# NAVAJO COUNTY

Arizona

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018

Since 1895

# Board of Supervisors

**Chairman**
**Steve Williams**
District IV

**Jason E. Whiting**
District III

**Lee Jack Sr.**
District I

**Vice Chairwoman**
**Dawnafe Whitesinger**
District V

**Chairman**
**Jesse Thompson**
District II

# Navajo County, Arizona

## Comprehensive Annual Financial Report

## Fiscal Year Ended June 30, 2018

**Prepared by Navajo County Finance Department**

**County Manager**
Glenn Kephart

**Assistant County Manager**
Bryan Layton

**Finance Team**
Paige M. Peterson, Finance Director
Jackie Walker, Accountant
Rebecca Robertson, Finance Operations Supervisor
Julye Barton-Todacheenie, Senior Accountant

# INTRODUCTORY SECTION

Navajo County
Comprehensive annual financial report
Year ended June 30, 2018

## Table of Contents


| | Page |
|---|---|
| **Introductory Section** | |
| Table of Contents | i |
| Letter of Transmittal | iv |
| Organizational Chart | x |
| Certificate of Achievement for Excellence in Financial Reporting | xi |
| **Financial Section** | |
| Independent Auditors' Report | 1 |
| Required Supplementary Information—Management's Discussion and Analysis | 5 |
| Basic Financial Statements | |
| Government-wide Statements | |
| Statement of net position | 16 |
| Statement of activities | 17 |
| Fund Statements | |
| Governmental funds | |
| Balance sheet | 18 |
| Reconciliation of the government funds balance sheet to the government-wide statement of net position | 19 |
| Statement of revenues, expenditures, and changes in fund balances | 20 |
| Reconciliation of the governmental funds statement of revenues, expenditures, and changes in fund balances to the government-wide statement of activities | 21 |
| Fiduciary funds | |
| Statement of fiduciary net position | 22 |
| Statement of changes in fiduciary net position | 23 |
| Notes to Financial Statements | |
| Note 1 – Summary of significant accounting policies | 24 |
| Note 2 – Change in accounting principle and corrections of misstatement—prior period adjustments | 30 |
| Note 3 – Deposits and investments | 31 |
| Note 4 – Due from other governments | 34 |
| Note 5 – Capital assets | 34 |
| Note 6 – Long-term liabilities | 35 |
| Note 7 – Risk management | 38 |
| Note 8 – Operating lease | 39 |
| Note 9 – Fund balance classifications of the governmental funds | 39 |
| Note 10 – Pensions and other postemployment benefits | 40 |
| Note 11 – Interfund balances and activity | 58 |
| Note 12 – County Treasurer's investment pool | 59 |

Navajo County
Comprehensive annual financial report
Year ended June 30, 2018

Table of Contents | Page


**Other Required Supplementary Information**
Budgetary Comparison Schedules
General fund 62
Public works/HURF fund 65
Flood control district fund 66
Notes to budgetary comparison schedules 67
Pension Plan Schedules
Schedule of the County's proportionate share of the net pension liability–Cost-sharing pension plans 69
Schedule of changes in the County's net pension liability and related ratios–agent pension plans 70
Schedule of county pension contributions 73
Notes to pension plan schedules 75

**Supplementary Information**

List of Nonmajor governmental funds 78

Combining and Individual Fund Statements and Schedules
Combining balance sheet - Nonmajor governmental funds 80
Combining statement of revenues, expenditures, and changes in fund balances – Nonmajor governmental funds 85
Budgetary Comparison Schedules – Nonmajor Governmental Funds
Special revenue – Administration 90
Special revenue – County attorney 91
Special revenue – Courts 92
Special revenue – Environmental and conservation 93
Special revenue – Housing 94
Special revenue – Library district 95
Special revenue – Probation 96
Special revenue – Public defense 97
Special revenue – Public health 98
Special revenue – Recreation 99
Special revenue – Sheriff's office 100
Special revenue – Special districts 101
Special revenue – Workforce innovation and opportunity act 102
Capital projects – Other 103
Debt service – General government 104
Debt service – Special districts 105

