

Cochise County Summary schedule of prior audit findings
Year ended June 30, 2022

Status of financial statement findings

The County did not appropriately limit and restrict employee access to payroll processing records, increasing the risk of fraud and potential misuse of public monies

Contact: Elda Orduno

Finding number: 2021-01

Fiscal year the finding initially occurred: 2019

Status: Partially Corrected

Reason for recurrence:

In the Corrective Action plan for FY 2021, the County stated that checks would be in place to ensure that pay changes are monitored periodically by Human Resources during the payroll process. The checks were set up and put in place in FY 2022; however, the process of monitoring did not begin until July 2022. Therefore, this finding is still relevant in the FY 2022 audit.

Partial action taken:

The County has limited the number of individuals who are able to make pay rate changes to four (4) in Human Resources and three (3) supervisors in Finance, allowing for full transparency. The four (4) remaining members of the Human Resources department have an "exception" attached to their permissions preventing them from taking any action on their personal employment information, to include pay rate. The three (3) supervisors in Finance have the access to make changes to pay (to include their own) due to limits in ADP that prevent the suspension of this access without affecting the ability for Payroll to process Retro-pay functions. There are (3) Information Technology staff who have the access to make changes to pay (to include their own), due to limits in ADP for permissions/programing workflows.

Remaining planned action:

As mentioned, as of July 2022, Human resources is now monitoring the checks put in place during the payroll process. A pay rate change report is kept by HR and filtered to ensure all pay rate changes are made by authorized personnel and that proper documentation is in place to authorize these changes.

Additionally, the Manager Self-Serve function that was implemented in FY 2023 will also aid in ensuring changes made follow the proper approval function prior to the effective date.

Finding number 2021-02

Contact: Joe Casey

Fiscal year finding initially occurred: 2017

Status: Partially corrected

The County's control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data

Reason for recurrence:

The IT department staff continues to make it a priority to develop and implement processes to ensure the procedures are consistently followed. They are working with Finance to set up and test a workflow system to identify and grant appropriate system access based on "roles" that are compatible with job responsibilities rather than individual access and restrict user access where appropriate. As of the end of FY 2022, staff were working together to discuss the format and set up of the "roles".

Partial action taken:

The Varonis administrative software is effectively analyzing and generating reports to identify and ensure proactive key user and system activity logging and log monitoring for all users.

Remaining planned action:

Staff will identify the various user templates needed within the organization, they will then begin the process of setting up the templates and test them to ensure they are set up correctly and functioning effectively. Additionally, they will begin discussing the process of creating organizational level access request forms that will be used to set up or make user changes once the process is implemented. After successful completion of the set up and testing process, staff will work to ensure the templates will function successfully in all layers of user setup within New World. Staff will then begin the process of planning the logistics of implementation.

ARIZONA
Auditor General
Making a Positive Difference