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# **Apache County, Arizona**



# **Annual Financial Report**

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*Financial Statements  
and  
Independent Auditor's Report  
June 30, 2022*

# Apache County, Arizona

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# Apache County, Arizona

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## **Independent Auditors' Report**

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

### **Report on the Audit of the Financial Statements**

#### **Qualified and Unmodified Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Apache County, Arizona ("County") as of and for the year ended June 30, 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.

##### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the "Matters Giving Rise to the Qualified Opinion on the Road Fund" paragraph in the Basis for Qualified and Unmodified Opinions section of our report below, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Road Fund of the County, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### *Unmodified Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund (other than the Road Fund) and the aggregate remaining fund information of the County as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Qualified and Unmodified 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 qualified and unmodified audit opinions.

##### *Matters Giving Rise to the Qualified Opinion on the Road Fund*

We did not observe the counting of the inventory of the Road Fund at year-end. Accordingly, we were unable to satisfy ourselves by other auditing procedures concerning the inventory held at June 30, 2022, which is stated at \$590,655. As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect to recorded or unrecorded inventory.

#### **Emphasis of Matter**

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.

## **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 use highway user revenue fund monies received by the County pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the County, solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

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

## **Management's Responsibility for the Financial Statements**

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

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 4 through 10, the Budgetary Comparison Schedules on pages 61 through 64, Schedule of the County's Proportionate Share of the Net Pension/OPEB Liability—Cost-Sharing Plans on pages 67 through 68, Schedule of Changes in the County's Net Pension/OPEB Liability and Related Ratios—Agent Plans on pages 69 through 71, and Schedule of County Pension/OPEB Contributions on pages 72 through 74 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Snyder & Brown CPAs, PLLC

Tempe, Arizona

June 17, 2025

# **Apache County, Arizona**

## **Management's Discussion and Analysis**

### **For the Year Ended June 30, 2022**

As management of the County of Apache (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished herein.

#### **Financial Highlights**

- Apache County's assets and deferred outflows of resources were more than its liabilities and deferred inflows of resources at the close of the fiscal year by \$20,851,107 net position, an increase of \$3,053,099 from prior year. Of this amount, \$12.872 million was unrestricted deficit in net position. The amount of the net pension and other postemployment benefits liability at fiscal year-end was \$22,376,855.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$20,282,781 or 57% of the total governmental funds' fund balances.

#### **Overview of Financial Statements**

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

#### **Government-Wide Financial Statements**

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

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

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

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

The government-wide financial statements can be found on pages 12-14 of this report.

# **Apache County, Arizona**

## **Management's Discussion and Analysis**

### **For the Year Ended June 30, 2022**

#### ***Fund Financial Statements***

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

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

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

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

The governmental fund financial statements can be found on pages 15–18 of this report.

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

The fiduciary funds financial statements can be found on pages 19–20 of this report.

#### ***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21–60 of this report.



**Apache County, Arizona**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**Other Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, the report presents certain required supplementary information concerning the County's progress in funding its obligations to provide pension and other postemployment benefits for employees. Also presented are budgetary comparison schedules for the County's general, road, and covid related grants funds. Required supplementary information can be found on pages 61-76 of this report.

**Government-Wide Financial Analysis**

*Net Position*

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, at June 30, 2022, assets and deferred outflows of resources were more than its liabilities and deferred inflows of resources by \$20,851,107.

**Condensed Statements of Net Position**  
**As of June 30, 2022 and 2021 (As Restated)**

	Governmental Activities	
	2022	2021 As Restated
<b>Assets</b>		
Current and other assets	\$ 48,903,150	\$ 42,401,002
Capital assets	26,226,629	27,043,488
Total assets	75,129,779	69,444,490
<b>Deferred Outflows of Resources</b>	5,603,351	21,440,670
<b>Liabilities</b>		
Current and other liabilities	10,892,841	8,508,704
Long-term liabilities outstanding	40,870,994	63,732,164
Total liabilities	51,763,835	72,240,868
<b>Deferred Inflows of Resources</b>	8,118,190	846,284
<b>Net Position</b>		
Net investment in capital assets	24,670,285	25,201,444
Restricted	9,053,643	14,159,588
Unrestricted (deficit)	(12,872,821)	(21,563,024)
Total net position (deficit)	\$ 20,851,107	\$ 17,798,008

**Apache County, Arizona**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

Net investment in capital assets of \$24,670,285 decreased by \$531,159 which reflects the investment in capital assets (e.g., land, improvements other than buildings, buildings, machinery and equipment, infrastructure, and construction in progress, less accumulated depreciation) net of related debt used to acquire those assets. The County uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Current and other assets increased by \$6,502,148 from fiscal year 2021 to fiscal year 2022. The County experienced significant increases in its cash and cash equivalents, and other post-employment benefits (OPEB asset) of \$5,937,489 and \$693,914 respectively. Further, these increases were fueled by a positive "change in net position" of \$3,053,099 during fiscal year 2022. In addition, deferred outflows decreased \$15.8M because the County made excess contributions in fiscal year 2021. This resulted in the deferred outflow balance in fiscal year 2021 being abnormally higher than in previous years.

Current liabilities increased by \$2,384,137 due to an increase in recognized unearned revenues between fiscal years 2021 and 2022. A decrease in long-term liabilities of \$22.9 million was associated with fiscal year 2021 pay down of the unfunded portion of the County's PSPRS pension obligation.

Deferred inflows related to pensions and other postemployment benefits increased by \$7.271M due to a combination of factors, primarily related to the Permanent Benefit Increase (PBI) for retirees and adjustments to the pension liability calculation.

The County's total net position increased by \$3.053 million during the fiscal year, this net increase was partially caused by the following items:

- Increases in tax related revenues (property, county excise, shared of state sales taxes) of \$1,724,402.
- Increase in PILT (payments in-lieu of taxes) increased \$1,342,179.
- Decreases in intergovernmental revenues was a result in reductions in recognized revenues in ARPA (fund 220), Emergency Services (fund 226) and Jail District (fund 340) of \$540K, \$258K, and \$1.142M, respectively.
- Total expenses increased by \$1,840,715 was primarily from increases in the general fund's attorney (\$1.123M) and contingency (\$870K) departments. In addition, the Road Fund's experienced increased expenditures (\$1.680M) related to the Puerco, Round Valley, St. Johns, Ganada, and Chinle projects.

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

**Apache County, Arizona**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

*Statement of Activities*

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

**Condensed Statements of Activities**  
**For the Years Ended June 30, 2022 and 2021 (As Restated)**

	Governmental Activities	
	2022	2021 As Restated
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 3,060,895	\$ 4,245,020
Operating grants and contributions	18,546,045	21,040,293
General revenues		
Property taxes	11,579,828	10,592,958
County excise tax	1,969,576	1,582,712
Share of state sales taxes	7,480,803	7,130,135
Payments in lieu of taxes	11,479,126	10,136,947
Miscellaneous state assistance	550,050	550,050
Investment income	(519,458)	228,993
Miscellaneous	1,505,172	1,861,705
Total revenues	<u>55,652,037</u>	<u>57,368,813</u>
<b>Expenses</b>		
General government	11,978,773	11,486,928
Public safety	11,313,797	11,568,756
Highways and streets	12,321,397	9,919,170
Health	8,096,417	8,622,413
Culture and recreation	2,068,894	2,370,245
Education	6,479,529	6,257,063
Interest on long-term debt	340,131	533,648
Total expenses	<u>52,598,938</u>	<u>50,758,223</u>
Change in net position	3,053,099	6,610,590
Net position, beginning of year, as restated	<u>17,798,008</u>	<u>11,187,418</u>
Net position, end of year	<u>\$ 20,851,107</u>	<u>\$ 17,798,008</u>

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

*Governmental Funds*

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

# Apache County, Arizona

## Management's Discussion and Analysis

### For the Year Ended June 30, 2022

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

General Fund total expenditures decreased by \$7.7 million. This was a result of the one-time FY 21 payment on the unfunded PSPRS pension obligation.

The Road Fund total expenditures increased by \$1,407,053. This increase was due to the Road Fund's experiencing increased expenditures (\$1.680M) related to the Puerco, Round Valley, St. Johns, Ganada, and Chinle projects. In addition, the road fund is reporting \$5,154,697 in restricted fund balance in association with highways and streets activities.

Taking into account unspent COVID Related Grant funds carrying over from FY 21 and unspent grant monies in FY 22, this fund is reporting unearned revenue of \$9.075M. In addition, during fiscal year 22 the COVID Related Grant fund reported recognized expenditures of \$4.6M.

#### *General Fund Budgetary Highlights*

The General fund revenues exceeded budget by \$2.612 million. General fund expenditures were less than the budget by \$6 million.

Additional information on the General Fund budget can be found in *Required Supplementary Information* on pages 61-62, as well as in the *Notes to the Budgetary Comparison Schedules* on pages 65-66.

#### *Capital Assets and Debt Administration*

**Capital assets**—The County's investment in capital assets as of June 30, 2022, totaled \$26.2 million, net of accumulated depreciation. This investment in capital assets includes land, improvements other than buildings, construction in progress, buildings, infrastructure, and machinery and equipment.

#### **Capital Assets/Net of Depreciation June 30, 2022 and 2021 (As Restated)**

	Governmental Activities		
	2022	2021 As Restated	Increase (Decrease) Percent of Change
Buildings	\$ 16,105,304	\$ 15,368,124	4.8%
Machinery and equipment	5,390,612	5,636,777	-4.4%
Intangibles - right-to-use lease assets	1,673,371	1,747,237	-4.2%
Land	2,097,639	2,097,639	0.0%
Infrastructure	416,283	500,159	-16.8%
Improvements other than buildings	515,672	511,156	0.9%
Construction in progress	27,748	1,182,396	-97.7%
Totals	<u>\$ 26,226,629</u>	<u>\$ 27,043,488</u>	<u>-3.0%</u>

**Apache County, Arizona**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

Additional information on capital assets can be found in Note 5 of the notes to the financial statements on page 34 of this report.

*Long-term debt*—On June 30, 2022, the County had a total of \$40.9 million in long-term liabilities. Of this amount, \$14,565,000 was principal outstanding on pledged revenue bonds, \$1,556,344 was lease payables and \$2.4 million represents compensated absences payable. The balance of \$22.3 million relates to the net pension and other postemployment benefits liability.

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

Additional information on the County's long-term liabilities can be found in Note 6 of the notes to the financial statements on pages 35-36 of this report.

***Economic Factors and Next Year's Budgets***

Economic factors were carefully considered in preparing the County's budget for fiscal year 2023. The Apache County Board of Supervisors is focused on navigating the uncertainty of both the national and local economy, particularly due to the ongoing effects of the COVID-19 pandemic. Additionally, the pandemic has led to significant volatility in the financial markets, resulting in notable declines in the value of investments held at year-end. While these declines may be temporary, investment values are subject to market fluctuations, and the timing of any recovery remains uncertain. The full extent and duration of the pandemic's financial impact cannot yet be determined. These financial statements do not account for the potential financial implications of the pandemic.