Statement of Changes in Assets and Liabilities – Agency funds 108

Navajo County
Comprehensive annual financial report
Year ended June 30, 2018

Table of Contents | Page

**Statistical Section**


| | |
|---|---|
| Listing of Statistical Information | 110 |
| Financial Trends | |
| Net position by component | 111 |
| Changes in net position | 112 |
| Fund balances of governmental funds | 114 |
| Changes in fund balances of governmental funds | 116 |
| Revenue Capacity | |
| Assessed value and estimated actual value of taxable property | 118 |
| Direct and overlapping property tax rates | 119 |
| Principal property taxpayers | 120 |
| Property tax levies and collections | 121 |
| Debt Capacity | |
| Ratios of outstanding debt by type | 122 |
| Pledged revenue coverage | 123 |
| Legal debt margin information | 124 |
| Demographic and Economic Information | |
| Demographic and economic statistics | 125 |
| Employment by sector and major employers | 126 |
| Operating Information | |
| Full-time equivalent employees by function | 127 |
| Operating indicators by function | 128 |
| Capital asset statistics by function | 130 |

# NAVAJO COUNTY

## Administration

**Bryan Layton**
Assistant County Manager

**Glenn Kephart**
County Manager

**Paige M. Peterson**
Finance Director

## We are Navajo County

January 24, 2019

To the Honorable Board of Supervisors and Citizens of Navajo County, Arizona:

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) for fiscal year 2018. The CAFR provides in-depth information regarding the County's financial position. Navajo County presents the CAFR prepared in compliance with generally accepted accounting principles (GAAP) and audited by the Arizona Office of the Auditor General using generally accepted auditing standards and *Government Auditing Standards*.

This report consists of management's representations concerning the finances of Navajo County. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, County management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for preparation of the County's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not exceed the anticipated benefits, the objective of this framework is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Arizona Office of the Auditor General has audited the County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements for fiscal year 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for fiscal year 2018 are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented at the beginning of the Financial Section of this report.

This report is prepared in accordance with generally accepted accounting principles, in conformity with standards of financial reporting established by the Governmental Accounting Standards Board (GASB), and using the guidelines established by the Government Finance Officers Association (GFOA) of the United States and Canada. GAAP requires that management provide an overview and analysis to accompany the basic financial statements called the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A immediately follows the Independent Auditors' Report in the Financial Section of this report.

**NAVAJO COUNTY PROFILE**

Navajo County was formed on March 21, 1895, and encompasses 9,953 square miles. Navajo County's diversity is evident not only in its population, but also in its landscape. Northern Navajo County is home to the Navajo and Hopi Tribes, and is known for scenic attractions such as Monument Valley. Historic Route 66 runs through central Navajo County which is now one of the most significant transportation corridors in the United States. Holbrook, in central Navajo County, became the county seat in 1871. Southern Navajo County is home to the White Mountain Apache Tribe and resort communities with many picturesque lakes and forests.

The 2018 population of the County was estimated to be 111,681. The principal industries are tourism, coal mining, manufacturing, timber production, and ranching.

Navajo County's government consists of an elected Board of Supervisors. There are five districts with one supervisor representing each district. As required by statute, the Board of Supervisors is responsible for the overall management and approval of the departmental budgets and county tax rates. The Board appoints a County Manager and each department is managed by an elected official, appointed official, or a department director. Elected offices are statutorily mandated and include the assessor, clerk of the superior court, constables, county attorney, sheriff, recorder, superintendent of schools, treasurer, and the judiciary.

Navajo County provides a full range of services, including law enforcement and public safety, judicial and detention services, health services, highway construction and maintenance, education, and library services.

The financial reporting entity includes all the funds of the primary government and its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are in substance part of the County's operations. Additional information on Navajo County's blended component units can be found in the notes to the financial statements Note 1.

The Board of Supervisors and the County Manager use the financial policies and budget management policies to guide the overall development of the budget. On an annual basis, beginning in January, the finance department, under the County Manager's direction, meets with each elected official and department director to outline the Board's adopted budget priorities.

Each department must provide revenue and expenditure estimates for the remainder of the current fiscal year and planned revenues and expenditures for the following year. The budget team uses these estimates to help update the 5-year financial plan.

The Board of Supervisors must adopt the final budget on or before the third Monday in August. The tax rate and levy must also be set on or before the third Monday in August.

## FACTORS AFFECTING NAVAJO COUNTY'S FINANCIAL CONDITION

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the County operates.