***Requests for Information***

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

## Basic Financial Statements

## Government-Wide Financial Statements

**Apache County, Arizona**  
**Statement of Net Position**  
**June 30, 2022**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 26,664,238
Investments	17,383,458
Receivables (net of allowance for uncollectibles)	
Property taxes	685,859
Accounts	226,221
Due from other governments	1,799,754
Inventories	590,655
Prepaid items	-
Other postemployment benefits (OPEB) asset	1,552,965
Capital assets not being depreciated/amortized	2,125,387
Capital assets, being depreciated/amortized, net	<u>24,101,242</u>
Total assets	<u>75,129,779</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions and other post-employment benefits	<u>5,603,351</u>
Total deferred outflows of resources	<u>5,603,351</u>
<b>Liabilities</b>	
Accounts payable	852,469
Accrued payroll and employee benefits	965,063
Unearned revenue	9,075,309
Noncurrent liabilities	
Due within one year	2,633,942
Due in more than one year	<u>38,237,052</u>
Total liabilities	<u>\$ 51,763,835</u>

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



**Apache County, Arizona**  
**Statement of Net Position – continued**  
**June 30, 2022**

	<u>Governmental Activities</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions and other postemployment benefits	\$ 8,118,190
Total deferred inflows of resources	<u>\$ 8,118,190</u>
<b>Net Position</b>	
Net investment in capital assets	\$ 24,670,285
Restricted for	
Highways and streets	5,745,354
Education	1,755,324
Other purposes	1,552,965
Unrestricted (deficit)	<u>(12,872,821)</u>
Total net position	<u>\$ 20,851,107</u>

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

**Apache County, Arizona**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Functions/Programs</b>				
Governmental activities				
General government	\$ 11,978,773	\$ 1,751,786	\$ 2,932,756	\$ (7,294,231)
Public safety	11,313,797	215,025	2,502,984	(8,595,788)
Highways and streets	12,321,397	190,779	3,077,378	(9,053,240)
Health	8,096,417	300,936	6,355,943	(1,439,538)
Culture and recreation	2,068,894	-	1,400,267	(668,627)
Education	6,479,529	602,369	2,276,717	(3,600,443)
Interest on long-term debt, incl bond issuance costs	340,131	-	-	(340,131)
Total governmental activities	<u>\$ 52,598,938</u>	<u>\$ 3,060,895</u>	<u>\$ 18,546,045</u>	<u>(30,991,998)</u>
General revenues				
Taxes				
Property taxes, levied for general purposes				3,433,954
Property taxes, levied for jail district				994,764
Property taxes, levied for juvenile jail district				496,172
Property taxes, levied for library				1,561,655
Property taxes, levied for library construction				32,149
Property taxes, levied for health service districts				1,236,476
Property taxes, levied for junior college				2,453,332
Property taxes, levied for fire districts				453,201
Property taxes, levied for post secondary education				754,436
Property taxes, levied for flood control				163,689
County excise tax- general purposes				1,969,576
Shared revenue – state sales taxes				7,480,803
Payments in lieu of taxes				11,479,126
Investment income				(519,458)
Miscellaneous state assistance				550,050
Miscellaneous				1,505,172
Total general revenues				<u>34,045,097</u>
Change in net position				3,053,099
Net position, July 1, 2021, as restated				<u>17,798,008</u>
Net position, June 30, 2022				<u>\$ 20,851,107</u>

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

## Fund Financial Statements

## *Governmental Funds*

**Apache County, Arizona**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	General Fund	Road Fund	COVID Related Grants Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 12,327,040	\$ 2,683,009	\$ 5,397,507	\$ 6,256,682	\$ 26,664,238
Investments	7,883,493	1,972,320	3,564,046	3,963,599	17,383,458
Receivables					
Property taxes	185,472	-	-	500,387	685,859
Accounts	93,142	17,007	-	116,072	226,221
Due from					
Other funds	571,164	128,290	202,112	122,049	1,023,615
Other governments	580,197	880,060	-	339,497	1,799,754
Inventories	-	590,655	-	-	590,655
Total assets	<u>\$ 21,640,508</u>	<u>\$ 6,271,341</u>	<u>\$ 9,163,665</u>	<u>\$ 11,298,286</u>	<u>\$ 48,373,800</u>
<b>Liabilities</b>					
Accounts payable	\$ 247,505	\$ 254,733	\$ 88,356	\$ 261,875	\$ 852,469
Accrued payroll and employee benefits	480,268	217,710	-	267,083	965,061
Unearned revenue	-	-	9,075,309	-	9,075,309
Due to other funds	452,451	53,546	-	517,618	1,023,615
Total liabilities	<u>1,180,224</u>	<u>525,989</u>	<u>9,163,665</u>	<u>1,046,576</u>	<u>11,916,454</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue property taxes	177,503	-	-	479,150	656,653
Total deferred inflows of resources	<u>177,503</u>	<u>-</u>	<u>-</u>	<u>479,150</u>	<u>656,653</u>
<b>Fund Balances</b>					
Nonspendable	-	590,655	-	-	590,655
Restricted	-	5,154,697	-	9,772,560	14,927,257
Committed	-	-	-	-	-
Unassigned	20,282,781	-	-	-	20,282,781
Total fund balances	<u>20,282,781</u>	<u>5,745,352</u>	<u>-</u>	<u>9,772,560</u>	<u>35,800,693</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,640,508</u>	<u>\$ 6,271,341</u>	<u>\$ 9,163,665</u>	<u>\$ 11,298,286</u>	<u>\$ 48,373,800</u>

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

**Apache County, Arizona**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2022**

**Total governmental funds — fund balances** \$ 35,800,693

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$77,166,218 and the accumulated depreciation is \$50,939,589. 26,226,629

Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds. 656,653

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	\$ 5,603,351	
Deferred inflows of resources related to pensions/OPEB	<u>(8,118,190)</u>	(2,514,839)

Net OPEB assets held in trust for future benefits are not available for County operations and therefore, are not reported in the funds. 1,552,965

Long-term liabilities, such as pension/OPEB liabilities and bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Net pension/OPEB liability	(22,376,855)	
Compensated absences payable	(2,372,795)	
Pledged revenue bonds payable	(14,565,000)	
Leases payable	<u>(1,556,344)</u>	<u>(40,870,994)</u>

**Net position of governmental activities** **\$ 20,851,107**

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

**Apache County, Arizona**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances – Governmental Funds**  
**For the Year Ended June 30, 2022**

	General Fund	Road Fund	COVID Related Grants Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 3,121,660	\$ -	\$ -	\$ 8,145,874	\$ 11,267,534
County excise tax	1,969,576	-	-	-	1,969,576
Licenses and permits	170,635	-	-	-	170,635
Intergovernmental	12,275,108	12,381,636	4,581,587	8,817,692	38,056,023
Charges for services	855,110	190,779	-	1,030,242	2,076,131
Fines and forfeits	424,910	-	-	389,220	814,130
Investment income (loss)	(13,102)	(87,211)	15,489	(434,634)	(519,458)
Miscellaneous	276,958	63,880	-	1,007,706	1,348,544
Total revenues	<u>19,080,855</u>	<u>12,549,084</u>	<u>4,597,076</u>	<u>18,956,100</u>	<u>55,183,115</u>
<b>Expenditures</b>					
General government	9,977,195	-	-	1,084,804	11,061,999
Public safety	3,333,318	-	-	6,292,830	9,626,148
Highways and streets	-	10,661,909	-	361,434	11,023,343
Health	391,956	-	3,466,032	3,375,173	7,233,161
Culture and recreation	7,500	-	-	1,840,805	1,848,305
Education	371,380	-	-	5,417,289	5,788,669
Capital outlay	1,953,211	1,274,129	840,178	327,964	4,395,482
Debt service					
Principal	568,750	268,118	273,143	56,250	1,166,261
Interest and other charges	234,729	64,463	17,723	23,216	340,131
Total expenditures	<u>16,838,039</u>	<u>12,268,619</u>	<u>4,597,076</u>	<u>18,779,765</u>	<u>52,483,499</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,242,816</u>	<u>280,465</u>	<u>-</u>	<u>176,335</u>	<u>2,699,616</u>
<b>Other Financing Sources (Uses)</b>					
Financed purchase agreements	-	255,561	-	-	255,561
Transfers in	900,000	-	-	1,059,340	1,959,340
Transfers out	(894,340)	(165,000)	-	(900,000)	(1,959,340)
Total other financing sources (uses)	<u>5,660</u>	<u>90,561</u>	<u>-</u>	<u>159,340</u>	<u>255,561</u>
Net change in fund balances	2,248,476	371,026	-	335,675	2,955,177
Fund balances July 1, 2021	18,034,305	5,217,698	-	9,436,885	32,688,888
Changes in nonspendable resources					
increase in inventories	-	156,628	-	-	156,628
Fund balances, June 30, 2022	<u>\$ 20,282,781</u>	<u>\$ 5,745,352</u>	<u>\$ -</u>	<u>\$ 9,772,560</u>	<u>\$ 35,800,693</u>

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

**Apache County, Arizona**  
**Reconciliation of the Governmental Funds Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**to the Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2022**

**Net change in fund balances — total governmental funds** \$ 2,955,177

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	\$ 4,395,482	
Depreciation/amortization expense	<u>(5,212,341)</u>	(816,859)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

312,294

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.

Increase in compensated absences		(340,944)
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County pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB liability is measured a year before the County's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the statement of activities.

County pension/OPEB contributions	(2,653,506)	
Pension/OPEB expense	<u>2,529,609</u>	(123,897)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.

Debt issued or incurred	(255,561)	
General obligation bonds repaid	625,000	
Leases payable repaid	<u>541,261</u>	910,700

Some cash outlays, such as purchases of inventories, are reported as expenditures in the governmental funds when purchased. In the statement of activities, however, they are reported as expenses when consumed.

Increase in inventories		<u>156,628</u>
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**Change in net position of governmental activities** **\$ 3,053,099**

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



## *Fiduciary Funds*

**Apache County, Arizona**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

	Custodial Funds	
	External	
	Investment Pool	Other
<b>Assets</b>		
Cash, cash equivalents, and investments	\$ 143,899,046	\$ 31,637
Total assets	<u>\$ 143,899,046</u>	<u>\$ 31,637</u>
<b>Net Position</b>		
Restricted for		
Pool participants	\$ 143,899,046	\$ -
Individuals, organizations, and other governments	-	31,637
Total net position	<u>\$ 143,899,046</u>	<u>\$ 31,637</u>

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

**Apache County, Arizona**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**

	Custodial Funds	
	External Investment Pool	Other
<b>Additions</b>		
Contributions from pool participants	\$ 240,980,024	\$ -
Net increase (decrease) in the fair value of investments	(3,227,031)	(710)
Other	-	2,487,288
Total additions	237,752,993	2,486,578
<b>Deductions</b>		
Distributions to pool participants	219,024,106	-
Other	-	2,546,852
Change in net position	18,728,887	(60,274)
Net position, July 1, 2021	125,170,158	91,911
Net position, June 30, 2022	<u>\$ 143,899,045</u>	<u>\$ 31,637</u>

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

**Apache County, Arizona**  
**Notes to Financial Statements**  
**June 30, 2022**

**1) Summary of Significant Accounting Policies**

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

For the year ended June 30, 2022, the County 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, the County'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.

Reporting Entity

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

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

The following table describes the County's component units:

Component Unit	Description; Criteria for Inclusion	Reporting Method
Apache County Flood Control District	A tax-levying district that provides flood control systems; the County's Board of Supervisors serves as the board of directors. County management has operational responsibility for the component unit.	Blended

**Apache County, Arizona**  
**Notes to Financial Statements**  
**June 30, 2022**

Component Unit	Description; Criteria for Inclusion	Reporting Method
Apache County Health Services Districts	Provides comprehensive, culturally sensitive, quality health resources to the County's residents; the County's Board of Supervisors serves as the board of directors. County management has operational responsibility for the component unit.	Blended
Apache County Jail District	A tax-levying district that acquires, constructs, operates, maintains, and finances county jails and jail systems; the County's Board of Supervisors serves as the governing board. County management has operational responsibility for the component unit.	Blended
Apache County Juvenile Jail District	A tax-levying district that acquires, constructs, operates, maintains, and finances county juvenile jails and jail systems; the County's Board of Supervisors serves as the board of directors. County management has operational responsibility for the component unit.	Blended
Apache County Library District	Provides and maintains library services for the County's residents; the County's Board of Supervisors serves as the board of directors. County management has operational responsibility for the component unit.	Blended
Greer Acres – Little Colorado Special Improvement District	A tax-levying district that develops and constructs, sewer systems; the County's Board of Supervisors serves as the board of directors. County management has operational responsibility for the component unit.	Blended

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

**Apache County, Arizona**  
**Notes to Financial Statements**  
**June 30, 2022**

Basis of Presentation

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

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

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

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

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

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if doing so would distort the direct costs and program revenues reported by the departments concerned.

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

The County reports the following major governmental funds:

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

**Apache County, Arizona**  
**Notes to Financial Statements**  
**June 30, 2022**

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

The fiduciary funds consist of custodial funds, including the pooled assets the County Treasurer holds and invests on behalf of other governmental entities that are not held in trust and the County Treasurer's receipt and distribution of taxes for other governmental entities.

**Basis of Accounting**

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

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

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

**Apache County, Arizona**  
**Notes to Financial Statements**  
**June 30, 2022**

Cash and Investments

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of 1 year or less at the time of purchase that are not in the County Treasurer's investment pool are stated at amortized cost. All other investments are stated at fair value.

Inventories

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

The County accounts for its inventories in the governmental funds using the purchase method. Inventories of the governmental funds consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for informational purposes only and as nonspendable fund balance to indicate that they do not constitute "available spendable resources." These inventories are stated at cost using the first-in, first-out method.

Property Tax Calendar

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

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

Capital Assets

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



**Apache County, Arizona**  
**Notes to Financial Statements**  
**June 30, 2022**

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

	Capitalization Threshold		
Land	All		
Construction in progress	\$ 5,000		
		Depreciation Amortization Method	Estimated Useful Life
Buildings	\$ 5,000	Straight line	25–40 years
Improvements other than buildings	\$ 5,000	Straight line	25–40 years
Machinery and equipment	\$ 5,000	Straight line	5–8 years
Infrastructure	\$ 5,000	Straight line	40–45 years
Intangibles:			
Right-to-use lease assets:			
Machinery and equipment	\$ 5,000	Straight line	Various

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

**Postemployment Benefits**

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

**Fund Balance Classifications**

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

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

**Apache County, Arizona**  
**Notes to Financial Statements**  
**June 30, 2022**

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

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but that are neither restricted nor committed. The Board of Supervisors has authorized the county manager and finance director to assign resources for a specific purpose.

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

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

Investment Income

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

Compensated Absences

Compensated absences payable consists of vacation leave and a calculated amount of sick leave employees earned based on services already rendered. Employees may accumulate up to 280 hours of vacation, but they forfeit any unused vacation hours in excess of the maximum amount at fiscal year-end. Upon termination of employment, the County pays all unused and unforfeited vacation benefits to employees.

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

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

**Apache County, Arizona**  
**Notes to Financial Statements**  
**June 30, 2022**

Leases

As lessee, the County recognizes lease liabilities with an initial, individual value of \$75,000 or more. The County uses its estimated incremental borrowing rate (IBR) to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The County's estimated IBR is based on the current borrowing rate at the time of implementation and agreed to by the Treasurer's office. The current borrowing rate is based on rates being offered by the County's servicing banks.

As lessor, the County recognizes lease receivables with an initial, individual value of \$75,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the County charges the lessee) and the implicit rate cannot be determined, the County uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The County's estimated incremental borrowing rate is calculated as described above.

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

*Deficit fund balances*—At June 30, 2022, the following nonmajor funds reported a deficit in fund balances in excess of \$25,000:

Nonmajor Funds	Deficit
Emergency Services	\$ 432,563
Juvenile Jail District	198,457
Jail District	143,700
Accent/Sheriff	108,157
CDBG/Administration	89,676
Accent/Attorney	69,437
Auxiliary Grants	44,684
Misc. Community Grants	43,017
Drug Testing	41,214
Tyler Technology	36,181
Field Trainer	29,342
	<u>\$ 1,236,428</u>

These deficits resulted from operations during the year, but are expected to be corrected through normal operations and transfers from other funds in fiscal year 2023.

**Apache County, Arizona**  
**Notes to Financial Statements**  
**June 30, 2022**

For the year ended June 30, 2022, significant expenditures exceeding final budget amounts at the department level were as follows:

Fund/Department	Excess
<b>General Fund</b>	
Attorney	\$ 131,457
Information Technology Service	94,177
District 1	19,643
Superior Court	18,855
Constables	8,491
Adult Probation	4,090
St. Johns Magistrate	2,866
Juvenile Probation	500
Total general fund	<u>\$ 280,079</u>
<b>Road Fund</b>	
General	\$ 682,828
Limestone Pit	332,432
District 2	151,636
Roads - Puerco	122,258
District 3	103,733
Roads - Round Valley	35,126
Total road fund	<u>\$ 1,428,013</u>

These expenditure overages resulted from unanticipated increases to department operations during the year, which are expected to be corrected through normal operations and transfers from other funds in fiscal year 2023.

**Apache County, Arizona**  
**Notes to Financial Statements**  
**June 30, 2022**

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

	General Fund	Road Fund	Other Governmental Funds	Total
<b>Fund Balances</b>				
Nonspendable				
Inventories	\$ -	\$ 590,655	\$ -	\$ 590,655
Prepaid items	-	-	-	-
Total nonspendable	-	590,655	-	590,655
Restricted for				
Debt service	-	-	-	-
Highways and streets	-	5,154,697	189,980	5,344,677
Public safety	-	-	3,307,700	3,307,700
Culture and recreation	-	-	967,582	967,582
Health	-	-	1,774,092	1,774,092
General government	-	-	685,717	685,717
Education	-	-	2,847,489	2,847,489
Total restricted	-	5,154,697	9,772,560	14,927,257
Committed to				
Health	-	-	-	-
Unassigned	20,282,781	-	-	20,282,781
Total fund balance	\$ 20,282,781	\$ 5,745,352	\$ 9,772,560	\$ 35,800,693

### 3) Deposits and Investments

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposits, and repurchase agreements in eligible depositories; and specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

**Apache County, Arizona**  
**Notes to Financial Statements**  
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Credit Risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Specified bonds, debentures, notes, and other evidence of indebtedness that are denominated in United States dollars must be rated “A” or better at the time of purchase by at least two nationally recognized rating agencies.
3. Fixed income securities must carry 1 of the 2 highest ratings by Moody’s investors service and Standard and Poor’s rating service. If only 1 of these services rates the security, it must carry the highest rating of that service.

Custodial Credit Risk

Statutes require collateral for deposits at 102 percent of all deposits federal depository insurance does not cover.

Concentration of Credit Risk

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

Interest Rate Risk

Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. The maximum maturity for investments in repurchase agreements is 180 days.

Foreign Currency Risk

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

*Deposits*—At June 30, 2022, the carrying amount of the County’s deposits was \$113,676,870, including \$631,275 held in money market accounts. The bank balance is \$114,823,295. The County does not have a formal policy with respect to custodial credit risk.

At June 30, 2022, balances in these accounts are insured up to FDIC limits of \$500,000. The remaining amounts are uninsured but fully collateralized pursuant to the Statewide Pooled Collateral Program.

**Apache County, Arizona**  
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*Investments*—The County’s investments at June 30, 2022, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

Investments By Fair Value Level	Amount	Fair Value Measurement Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
U.S. agency securities	\$ 39,163,141	\$ -	\$ 39,163,141
U.S. treasury notes	20,996,710	20,996,710	-
Certificates of deposit	13,510,384	-	13,510,384
Total investments categorized by fair value level	<u>\$ 73,670,235</u>	<u>\$ 20,996,710</u>	<u>\$ 52,673,525</u>

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. The investments categorized as Level 2 of the fair value hierarchy are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

*Credit risk*—The County does not have a formal investment policy with respect to credit risk. At June 30, 2022, credit risk for the County’s investments was as follows:

Investment Type	Rating	Rating Agency	Amount
U.S. agency securities	AAA	Moody’s	\$ 39,163,141
Certificates of deposit	Not Rated		13,510,384
			<u>\$ 52,673,525</u>

*Custodial credit risk*—For an investment, custodial credit risk is the risk that, in the event of the counterparty’s failure, the County will not be able to recover the value of its investments or collateral securities that are in an outside party’s possession. The County does not have a formal investment policy with respect to custodial credit risk. At June 30, 2022, the County had \$39,163,141 of U.S. agency securities, \$20,996,710 of U.S. treasury notes, and \$13,510,384 of certificates of deposit that were uninsured and held by the counterparty’s trust department, not in the name of the County.

*Concentration of credit risk*—The County does not have a formal investment policy with respect to concentration of credit risk. The County had investments at June 30, 2022, of 5 percent or more in Freddie Mac (Federal Home Loan Mortgage Corporation), Fannie Mae (Federal National Mortgage Association), Federal Farm Credit Bank, and Federal Home Loan Bank. These investments were 12%, 23%, 19%, and 26%, respectively, of the County’s total investments.

**Apache County, Arizona**  
**Notes to Financial Statements**  
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*Interest rate risk* – The County does not have a formal investment policy with respect to interest rate risk. At June 30, 2022, the County had the following investments in debt securities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1–5
U.S. agency securities	\$ 39,163,141	\$ -	\$ 39,163,141
U.S. treasury notes	20,996,710	-	20,996,710
Certificates of deposit	13,510,384	5,714,729	7,795,655
	<u>\$ 73,670,235</u>	<u>\$ 5,714,729</u>	<u>\$ 67,955,506</u>

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

***Cash and Investments***

Carrying amount of deposits - cash and cash equivalents	\$ 114,308,145
Amount of investments	<u>73,670,235</u>
Total cash, cash equivalents, and investments	<u>\$ 187,978,380</u>

	Governmental Activities	Custodial Funds		Total
		External Investment Pools	Other	
Statement of net position				
Cash and cash equivalents	\$ 26,664,238	\$ 87,624,781	\$ 19,126	\$ 114,308,145
Investments	<u>17,383,458</u>	<u>56,274,265</u>	<u>12,511</u>	<u>73,670,234</u>
Total	<u>\$ 44,047,696</u>	<u>\$ 143,899,046</u>	<u>\$ 31,637</u>	<u>\$ 187,978,379</u>

**4) Due From Other Governments**

Amounts due from other governments at June 30, 2022, as reported on the Governmental funds balance sheet was as follows:

Due From Other Governments	General Fund	Road Fund	Other Governmental	Total
Federal government	\$ -	\$ -	\$ 280,177	\$ 280,177
State governments	580,197	880,060	59,233	1,519,490
Other	-	-	87	87
Total	<u>\$ 580,197</u>	<u>\$ 880,060</u>	<u>\$ 339,497</u>	<u>\$ 1,799,754</u>



**Apache County, Arizona**  
**Notes to Financial Statements**  
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**5) Capital Assets**

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

Governmental Activities	Balance July 1, 2021, As Restated*	Increases	Reclassifications	Balance June 30, 2022
<i>Capital assets not being depreciated/amortized</i>				
Land	\$ 2,097,639	\$ -	\$ -	\$ 2,097,639
Construction in progress	1,182,396	248,986	(1,403,634)	27,748
Total capital assets not being depreciated/amortized	3,280,035	248,986	(1,403,634)	2,125,387
<i>Capital assets being depreciated/amortized</i>				
Buildings	29,414,926	27,628	1,403,634	30,846,188
Improvements other than buildings	978,466	84,375	-	1,062,841
Machinery and equipment	33,574,243	3,662,419	-	37,236,662
Intangibles				
Right-to-use lease assets				
Machinery and equipment	2,861,017	324,298	-	3,185,315
Infrastructure	2,662,049	47,776	-	2,709,825
Total capital assets being depreciated/amortized	69,490,701	4,146,496	1,403,634	75,040,831
Less accumulated depreciation/amortization for				
Buildings	14,046,802	694,082	-	14,740,884
Improvements other than buildings	467,310	79,859	-	547,169
Machinery and equipment	27,937,466	3,908,584	-	31,846,050
Intangibles				
Right-to-use lease assets				
Machinery and equipment	1,113,780	398,164	-	1,511,944
Infrastructure	2,161,890	131,652	-	2,293,542
Total accumulated depreciation/amortization	45,727,248	5,212,341	-	50,939,589
Total capital assets being depreciated/amortized, net	23,763,453	(1,065,845)	1,403,634	24,101,242
Governmental activities capital assets, net	\$ 27,043,488	\$ (816,859)	\$ -	\$ 26,226,629

Depreciation/amortization expense was charged to functions as follows:

Governmental activities	
Highways and streets	\$ 1,217,371
General government	1,250,710
Public safety	1,078,394
Culture and recreation	207,061
Health and welfare	810,314
Education	648,491
Total depreciation/amortization expense – governmental activities	<u>\$ 5,212,341</u>

\*The July 1, 2021, beginning balances were restated due to the implementation of GASB Statement No. 87. See Note 12 for more information.

**Apache County, Arizona**  
**Notes to Financial Statements**  
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**6) Long-Term Liabilities**

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

Governmental Activities	Balance July 1, 2021, As Restated*	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Pledged revenue bonds	\$ 15,190,000	\$ -	\$ (625,000)	\$ 14,565,000	\$ 780,000
Leases payable	1,842,044	255,561	(541,261)	1,556,344	559,355
Net pension and other postemployment benefits liability	44,668,269		(22,291,414)	22,376,855	-
Compensated absences payable	2,031,851	1,647,097	(1,306,153)	2,372,795	1,294,587
Total governmental activities long-term liabilities	<u>\$ 63,732,164</u>	<u>\$ 1,902,658</u>	<u>\$ (24,763,828)</u>	<u>\$ 40,870,994</u>	<u>\$ 2,633,942</u>

\*The July 1, 2021, beginning balances were restated due to the implementation of GASB Statement No. 87. See Note 12 for more information.

**Bonds**

The County's bonded debt consists of pledged revenue bonds.

The County pledged future excise tax, vehicle license tax, PILT, and state shared revenues to repay \$15.2 million in Series 2021 pledged revenue bonds issued in March 2021. Proceeds from the bonds were used to pay down the unfunded portion of the County's PSPRS pension obligations. The bonds are payable solely from the stated revenue sources above and are payable through 2038. Annual principal and interest payments on the bonds are expected to require less than 11.4 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$17,903,476. Principal and interest became payable in July 2021.

The following pledged revenue obligations were outstanding at June 30, 2022:

Description	Original Amount Issued	Maturity Ranges	Interest Rates	Outstanding Principal
Pledged revenue bonds				
Series 2021	\$ 15,190,000	1/15/22 - 38	0.347-2.894%	\$ 14,565,000

The following chart shows the net revenues available and the relationship between the debt service payments and the pledged revenue for fiscal year 2022:

Revenue	Net Pledged Revenue Available	Principal and Interest Paid	Percentage of Available Net Pledged Revenue	Total Pledged Revenue Available	Percentage Pledged of Total
Apache County - general pledged revenues	\$ 11,818,200	\$ 882,944	7.47%	\$ 12,287,720	7.19%

**Apache County, Arizona**  
**Notes to Financial Statements**  
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The following schedule details debt service requirements to maturity for the County's bonds payable at June 30, 2022:

	Pledged Revenue Bonds	
	Principal	Interest
Year ending June 30,		
2023	\$ 780,000	\$ 318,037
2024	805,000	314,395
2025	810,000	308,535
2026	820,000	299,074
2027	830,000	287,856
2028-32	4,415,000	1,184,620
2033-37	5,015,000	594,414
2038	1,090,000	31,545
Total	<u>\$ 14,565,000</u>	<u>\$ 3,338,476</u>

**Leases Payable**

The County has acquired machinery and equipment under the provisions of various lease agreements.

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

Total intangible right-to-use lease assets	\$ 3,185,315
Less accumulated amortization	<u>(1,511,944)</u>
Carrying value	<u>\$ 1,673,371</u>

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

	Principal	Interest
Year ending June 30,		
2023	\$ 559,355	\$ 42,518
2024	300,112	33,275
2025	445,959	22,536
2026	110,058	8,085
2027	140,860	-
Total	<u>\$ 1,556,344</u>	<u>\$ 106,414</u>

**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: 42 percent from the general fund, 28 percent from the road fund, and 30 percent from other funds.

**Apache County, Arizona**  
**Notes to Financial Statements**  
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**7) Risk Management**

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

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

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

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

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

**Apache County, Arizona**  
**Notes to Financial Statements**  
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**8) Pensions and Other Postemployment Benefits**

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

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

	Governmental Activities
Statement of Net Position and Statement of Activities	
Net OPEB asset	\$ 1,552,965
Net pension and OPEB liability	22,376,855
Deferred outflows of resources related to pensions and OPEB	5,603,351
Deferred inflows of resources related to pensions and OPEB	8,118,190
Pension and OPEB expense	(2,529,609)

The County's accrued payroll and employee benefits includes \$83,542 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2022. Also, the County reported \$2,653,506 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

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

***The Arizona State Retirement System***

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

# Apache County, Arizona

## Notes to Financial Statements

### June 30, 2022

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

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

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

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

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

**Contributions**—In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2022, statute required active ASRS members to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 percent for long-term disability) of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 12.41 percent (12.01 percent for retirement, 0.21 percent for health

**Apache County, Arizona**  
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insurance premium benefit, and 0.19 percent for long-term disability) of the active members' annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 10.22 percent (10.13 percent for retirement and 0.09 percent for long-term disability) of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the ASRS would typically fill. The County's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2022, were \$1,619,692, \$30,132 and \$19,534, respectively.

During fiscal year 2022, the County paid for ASRS pension and OPEB contributions as follows: 43 percent from the General Fund, 25 percent from the Road Fund, 8 percent from the COVID Related Grant Funds and 24 percent from other governmental funds.

**Liability**—At June 30, 2022, the County reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

<b>ASRS</b>	Net Pension/OPEB (Asset) Liability
Pension	\$ 13,583,673
Health insurance premium benefit	(511,325)
Long-term disability	21,501

The net asset and net liabilities were measured as of June 30, 2021. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 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 – 7.2 percent to 2.9–8.4 percent.

The County's proportion of the net asset or net liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The County's proportion measured as of June 30, 2021, and the change from its proportion measured as of June 30, 2020, were:

<b>ASRS</b>	Proportion June 30, 2021	Increase (Decrease) from June 30, 2020
Pension	0.10338%	-0.594
Health insurance premium benefit	0.10495%	-0.601
Long-term disability	0.10416%	-0.605

**Apache County, Arizona**  
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**Expenses**—For the year ended June 30, 2022, the County recognized the following pension and OPEB expense.

<b>ASRS</b>	<b>Pension/OPEB Expense</b>
Pension	\$ (2,208,431)
Health insurance premium benefit	694,578
Long-term disability	(5,025)

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

<b>ASRS</b>	<b>Pension</b>		<b>Health Insurance Premium Benefit</b>		<b>Long-Term Disability</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 207,071	\$ -	\$ -	\$ 177,328	\$ 6,211	\$ 1,752
Changes of assumptions or other inputs	-	-	25,350	20,673	6,876	27,092
Net difference between projected and actual earnings on plan investments	1,768,024	4,303,785	-	189,676	-	14,891
Changes in proportion and differences between county contributions and proportionate share of contributions	-	715,281	2,298	30	1,503	4,144
County contributions subsequent to the measurement date	1,619,692	-	30,132	-	19,534	-
Total	<u>\$ 3,594,787</u>	<u>\$ 5,019,066</u>	<u>\$ 57,780</u>	<u>\$ 387,707</u>	<u>\$ 34,124</u>	<u>\$ 47,879</u>

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

<b>ASRS</b>	<b>Pension</b>	<b>Health Insurance Premium Benefit</b>	<b>Long-Term Disability</b>
Year ending June 30,			
2023	\$ (374,630)	\$ (84,381)	\$ (4,378)
2024	(237,460)	(80,899)	(4,119)
2025	(948,764)	(88,796)	(4,656)
2026	(1,483,117)	(98,194)	(6,909)
Thereafter	-	(7,789)	(13,227)



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*Actuarial assumptions*—The significant actuarial assumptions used to measure the total pension/OPEB 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% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 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 plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage 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/OPEB 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 plans' fiduciary net position was projected to be available to make all

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projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
<b>ASRS</b>			
County's proportionate share of the			
Net pension liability	\$ 21,365,980	\$ 13,583,673	\$ 7,095,382
Net insurance premium benefit liability (asset)	(338,550)	(511,325)	(658,241)
Net long-term disability asset	27,997	21,501	15,216

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

***Public Safety Personnel Retirement System and Corrections Officer Retirement Plan***

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

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

County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP) or the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The CORP administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan for county detention officers (agent plans), which were closed to new members as of July 1, 2018, and a cost-sharing multiple-employer defined benefit

# Apache County, Arizona

## Notes to Financial Statements

### June 30, 2022

pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for AOC officers (cost-sharing plans). Employees who were CORP members before July 1, 2018, participate in CORP, and AOC probation and surveillance officers who became members on or after July 1, 2018, participate in CORP or PSPDCRP. Detention officers, and juvenile detention officers who became members on or after July 1, 2018, participate in PSPDCRP. The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

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

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

	Initial Membership Date	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
<b>PSPRS</b>		
<b>Retirement and Disability</b>		
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
<b>Benefit Percent</b>		
Normal retirement	50% less 2.0% for each year of credited service less than 20 years or plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
<b>Survivor Benefit</b>		
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	

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	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
<b>CORP</b>			
<b>Retirement and Disability</b>			
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years, any age 10 years, age 62	25 years, age 52.5 10 years, age 62	10 years, age 52.5* 10 years or more years, age 55
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years	
<b>Benefit Percent</b>			
Normal retirement	2.0% to 2.5% per year of credited service, not to exceed 80%	2.5% per year of credited service, not to exceed 80%	1.25% to 2.25% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service	
Total and permanent disability retirement	50% or normal retirement if more than 25 years of credited service		
Ordinary disability retirement	2.5% per year of credited service		
<b>Survivor Benefit</b>			
Retired members	80% of retired member's pension benefit		
Active members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.		

\*With actuarially reduced benefits.

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

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

**Apache County, Arizona**  
**Notes to Financial Statements**  
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*Employees covered by benefit terms*—At June 30, 2022, the following employees were covered by the agent plans' benefit terms:

	PSPRS Sheriff Pension	CORP Detention Pension	CORP Detention Health
Inactive employees or beneficiaries currently receiving benefits	25	6	6
Inactive employees entitled to but not yet receiving benefits	7	25	-
Active employees	13	9	9
Total	45	40	15

*Contributions*—State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2022, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active Member-Pension	County-Pension	County-Health Insurance Premium Benefit
PSPRS Sheriff	7.65% - 11.65%	64.11%	N/A
CORP Detention	8.41%	14.82%	0%
CORP AOC	8.41% or 10.18%	35.48% or 36.30%	N/A

In addition, statute required the County to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the PSPRS or CORP would typically fill and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the County's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

	Pension	Health Insurance
PSPRS Sheriff	10.51%	N/A
CORP Detention	8.04%	0.00%
CORP AOC	31.35%	N/A

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

	Pension	Health Insurance Premium Benefit
PSPRS Sheriff	\$ 138,659	N/A
CORP Detention	37,896	\$ -
CORP AOC	230,232	N/A

During fiscal year 2022, the County paid for PSPRS and CORP pension and OPEB contributions as follows:

	General Fund	Other Governmental Funds
PSPRS Sheriff	92%	8%
CORP Detention	0%	100%
CORP AOC	14%	86%

*Liability*—At June 30, 2022, the County reported the following assets and liabilities:

	Net Pension Liability (Asset)	Net OPEB Liability (Asset)
PSPRS Sheriff	\$ (2,133,001)	N/A
CORP Detention	(643,267)	\$ (182,482)
CORP AOC (County's proportionate share)	2,093,734	N/A

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

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

**PSPRS and CORP**

Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Mortality rates	Pub S-2010 Tables
Healthcare cost trend rate	Not applicable

**Apache County, Arizona**  
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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 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:

<b>PSPRS and CORP</b>		
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Geometric Real Rate of Return</b>
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	<u>100%</u>	

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

**Apache County, Arizona**  
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*Changes in the Net Pension/OPEB Liability:*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>PSPRS Sheriff</b>			
Balances, June 30, 2021	\$ 17,371,009	\$ 5,160,552	\$ 12,210,457
Adjustment to beginning of year	-	-	-
Changes for the year			
Service cost	216,142	-	216,142
Interest on the total liability	1,247,182	-	1,247,182
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the liability	255,587	-	255,587
Changes in assumptions and other inputs	-	-	-
Contributions – employer	-	13,588,627	(13,588,627)
Contributions – employee	-	90,937	(90,937)
Net investment income	-	2,393,399	(2,393,399)
Benefit payments, including refunds of employee contributions	(1,004,944)	(1,004,944)	-
Administrative expenses	-	(10,594)	10,594
Other changes	-	-	-
Net changes	713,967	15,057,425	(14,343,458)
Balances, June 30, 2022	\$ 18,084,976	\$ 20,217,977	\$ (2,133,001)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>CORP Detention</b>			
Balances, June 30, 2021	\$ 2,887,532	\$ 1,690,751	\$ 1,196,781
Changes for the year			
Service cost	59,335	-	59,335
Interest on the total liability	210,382	-	210,382
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the liability	(170,268)	-	(170,268)
Change of assumptions and other inputs	-	-	-
Contributions – employer	-	1,360,887	(1,360,887)
Contributions – employee	-	30,219	(30,219)
Net investment income	-	550,890	(550,890)
Benefit payments, including refunds of employee contributions	(129,844)	(129,844)	-
Administrative expenses	-	(2,499)	2,499
Net changes	(30,395)	1,809,653	(1,840,048)
Balances, June 30, 2022	\$ 2,857,137	\$ 3,500,404	\$ (643,267)



**Apache County, Arizona**  
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	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OBEB Liability/(Asset) (a) - (b)
<b>CORP Detention-Health Insurance Premium Benefit</b>			
Balances, June 30, 2021	\$ 71,481	\$ 198,256	\$ (126,775)
Changes for the year			
Service cost	1,229	-	1,229
Interest on the total OPEB liability	5,187	-	5,187
Differences between expected and actual experience in the measurement of the OPEB liability	(9,062)	-	(9,062)
Change of assumptions and other inputs	-	-	-
Net investment income	-	53,280	(53,280)
Benefit payments, including refunds of employee contributions	(3,313)	(3,313)	-
Administrative expenses	-	(219)	219
Net changes	(5,959)	49,748	(55,707)
Balances, June 30, 2022	\$ 65,522	\$ 248,004	\$ (182,482)

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, was .564015 percent which was an increase of .019235 from its proportion measured as of June 30, 2020.

*Sensitivity of the County's net pension/OPEB (asset) liability to changes in the discount rate*—The following table presents the County's net pension/ OPEB (asset) liabilities calculated using the discount rate of 7.3 percent, as well as what the County's net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

	1% Decrease 6.3%	Current Discount Rate 7.3%	1% Increase 8.3%
<b>PSPRS Sheriff</b>			
Net pension (asset) liability	\$ 91,879	\$ (2,133,001)	\$ (3,962,948)
<b>CORP Detention</b>			
Net pension (asset) liability	\$ (298,473)	\$ (643,267)	\$ (926,785)
Net OPEB (asset) liability	(175,293)	(182,482)	(188,542)
<b>CORP AOC</b>			
County's proportionate share of the net pension liability	\$ 2,833,241	\$ 2,093,734	\$ 1,487,931

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

*Expense*—For the year ended June 30, 2022, the County recognized the following Pension and OPEB expense:

	Pension Expense	OPEB Expense
PSPRS Sheriff	\$ 634,735	N/A
CORP Detention	13,789	\$ 22,700
CORP AOC (County's proportionate share)	273,364	N/A

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>PSPRS-Sheriff Pension</b>		
Differences between expected and actual experience	\$ 256,288	\$ 49,732
Changes of assumptions or other inputs	126,646	-
Net difference between projected and actual earnings on pension plan investments	-	1,017,390
County contributions subsequent to the measurement date	138,659	-
Total	<u>\$ 521,593</u>	<u>\$ 1,067,122</u>

**CORP - Detention Pension**

Differences between expected and actual experience	\$ 20,778	\$ 85,134
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	247,157
County contributions subsequent to the measurement date	37,896	-
Total	<u>\$ 58,674</u>	<u>\$ 332,291</u>

**CORP - Detention Health Insurance Premium Benefit**

Differences between expected and actual experience	\$ 6,555	\$ 29,629
Changes of assumptions or other inputs	388	1,735
Net difference between projected and actual earnings on plan investments	-	24,396
Total	<u>\$ 6,943</u>	<u>\$ 55,760</u>

**Apache County, Arizona**  
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	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>CORP - AOC Pension</b>		
Differences between expected and actual experience	\$ 199,829	\$ 61,392
Changes of assumptions or other inputs	42,941	-
Net difference between projected and actual earnings on pension plan investments	-	338,012
Changes in proportion and differences between County contributions and proportionate share of contributions	221,147	62,876
County contributions subsequent to the measurement date	230,232	-
Total	<u>\$ 694,149</u>	<u>\$ 462,280</u>

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

	PSPRS Sheriff Pension	CORP Detention Pension	CORP Detention Health	CORP AOC Pension
Year ending June 30,				
2023	\$ 44,348	\$ (118,652)	\$ (13,582)	\$ 71,244
2024	(167,921)	(55,243)	(12,438)	38,990
2025	(249,727)	(61,314)	(12,398)	(3,040)
2026	(310,888)	(76,304)	(11,710)	(105,557)
Thereafter	-	-	1,311	-

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

For the year ended June 30, 2022, active PSPDCRP members were required by statute to contribute at least 9 percent (County sheriff employees) or 5 percent (County detention officers, and AOC probation, surveillance, and juvenile detention officers) of the members' annual covered payroll, and the County was required by statute to contribute 9 percent or 5 percent, respectively, of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the County's contributions each year as set forth in statute. The plan retains nonvested County contributions when forfeited because of employment terminations. For the year ended June 30, 2022, the County recognized pension expense of \$120,277.

# Apache County, Arizona

## Notes to Financial Statements

### June 30, 2022

#### ***Elected Officials Retirement Plan***

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

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

#### **EORP**

	Initial Membership Date	
	<u>Before January 1, 2012</u>	<u>On or after January 1, 2012</u>
<b>Retirement and Disability</b>		
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
<b>Benefit Percent</b>		
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
<b>Survivor Benefit</b>		
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.

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

*Contributions*—State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2022, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the County to contribute at the actuarially determined rate of 61.43 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 49.21 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 55.43 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the County's required contributions to ASRS and EODCRS for these elected officials and judges.

The County's contributions to the pension and health insurance premium benefit plans for the year ended June 30, 2022, were \$587,361 and \$0, respectively.

During fiscal year 2022, the County paid 100 percent of the EORP pension contributions from the General Fund.

*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	\$ 7,922,751
State's proportionate share of the EORP net pension liability associated with the County	796,366
Total	<u>\$ 8,719,117</u>

The County also reported an asset of \$837,657 for its proportionate share of EORP's net OPEB asset.

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

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## Notes to Financial Statements

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The County's proportion of the net pension liability was based on the County's required contributions to the plan relative to the total of all participating employers' required contributions for the year ended June 30, 2021. The County's proportion of the net pension liability is measured as of June 30, 2021, and was 1.30 percent, which was a decrease of .0105 from its proportion measured as of June 30, 2020. The County's proportion of the net OPEB liability was based on the County's present value of benefits relative to the total of all participating employers' present value of benefits for the year ended June 30, 2021. The County's proportion of the OPEB liability is measured as of June 30, 2021, and was 5.25 percent, which was an decrease of .7169 from its proportion measured as of June 30, 2020.

**Expense**—For the year ended June 30, 2022, the County recognized pension and OPEB expense/(income) for EORP of \$633,224 and \$70,849, respectively and revenue of \$187,929 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 and OPEB from the following sources:

	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>EORP</b>				
Differences between expected and actual experience	\$ -	\$ 105,435	\$ -	\$ 71,101
Changes of assumptions or other inputs	-	-	-	-
Net difference between projected and actual earnings on plan investments	-	403,652	-	130,952
Changes in proportion and differences between County contributions and proportionate share of contributions	-	34,945	51,741	-
County contributions subsequent to the measurement date	587,361	-	-	-
Total	<u>\$ 587,361</u>	<u>\$ 544,032</u>	<u>\$ 51,741</u>	<u>\$ 202,053</u>

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

Year ending June 30	Pension	Health Insurance Premium Benefit
2023	\$ (223,253)	\$ (40,614)
2024	(84,055)	(32,457)
2025	(99,276)	(32,288)
2026	(137,449)	(44,952)

**Apache County, Arizona**  
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*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% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pension/not applicable OPEB
Mortality rates	PubG-2010 tables.
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 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 rates*—At June 30, 2021, the discount rate used to measure the EORP total pension liability and total OPEB liability was 7.3 percent. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and state contributions will be made as currently required by statute. Based on those assumptions, the plans' fiduciary net position was projected

**Apache County, Arizona**  
**Notes to Financial Statements**  
**June 30, 2022**

to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the County's proportionate share of the EORP net pension/OPEB (asset) liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.3 percent, as well as what the County's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

<b>EORP</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Rate-pension	6.3%	7.3%	8.3%
County's proportionate share of the net pension liability	\$ 9,103,859	\$ 7,922,751	\$ 6,909,085
Rate-OPEB	6.3%	7.3%	8.3%
County's proportionate share of the net OPEB (asset)	(786,142)	(837,657)	(882,615)

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

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

For the year ended June 30, 2022, active EODCRS members were required by statute to contribute 8 percent of the members' annual covered payroll, and the County was required by statute to contribute 6 percent of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the County's contributions to the individual employee account and the earnings on those contributions. For the year ended June 30, 2022, the County recognized pension expense of \$3,828.



**Apache County, Arizona**  
**Notes to Financial Statements**  
**June 30, 2022**

**9) Interfund Balances and Activity**

*Interfund receivables and payables*—Interfund balances at June 30, 2022, were as follows:

Payable From	Payable To				Total
	General Fund	Road Fund	COVID Related Grants Fund	Other Governmental Funds	
General fund	\$ -	\$ 128,290	\$ 202,112	\$ 122,049	\$ 452,451
Other governmental funds	517,618	-	-	-	517,618
Covid related grants fund	-	-	-	-	-
Road fund	53,546	-	-	-	53,546
Total	<u>\$ 571,164</u>	<u>\$ 128,290</u>	<u>\$ 202,112</u>	<u>\$ 122,049</u>	<u>\$ 1,023,615</u>

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

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

Transfer From	Transfer to			Total
	General Fund	Road Fund	Other Governmental Funds	
General fund	\$ -	\$ -	\$ 894,340	\$ 894,340
Road fund	-	-	165,000	165,000
Junior college fund	-	-	-	-
Other governmental funds	900,000	-	-	900,000
Total	<u>\$ 900,000</u>	<u>\$ -</u>	<u>\$ 1,059,340</u>	<u>\$ 1,959,340</u>

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

**10) County Treasurer's Investment Pool**

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

**Apache County, Arizona**  
**Notes to Financial Statements**  
**June 30, 2022**

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

The deposits and investments the County holds are included in the County treasurer's investment pool, except for \$1,268,917 in other deposits accounts. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks. See Note 3 for disclosure of the County's deposit and investment risks.

Details of each major investment classification follow:

Investment Type	Principal	Interest Rate(s)	Maturities	Fair Value
U.S. agency securities	\$ 42,037,454	0.38-0.75	02/2024-12/2025	\$ 39,163,141
U.S. treasury notes	\$ 18,132,996	0.27-3.49	3/2024-9/2026	\$ 20,996,710
Certificates of deposit	\$ -	-		\$ 13,510,384

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

Statement of fiduciary net position

Assets	\$ 186,709,462
Net position	<u>\$ 186,709,462</u>

Net position held for

Internal participants	\$ 42,810,416
External participants	<u>143,899,046</u>
Total net position	<u>\$ 186,709,462</u>

Statement of changes in fiduciary net position

Total additions	\$ 243,830,534
Total deductions	<u>(219,024,106)</u>
Net increase	24,806,428

Net position

July 1, 2021	<u>161,903,034</u>
June 30, 2022	<u>\$ 186,709,462</u>

**Apache County, Arizona**  
**Notes to Financial Statements**  
**June 30, 2022**

**11) Joint Ventures**

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

However, the County will assume the financial responsibility for these costs if the Association is unable to pay when they are due. Annually, the County files the required financial assurance report with the Arizona Department of Environmental Quality to demonstrate financial responsibility for closure and post-closure care costs as required by state and federal laws and regulations. In the most recent annual financial report for the year ended June 30, 2022 closure costs and post-closure care costs were estimated to be \$2,592,846 assuming the landfill was completely filled to capacity. This amount is based on what it would cost to perform all closure and post-closure care, evaluated as of June 30, 2019. Estimation reports are updated every 4-5 years. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

According to its audited financial information for the year ended June 30, 2022, the Association had recognized a liability of \$800,973 to pay for these costs.

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

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

**12) Change in Accounting Principle**

Net position as of July 1, 2021, has been restated as follows for the implementation of GASB No. 87, *Leases*, as amended:

	Governmental Activities
Net position, as previously reported as of June 30, 2021	\$ 17,939,844
Prior period adjustment - implementation of GASB 87:	
Change in leases payable	(1,517,484)
Change in capital assets	1,375,648
Net position, as restated July 1, 2021	<u>\$ 17,798,008</u>

**Apache County, Arizona**  
**Notes to Financial Statements**  
**June 30, 2022**

**13) Subsequent Events**

Under the One Arizona Opioid Settlement memorandum of Understanding (One Arizona Plan) related to national opioid settlements, Apache County is allocated a portion of settlement monies as the cases are settled. The Arizona Attorney General's Office handles the settlements for all parties in the One Arizona Plan. Seven settlements have occurred since June 30, 2022 (FY 23 – Distributor, Janssen, and Mallinckrodt. FY 24 – Walgreens, TEVA, CVS, and Walmart). The County will recognize revenues in FY 2023 of \$249,816 and \$463,557 in FY 2024.

## Required Supplementary Information

**Apache County, Arizona**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts			Variance with Final Budget- Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Property taxes	\$ 3,067,672	\$ 3,067,672	\$ 3,121,660	\$ 53,988
County excise tax	1,113,000	1,113,000	1,969,576	856,576
Licenses and permits	83,000	83,000	170,635	87,635
Intergovernmental	9,222,106	9,222,106	11,012,590	1,790,484
Charges for services	501,442	501,442	855,110	353,668
Fines and forfeits	486,000	486,000	424,910	(61,090)
Investment income (loss)	200,000	200,000	(13,102)	(213,102)
Contributions	1,264,354	1,264,354	1,262,518	(1,836)
Miscellaneous	531,000	531,000	276,958	(254,042)
Total revenues	16,468,574	16,468,574	19,080,855	2,612,281
Expenditures				
General government				
Assessor	752,094	752,094	687,952	64,142
Attorney	1,281,220	1,281,220	1,412,677	(131,457)
Board of supervisors - general	481,462	481,462	347,452	134,010
Board of supervisors - county manager	492,554	492,554	325,381	167,173
Human resources	287,315	287,315	230,910	56,405
Wellness	34,000	34,000	6,784	27,216
Records management	17,473	17,473	16,363	1,110
District #1	236,883	236,883	256,526	(19,643)
District #2	236,883	236,883	197,483	39,400
District #3	236,883	236,883	184,531	52,352
Clerk of the superior court	609,123	609,123	557,710	51,413
Contingency	4,359,620	4,359,620	1,330,666	3,028,954
Information technology service	536,681	536,681	630,858	(94,177)
IT capital improvements and software maintenance	1,000,000	1,000,000	404,301	595,699
Elections	336,047	336,047	242,260	93,787
Finance	520,752	520,752	469,946	50,806
Grounds/maintenance	973,806	973,806	962,390	11,416
JP – Chinle	177,130	177,130	143,542	33,588
JP – Puerco	352,258	352,258	302,927	49,331
JP – St. Johns	238,669	238,669	237,301	1,368
St. Johns magistrate	39,089	39,089	41,955	(2,866)
JP – Round Valley	330,218	330,218	320,697	9,521
Springerville magistrate	7,675	7,675	4,641	3,034
Communication specialist and project	153,997	153,997	32,318	121,679
Community development	475,473	475,473	438,083	37,390
County fair	25,000	25,000	22,697	2,303
Recorder	571,345	571,345	522,562	48,783
Superior court	505,920	505,920	524,775	(18,855)
Public defenders	427,500	427,500	-	427,500

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

**Apache County, Arizona**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund – continued**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Expenditures – continued				
Jury fees and related	131,242	131,242	80,333	50,909
Gaming compact	100,000	100,000	6,267	93,733
Treasurer	509,725	509,725	454,689	55,036
Public fiduciary	-	-	-	-
Vehicle replacement	-	-	-	-
Insurance	300,000	300,000	222,538	77,462
Fleet management	300,000	300,000	190,195	109,805
Total general government	<u>17,038,037</u>	<u>17,038,037</u>	<u>11,809,710</u>	<u>5,228,327</u>
Public safety				
Constables	152,880	152,880	161,371	(8,491)
Adult probation	284,212	284,212	288,302	(4,090)
Juvenile probation	216,333	216,333	216,833	(500)
Dispatch services	621,404	621,404	495,179	126,225
Sheriff	3,538,007	3,538,007	3,095,493	442,514
Total public safety	<u>4,812,836</u>	<u>4,812,836</u>	<u>4,257,178</u>	<u>555,658</u>
Health				
AHCCCS	469,520	469,520	391,956	77,564
Culture and recreation				
Agricultural extension	30,000	30,000	7,500	22,500
Education				
School SIT Grant	120,000	120,000	-	120,000
School superintendent	390,633	390,633	371,695	18,938
Total education	<u>510,633</u>	<u>510,633</u>	<u>371,695</u>	<u>138,938</u>
Total expenditures	<u>22,861,026</u>	<u>22,861,026</u>	<u>16,838,039</u>	<u>6,022,987</u>
Deficiency of revenues over expenditures	<u>(6,392,452)</u>	<u>(6,392,452)</u>	<u>2,242,816</u>	<u>8,635,268</u>
<b>Other Financing Sources (Uses)</b>				
Pledged revenue obligations issued	-	-	-	-
Transfers in	3,016,474	3,016,474	900,000	(2,116,474)
Transfers out	(1,624,022)	(1,624,022)	(894,340)	729,682
Total other financing sources (uses)	<u>1,392,452</u>	<u>1,392,452</u>	<u>5,660</u>	<u>(1,386,792)</u>
Net change in fund balances	(5,000,000)	(5,000,000)	2,248,476	7,248,476
Fund balances, June 30, 2021	-	-	18,034,305	18,034,305
Fund balances, June 30, 2022	<u>\$ (5,000,000)</u>	<u>\$ (5,000,000)</u>	<u>\$ 20,282,781</u>	<u>\$ 25,282,781</u>

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

**Apache County, Arizona**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Road Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Variance with Final Budget- Favorable (Unfavorable)
	Original and Final	Actual	
<b>Revenues</b>			
Intergovernmental	\$ 11,600,000	\$ 12,381,636	\$ 781,636
Charges for services	907,073	190,779	(716,294)
Investment income (loss)	-	(87,211)	(87,211)
Miscellaneous	2,779,861	63,880	(2,715,981)
Total revenues	<u>15,286,934</u>	<u>12,549,084</u>	<u>(2,737,850)</u>
<b>Expenditures</b>			
Highways and streets			
General	268,326	951,154	(682,828)
Engineer	758,874	586,947	171,927
HURF support	184,541	36,136	148,405
District #1	951,929	849,204	102,725
District #2	609,641	761,277	(151,636)
District #3	600,000	703,733	(103,733)
Liability insurance	330,000	298,414	31,586
Contingency	3,000,000	336,595	2,663,405
RAC Grant	150,000	-	150,000
Limestone Pit	500,000	832,432	(332,432)
Roads - Puerco	971,190	1,093,448	(122,258)
Roads - Round Valley	1,159,501	1,194,627	(35,126)
Roads - St. Johns	1,002,181	904,444	97,737
Roads - Ganado	2,189,113	2,162,657	26,456
Roads - Chinle	2,189,113	1,615,640	573,473
Aviation	110,000	(58,089)	168,089
Total highways and streets	<u>14,974,409</u>	<u>12,268,619</u>	<u>2,705,790</u>
Excess(deficiency) of revenues over expenditures	<u>312,525</u>	<u>280,465</u>	<u>(32,060)</u>
<b>Other Financing Sources (Uses)</b>			
Financed purchase agreements	-	255,561	255,561
Transfers in	-	-	-
Transfers out	(415,000)	(165,000)	250,000
Total other financing sources (uses)	<u>(415,000)</u>	<u>90,561</u>	<u>505,561</u>
Net change in fund balances	(102,475)	371,026	473,501
Fund balances, July 1, 2021	-	5,217,698	5,217,698
Changes in nonspendable resources	-	156,628	156,628
Fund balances, June 30, 2022	<u>\$ (102,475)</u>	<u>\$ 5,745,352</u>	<u>\$ 5,847,827</u>

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



**Apache County, Arizona**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Covid Related Grants Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Variance with Final Budget- Favorable (Unfavorable)
	Original and Final	Actual	
<b>Revenues</b>			
Intergovernmental	\$ 20,000,000	\$ 4,581,587	\$ (15,418,413)
Investment income (loss)	-	15,489	15,489
Total revenues	<u>20,000,000</u>	<u>4,597,076</u>	<u>(15,402,924)</u>
<b>Expenditures</b>			
Health			
Board of supervisors	20,000,000	3,466,032	16,533,968
Capital outlay	-	840,178	(840,178)
Debt service			
Principal	-	273,143	(273,143)
Interest and other charges	-	17,723	(17,723)
Total expenditures	<u>20,000,000</u>	<u>4,597,076</u>	<u>15,402,924</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund balances, July 1, 2021	-	-	-
Fund balances, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Apache County, Arizona**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2022**

**1) Budgeting and Budgetary Control**

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

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

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

**2) Expenditures in Excess of Appropriations**

The County's budget is prepared on a basis consistent with generally accepted accounting principles, except for the following unbudgeted item: the Road fund's present value of net minimum financed purchase agreements payments (\$255,561). The General fund and Road fund expenditure overages resulted from unanticipated increases to department operations during the year, which are expected to be corrected through normal operations and transfers from other funds in fiscal year 2023.

**Apache County, Arizona**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2022**

For the year ended June 30, 2022, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

Fund/Department	Excess
<b>General Fund</b>	
Attorney	\$ 131,457
Information Technology Service	94,177
District 1	19,643
Superior Court	18,855
Constables	8,491
Adult Probation	4,090
St. Johns Magistrate	2,866
Juvenile Probation	500
Total general fund	<u>\$ 280,079</u>
<b>Road Fund</b>	
General	\$ 682,828
Limestone Pit	332,432
District 2	151,636
Roads - Puerco	122,258
District 3	103,733
Roads - Round Valley	35,126
Total road fund	<u>\$ 1,428,013</u>

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

**Apache County, Arizona**  
**Required Supplementary Information**  
**Multi-Year Schedule of the County's Proportionate Share of the**  
**Net Pension/OPEB Liability – Cost-Sharing Plans**  
**June 30, 2022**

**Arizona State Retirement System -ASRS**

	Reporting Fiscal Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
County's proportion of the net pension liability	0.10%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%
County's proportionate share of the net pension liability	\$ 13,583,673	\$ 18,941,352	\$ 16,247,839	\$ 15,804,152	\$ 16,570,373	\$ 17,514,604	\$ 16,819,429	\$ 15,839,753
County's covered payroll	\$ 13,254,439	\$ 12,057,237	\$ 11,946,330	\$ 11,269,617	\$ 10,627,067	\$ 10,573,233	\$ 9,969,096	\$ 9,649,540
County's proportionate share of the net pension liability as a percentage of its covered payroll	102.48%	157.10%	136.01%	140.2%	155.9%	165.6%	168.7%	164.2%
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

\* 2014 through 2013 Information not available

**ASRS - Health Insurance Premium Benefit**

	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
County's proportion of the net OPEB (asset)	0.10%	0.11%	0.11%	0.11%	0.11%
County's proportionate share of the net OPEB (asset)	\$ (511,325)	\$ (78,559)	\$ (31,261)	\$ (41,108)	\$ (58,180)
County's covered payroll	\$ 13,254,439	\$ 12,057,237	\$ 11,946,330	\$ 11,269,617	\$ 10,627,067
County's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	-3.9%	(0.4%)	(0.4%)	(0.4%)	(0.5%)
Plan fiduciary net position as a percentage of the total OPEB liability	130.24%	104.33%	101.62%	102.20%	103.57%

\* 2017 through 2013 Information not available

**ASRS - Long-Term Disability**

	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
County's proportion of the net OPEB liability	0.10%	0.11%	0.11%	0.11%	0.48%
County's proportionate share of the net OPEB liability (asset)	\$ 21,501	\$ (83,607)	\$ 73,288	\$ 59,309	\$ 38,553
County's covered payroll	\$ 13,254,439	\$ 12,057,237	\$ 11,946,330	\$ 11,269,617	\$ 10,627,067
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.2%	(0.5%)	(0.5%)	(0.5%)	0.4%
Plan fiduciary net position as a percentage of the total OPEB liability	90.38%	68.01%	72.85%	77.83%	84.44%

\* 2017 through 2013 Information not available

**See accompanying notes to pension/OPEB plan schedules.**

**Apache County, Arizona**  
**Required Supplementary Information**  
**Multi-Year Schedule of the County's Proportionate Share of the**  
**Net Pension/OPEB Liability – Cost-Sharing Plans – continued**  
**June 30, 2022**

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

	Reporting Fiscal Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
County's proportion of the net pension liability	0.56%	0.54%	0.49%	0.48%	0.48%	0.48%	0.80%	0.89%
County's proportionate share of the net pension liability	\$ 2,093,734	\$ 2,602,234	\$ 2,069,061	\$ 1,928,376	\$ 1,917,366	\$ 1,351,472	\$ 1,953,897	\$ 2,000,091
County's covered payroll	\$ 749,697	\$ 626,465	\$ 587,714	\$ 619,607	\$ 524,605	\$ 546,592	\$ 908,555	\$ 961,116
County's proportionate share of the net pension liability as a percentage of its covered payroll	279.3%	415.4%	352.1%	311.2%	365.5%	247.2%	215.1%	208.1%
Plan fiduciary net position as a percentage of the total pension liability	62.53%	50.07%	51.99%	53.72%	49.21%	54.81%	57.89%	58.59%

\* 2014 through 2013 Information not available

**Elected Officials Retirement Plan - EORP Pension**

	Reporting Fiscal Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
County's proportion of the net pension liability	1.30%	1.31%	1.28%	1.16%	1.16%	1.16%	1.08%	1.09%
County's proportionate share of the net pension liability	\$ 7,922,751	\$ 8,858,394	\$ 8,510,189	\$ 5,940,372	\$ 13,870,744	\$ 10,927,352	\$ 8,445,318	\$ 7,329,261
State's proportionate share of the net pension liability associated with the County	<u>796,366</u>	<u>818,833</u>	<u>799,870</u>	<u>1,017,844</u>	<u>2,878,805</u>	<u>2,192,828</u>	<u>2,632,899</u>	<u>2,247,219</u>
Total	<u>\$ 8,719,117</u>	<u>\$ 9,677,227</u>	<u>\$ 9,310,059</u>	<u>\$ 6,958,216</u>	<u>\$ 16,749,549</u>	<u>\$ 13,120,180</u>	<u>\$ 11,078,217</u>	<u>\$ 9,576,480</u>
County's covered payroll	\$ 2,499,408	\$ 2,577,715	\$ 984,980	\$ 990,328	\$ 836,561	\$ 784,791	\$ 855,434	\$ 942,909
County's proportionate share of the net pension liability as a percentage of its covered payroll	349%	375%	945%	703%	2002%	1392%	987.3%	777.3%
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%

\* 2014 through 2013 Information not available

**EORP - Health Insurance Premium Benefit**

	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
County's proportion of the net OPEB (asset)	5.25%	5.97%	6.03%	5.75%	6.21%
County's proportionate share of the net OPEB (asset)	\$ (837,657)	\$ (570,110)	\$ (590,533)	\$ (594,695)	\$ (565,110)
County's covered payroll	\$ 2,499,408	\$ 2,577,715	\$ 984,980	\$ 990,328	\$ 524,605
County's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(33.51%)	(22.12%)	(59.95%)	(60.05%)	(67.55%)
Plan fiduciary net position as a percentage of the total OPEB (asset)	231.29%	169.89%	169.72%	177.16%	164.84%

\* 2017 through 2013 Information not available

**See accompanying notes to pension/OPEB plan schedules.**

**Apache County, Arizona**  
**Required Supplementary Information**  
**Multi-Year Schedule of Changes in the County's Net Pension/OPEB Liability**  
**and Related Ratios – Agent Plans**  
**June 30, 2022**

**Public Safety Personnel Retirement System -Sheriff - PSPRS Pension**

	Reporting Fiscal Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
<b>Total Pension Liability</b>								
Service cost	\$ 216,142	\$ 261,760	\$ 334,328	\$ 332,513	\$ 391,384	\$ 352,705	\$ 303,780	\$ 285,074
Interest on the total pension liability	1,247,182	1,223,290	1,155,854	1,083,199	1,027,927	1,027,738	1,006,417	827,366
Changes of benefit terms	-	-	-	-	225,266	(121,221)	-	373,856
Difference between expected and actual experience in the measurement of the pension liability	255,587	(87,963)	206,218	323,533	(385,625)	(296,009)	(194,211)	(138,700)
Changes of assumptions or other inputs	-	-	469,681	-	618,526	521,471	-	1,777,751
Benefit payments, including refunds of employee contributions	(1,004,944)	(1,043,434)	(868,089)	(982,899)	(848,915)	(932,155)	(805,535)	(902,060)
Net change in total pension liability	713,967	353,653	1,297,992	756,346	1,028,563	552,529	310,451	2,223,287
Total pension liability – beginning	17,371,009	17,017,356	15,719,364	14,963,018	13,934,455	13,381,926	13,071,475	10,848,188
Total pension liability – ending (a)	<u>\$ 18,084,976</u>	<u>\$ 17,371,009</u>	<u>\$ 17,017,356</u>	<u>\$ 15,719,364</u>	<u>\$ 14,963,018</u>	<u>\$ 13,934,455</u>	<u>\$ 13,381,926</u>	<u>\$ 13,071,475</u>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	\$ 13,588,627	\$ 953,872	\$ 989,810	\$ 906,255	\$ 932,323	\$ 896,934	\$ 655,184	\$ 628,529
Contributions - employee	90,937	115,689	124,001	158,820	134,451	178,568	144,239	137,407
Net investment income	2,393,399	65,208	255,158	295,291	459,901	20,966	127,091	435,987
Benefit payments, including refunds of employee contributions	(1,004,944)	(1,043,434)	(868,089)	(982,899)	(848,915)	(932,155)	(805,535)	(902,060)
Hall/Parker settlement	-	-	-	(219,279)	-	-	-	-
Administrative expenses	(10,594)	(5,316)	(5,423)	(5,194)	(4,469)	(3,418)	(3,473)	(3,511)
Other changes*	-	2,578	-	49	42	3,873	(2,530)	(248,414)
Net change in plan fiduciary net position	15,057,425	88,597	495,457	153,043	673,333	164,768	114,976	47,938
Plan fiduciary net position – beginning	5,160,552	5,071,954	4,584,760	4,431,717	3,758,384	3,593,616	3,478,640	3,430,702
Adjustment to Beginning of Year	-	1	(8,263)	-	-	-	-	-
Plan fiduciary net position – ending (b)	<u>\$ 20,217,977</u>	<u>\$ 5,160,552</u>	<u>\$ 5,071,954</u>	<u>\$ 4,584,760</u>	<u>\$ 4,431,717</u>	<u>\$ 3,758,384</u>	<u>\$ 3,593,616</u>	<u>\$ 3,478,640</u>
County's net pension liability – ending (a) - (b)	\$ (2,133,001)	\$ 12,210,457	\$ 11,945,402	\$ 11,134,604	\$ 10,531,301	\$ 10,176,071	\$ 9,788,310	\$ 9,592,835
Plan fiduciary net position as a percentage of total pension liability	111.79%	29.71%	29.80%	29.17%	29.62%	26.97%	26.85%	26.61%
Covered valuation payroll	\$ 903,606	\$ 1,181,556	\$ 1,904,980	\$ 1,723,995	\$ 1,723,995	\$ 1,729,119	\$ 1,551,303	\$ 1,576,259
County's net pension liability as percentage of covered payroll	-236.05%	1033.42%	627.06%	588.51%	588.51%	588.51%	630.97%	608.60%

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

\* 2014 through 2013 Information not available

**See accompanying notes to pension/OPEB plan schedules.**

**Apache County, Arizona**  
**Required Supplementary Information**  
**Multi-Year Schedule of Changes in the County's Net Pension/OPEB Liability**  
**and Related Ratios – Agent Plans – continued**  
**June 30, 2022**

**CORP Detention-Pension**

	Reporting Fiscal Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
<b>Total Pension Liability</b>								
Service cost	\$ 59,335	\$ 72,681	\$ 97,038	\$ 102,454	\$ 103,446	\$ 78,199	\$ 83,135	\$ 80,344
Interest on the total pension liability	210,382	198,330	175,314	163,204	136,198	141,303	150,847	127,309
Changes of benefit terms	-	-	-	(97,225)	256,152	5,786	-	33,741
Difference between expected and actual experience in the measurement of the pension liability	(170,268)	32,681	166,676	63,320	(66,912)	(134,578)	(188,715)	14,264
Changes of assumptions or other inputs	-	-	49,820	-	63,387	60,136	-	167,399
Benefit payments, including refunds of employee contributions	(129,844)	(120,651)	(112,857)	(114,982)	(89,590)	(205,467)	(123,291)	(125,921)
Net change in total pension liability	(30,395)	183,041	375,991	116,771	402,681	(54,621)	(78,024)	297,136
Total pension liability – beginning	<u>2,887,532</u>	<u>2,704,491</u>	<u>2,328,500</u>	<u>2,211,729</u>	<u>1,809,048</u>	<u>1,863,669</u>	<u>1,941,693</u>	<u>1,644,557</u>
Total pension liability – ending (a)	<u>\$ 2,857,137</u>	<u>\$ 2,887,532</u>	<u>\$ 2,704,491</u>	<u>\$ 2,328,500</u>	<u>\$ 2,211,729</u>	<u>\$ 1,809,048</u>	<u>\$ 1,863,669</u>	<u>\$ 1,941,693</u>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	\$ 1,360,887	\$ 82,928	\$ 78,646	\$ 80,147	\$ 67,206	\$ 86,900	\$ 67,051	\$ 56,502
Contributions - employee	30,219	40,399	48,326	61,105	51,467	53,031	46,795	40,107
Net investment income	550,890	45,145	84,647	101,432	149,555	7,904	46,477	159,806
Benefit payments, including refunds of employee contributions	(129,844)	(120,651)	(112,857)	(114,982)	(89,590)	(205,467)	(123,291)	(125,921)
Administrative expense	(2,499)	(1,747)	(2,211)	(2,235)	(1,708)	(1,518)	(1,505)	(1,257)
Other changes*	-	-	-	(29)	(8)	10	(1,107)	(128,722)
Net change in plan fiduciary net position	1,809,653	46,074	96,551	125,438	176,922	(59,140)	34,420	515
Plan fiduciary net position – beginning	<u>1,690,751</u>	<u>1,644,677</u>	<u>1,548,126</u>	<u>1,422,688</u>	<u>1,245,766</u>	<u>1,304,906</u>	<u>1,270,486</u>	<u>1,269,971</u>
Plan fiduciary net position – ending (b)	<u>\$ 3,500,404</u>	<u>\$ 1,690,751</u>	<u>\$ 1,644,677</u>	<u>\$ 1,548,126</u>	<u>\$ 1,422,688</u>	<u>\$ 1,245,766</u>	<u>\$ 1,304,906</u>	<u>\$ 1,270,486</u>
County's net pension liability – ending (a) - (b)	\$ (643,267)	\$ 1,196,781	\$ 1,059,814	\$ 780,374	\$ 789,041	\$ 563,282	\$ 558,763	\$ 671,207
Plan fiduciary net position as a percentage of total pension liability	122.51%	58.55%	33.51%	66.49%	64.32%	68.86%	70.02%	65.43%
Covered payroll	\$ 340,389	\$ 435,258	\$ 740,025	\$ 666,255	\$ 616,809	\$ 658,695	\$ 637,619	\$ 609,417
County's net pension liability as percentage of covered payroll	-188.98%	274.96%	143.22%	117.13%	127.92%	85.52%	87.60%	110.10%

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

\* 2014 through 2013 Information not available

**See accompanying notes to pension/OPEB plan schedules.**

**Apache County, Arizona**  
**Required Supplementary Information**  
**Multi-Year Schedule of Changes in the County's Net Pension/OPEB Liability**  
**and Related Ratios – Agent Plans – continued**  
**June 30,2022**

**CORP Detention-OPEB**

	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
<b>Total OPEB Liability</b>					
Service cost	\$ 1,229	\$ 1,935	\$ 2,155	\$ 2,299	\$ 3,003
Interest on the total OPEB liability	5,187	4,335	5,744	6,490	6,984
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience in the measurement of the OPEB liability	(9,062)	9,177	(24,120)	(17,643)	(4,579)
Changes of assumptions or other inputs	-	-	682	-	(7,980)
Benefit payments	<u>(3,313)</u>	<u>(2,842)</u>	<u>(2,110)</u>	<u>(2,358)</u>	<u>(2,630)</u>
Net change in total OPEB liability	(5,959)	12,605	(17,649)	(11,212)	(5,202)
Total OPEB liability – beginning	<u>71,481</u>	<u>58,876</u>	<u>76,525</u>	<u>87,737</u>	<u>92,939</u>
Total OPEB liability – ending (a)	<u>\$ 65,522</u>	<u>\$ 71,481</u>	<u>\$ 58,876</u>	<u>\$ 76,525</u>	<u>\$ 87,737</u>

**Plan Fiduciary Net Position**

Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	53,280	5,442	10,208	12,760	19,046
Benefit payments	(3,313)	(2,842)	(2,110)	(2,358)	(2,630)
Administrative expense	<u>(219)</u>	<u>(211)</u>	<u>(182)</u>	<u>(194)</u>	<u>(166)</u>
Net change in plan fiduciary net position	49,748	2,389	7,916	10,208	16,250
Plan fiduciary net position – beginning	<u>198,256</u>	<u>195,867</u>	<u>187,951</u>	<u>177,743</u>	<u>161,493</u>
Plan fiduciary net position – ending (b)	<u>\$ 248,004</u>	<u>\$ 198,256</u>	<u>\$ 195,867</u>	<u>\$ 187,951</u>	<u>\$ 177,743</u>
County's net OPEB liability (asset) – ending (a) - (b)	\$ (182,482)	\$ (126,775)	\$ (136,991)	\$ (111,426)	\$ (90,006)
Plan fiduciary net position as a percentage of total OPEB liability	378.50%	277.35%	332.68%	245.61%	202.59%
Covered payroll	\$ 340,389	\$ 435,258	\$ 740,025	\$ 666,255	\$ 616,809
County's net OPEB (asset) liability as percentage of covered payroll	-53.61%	(29.13%)	(18.51%)	(16.72%)	(14.59%)

\* 2017 through 2013 Information not available

See accompanying notes to pension/OPEB plan schedules.



# Apache County, Arizona

## Required Supplementary Information

### Multi-Year Schedule of County Pension/OPEB Contributions

#### June 30, 2022

#### ASRS - Pension

	Reporting Fiscal Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 1,619,692	\$ 1,326,446	\$ 1,347,999	\$ 1,302,150	\$ 1,228,388	\$ 1,177,599	\$ 1,163,395	\$ 1,144,174	\$ 1,098,147
County's contributions in relation to the statutorily required contribution	<u>1,619,692</u>	<u>1,326,446</u>	<u>1,347,999</u>	<u>1,302,150</u>	<u>1,228,388</u>	<u>1,177,599</u>	<u>1,163,395</u>	<u>1,144,174</u>	<u>1,098,147</u>
County's contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	<u>\$ 13,254,439</u>	<u>\$ 11,584,681</u>	<u>\$ 12,057,237</u>	<u>\$ 11,946,330</u>	<u>\$ 11,269,617</u>	<u>\$ 10,627,067</u>	<u>\$ 10,573,233</u>	<u>\$ 9,969,096</u>	<u>\$ 9,649,540</u>
County's contributions as a percentage of covered payroll	12%	11%	11%	11%	11%	11%	11%	11%	11%

\* 2013 information not available

#### ASRS - Health Insurance Premium Benefit

	Reporting Fiscal Year					
	2022	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 30,132	\$ 56,765	\$ 55,463	\$ 52,564	\$ 49,586	\$ 57,444
County's contributions in relation to the statutorily required contribution	<u>30,132</u>	<u>56,765</u>	<u>55,463</u>	<u>52,564</u>	<u>49,586</u>	<u>57,444</u>
County's contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	<u>\$ 13,254,439</u>	<u>\$ 11,584,681</u>	<u>\$ 12,057,237</u>	<u>\$ 11,946,330</u>	<u>\$ 11,269,617</u>	<u>\$ 10,627,067</u>
County's contributions as a percentage of covered payroll	0.23%	0.49%	0.46%	0.44%	0.44%	0.54%

\* 2016 through 2013 Information not available

#### ASRS - Long-Term Disability

	Reporting Fiscal Year					
	2022	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 19,534	\$ 19,694	\$ 19,292	\$ 19,114	\$ 18,031	\$ 14,361
County's contributions in relation to the statutorily required contribution	<u>19,534</u>	<u>19,694</u>	<u>19,292</u>	<u>19,114</u>	<u>18,031</u>	<u>14,361</u>
County's contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	<u>\$ 13,254,439</u>	<u>\$ 11,584,681</u>	<u>\$ 12,057,237</u>	<u>\$ 11,946,330</u>	<u>\$ 11,269,617</u>	<u>\$ 10,627,067</u>
County's contributions as a percentage of covered payroll	0.15%	0.17%	0.16%	0.16%	0.16%	0.14%

\* 2016 through 2013 Information not available

See accompanying notes to pension/OPEB plan schedules.

**Apache County, Arizona**  
**Required Supplementary Information**  
**Multi-Year Schedule of County Pension/OPEB Contributions– continued**  
**June 30, 2022**

**CORP- AOC-Pension**

	Reporting Fiscal Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 230,232	\$ 222,885	\$ 200,212	\$ 186,935	\$ 140,918	\$ 112,779	\$ 105,915	\$ 144,404	\$ 149,907
County's contributions in relation to the statutorily required contribution	<u>230,232</u>	<u>222,885</u>	<u>200,212</u>	<u>186,935</u>	<u>140,918</u>	<u>112,779</u>	<u>105,915</u>	<u>144,404</u>	<u>149,907</u>
County's contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	<u>\$ 749,697</u>	<u>\$ 725,773</u>	<u>\$ 626,465</u>	<u>\$ 587,714</u>	<u>\$ 619,607</u>	<u>\$ 524,605</u>	<u>\$ 546,592</u>	<u>\$ 908,555</u>	<u>\$ 961,116</u>
County's contributions as a percentage of covered payroll	31%	31%	32%	32%	23%	21%	19%	16%	16%

\* 2013 information not available

**PSPRS-Pension**

	Reporting Fiscal Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially required contribution	\$ 138,659	\$ 714,019	\$ 969,235	\$ 1,005,873	\$ 925,122	\$ 932,323	\$ 896,934	\$ 655,184	\$ 628,529
County's contributions in relation to the statutorily required contribution	<u>138,659</u>	<u>14,871,635</u>	<u>969,235</u>	<u>1,005,873</u>	<u>705,811</u>	<u>932,323</u>	<u>896,934</u>	<u>655,184</u>	<u>628,529</u>
County's contributions deficiency (excess)	<u>\$ -</u>	<u>\$ (14,157,616)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,311</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	<u>\$ 903,606</u>	<u>\$ 1,253,621</u>	<u>\$ 1,394,101</u>	<u>\$ 1,904,980</u>	<u>\$ 1,716,008</u>	<u>\$ 1,723,995</u>	<u>\$ 1,729,119</u>	<u>\$ 1,551,303</u>	<u>\$ 1,576,259</u>
County's contributions as a percentage of covered payroll	15%	57%	70%	53%	54%	54%	52%	42%	40%

\* 2013 information not available

**EORP-Pension**

	Reporting Fiscal Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 587,361	\$ 579,058	\$ 605,648	\$ 605,763	\$ 232,727	\$ 222,392	\$ 224,760	\$ 220,245	\$ 241,853
County's contributions in relation to the statutorily required contribution	<u>587,361</u>	<u>579,058</u>	<u>605,648</u>	<u>605,763</u>	<u>5,127</u>	<u>222,392</u>	<u>224,760</u>	<u>220,245</u>	<u>241,853</u>
County's contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	<u>\$ 2,499,408</u>	<u>\$ 2,464,075</u>	<u>\$ 2,577,715</u>	<u>\$ 984,980</u>	<u>\$ 990,328</u>	<u>\$ 836,561</u>	<u>\$ 784,791</u>	<u>\$ 855,434</u>	<u>\$ 942,909</u>
County's contributions as a percentage of covered payroll	24%	24%	23%	62%	23%	27%	29%	26%	26%

\* 2013 information not available

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

**See accompanying notes to pension/OPEB plan schedules.**

**Apache County, Arizona**  
**Required Supplementary Information**  
**Multi-Year Schedule of County Pension/OPEB Contributions– continued**  
**June 30, 2022**

The County was not required and did not contribute to the EORP health insurance premium benefit plan for fiscal years 2022 through 2017. Information for fiscal years 2016 through 2013 is not available.

**CORP Detention- Pension**

	Reporting Fiscal Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially required contribution	\$ 37,896	\$ 82,928	\$ 92,340	\$ 89,025	\$ 80,532	\$ 67,206	\$ 86,900	\$ 67,051	\$ 56,502
County's contributions in relation to the statutorily required contribution	<u>37,896</u>	<u>82,928</u>	<u>92,340</u>	<u>89,025</u>	<u>80,532</u>	<u>67,206</u>	<u>86,900</u>	<u>67,051</u>	<u>56,502</u>
County's contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	<u>\$ 340,389</u>	<u>\$ 435,258</u>	<u>\$ 566,503</u>	<u>\$ 740,025</u>	<u>\$ 666,225</u>	<u>\$ 616,809</u>	<u>\$ 658,695</u>	<u>\$ 637,619</u>	<u>\$ 609,417</u>
County's contributions as a percentage of covered payroll	11%	19%	16%	12%	12%	11%	13%	11%	9%

\* 2013 through 2012 Information not available

The County was not required and did not contribute to the CORP Detention health insurance premium benefit plan for fiscal years 2022 through 2017. Information for fiscal years 2016 through 2013 is not available.

**See accompanying notes to pension/OPEB plan schedules.**

**Apache County, Arizona**  
**Required Supplementary Information**  
**Notes to Pension/OPEB Plan Schedules**  
**June 30, 2022**

**1) Actuarially Determined Contribution Rates**

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

**PSPRS and CORP**

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2020 actuarial valuation	15 years
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).

**Apache County, Arizona**  
**Required Supplementary Information**  
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**2) Factors That Affect Trends**

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

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