*Local Economy* – Navajo County has experienced a 10.2 percent growth in population from 2000 through 2010. The incorporated cities and towns in the southern portion of Navajo County accounted for the largest portion of the overall increase.

| Communities | 2000 | 2010 | % Change |
|---|---|---|---|
| Navajo County | 97,470 | 107,398 | 10.2% |
| Heber/Overgaard | 2,722 | 2,822 | 3.7% |
| Holbrook | 4,917 | 5,053 | 2.8% |
| Joseph City | N/A | 1,386 | N/A |
| Pinetop-Lakeside | 3,582 | 4,282 | 19.5% |
| Show Low | 7,695 | 10,660 | 38.5% |
| Snowflake | 4,460 | 5,590 | 25.3% |
| Taylor | 3,176 | 4,112 | 29.5% |
| Winslow | 9,520 | 9,655 | 1.4% |
| Navajo Nation | 8,394 | 9,368 | 11.6% |
| (Chilchinbito, Dilkon, Greasewood, Jeddito, Kayenta, Oljato, Pinon, and Shonto) | | | |
| Hopi Tribe | 4,113 | 5,051 | 22.8% |
| (First Mesa, Hotevilla, Kykotsmovi, Second Mesa, and Shongopovi) | | | |
| White Mountain Apache Tribe | 7,431 | 6,516 | (12.3%) |
| (Cibecue, East Fork, Whiteriver) | | | |

(source: The 2000 and 2010 U.S. Census—2010 is the latest census data available)

Some of the major employers in Navajo County include Arizona Public Service (utilities), Joseph City, Burlington Northern Santa Fe (railway), Winslow, Summit Healthcare (medical facility), Show Low, and Northland Pioneer College (post-secondary education), Holbrook, pork production, alternative energy, Snowflake, Fort Apache Timber Company (timber processing), White River, and tourism related business, Kayenta (Monument Valley), Hondah, Pinetop/Lakeside, and Heber/Overgaard.

Over the past decade, Navajo County has redefined and restructured itself as an organization to meet the financial challenges of the Great Recession and lagging recovery in rural Arizona. At the same time the County struggled to adjust for declines in sales taxes, the State shifted nearly $5 million in costs to Navajo County. Restructuring included many efficiencies and reductions in administrative overhead costs, cost savings in healthcare, as well as new innovations such as leveraging drone technology. Despite these achievements, though, overall staffing needed to be reduced by 16% and wages have remained stagnant which has encouraged employee turnover rates to exceed 25% annually. Prolonged deference of capital replacement has resulted in an aging fleet with unsustainable maintenance costs and information technology (IT) infrastructure that is unable to consistently meet the demands of constituents and the minimal daily needs of staff.

As the national and state economies have improved recently, Navajo County has benefited from increased sales tax and some reductions in cost shifts from the State. In fiscal year 2018, these financial improvements allowed the County to make a larger than typical investment in IT to address some of our deficiencies. If not for the pending elimination of revenues from coal power generation, the County was in a position to achieve budget sustainability and continue to tackle other imbalances from the recession.

The elimination of coal power generation in Navajo County will cause a $2.5 million reduction in sales tax and property tax beginning in fiscal year 2020. The Navajo Generating Station and Kayenta Mine will close by December 2019 and per lawsuit settlement with the Environment Protection Agency, the Cholla Power Plant will completely close by 2025—if not sooner. After a decade of restructuring and capital deference, revenue loss of this magnitude will necessitate service reductions and a projected loss of 20 to 25% of remaining staff. The loss of private sector jobs from the closure of these facilities is also expected to have significant primary and secondary impacts to the County's economy, and further increase the County's unemployment rate.

*Financial Outlook* - The County proposed the formation of a Jail District Tax to increase revenues as an alternative to service reductions, but residents narrowly voted the proposition down by 163 votes in November 2018. As a result, the County must move forward with service reductions that will directly impact residents, reduce or eliminate regional partnerships in public safety, and ask local cities and towns to pay more for jail fees and court services. The County will also need to intensify efforts to educate legislators and secure accelerated reversal of remaining State cost shifts.

Increasing costs from State-controlled Pension systems are another concern for Navajo County's long-term financial outlook. Like other counties in Arizona, Navajo County has struggled to pay for required increases to the Public Safety Personnel Retirement System (PSPRS), Elected Officials Retirement Plan (EORP), and Corrections Officer Retirement Plan (CORP). The lack of sustainable solutions for these and other State-controlled Pension systems could further jeopardize the County's ability to meet even minimum service level requirements mandated by the State.

## SIGNIFICANT FINANCIAL POLICIES

Navajo County has developed a set of fiscal management policies that guide the budget process. These policies consist of an Operating Budget Policy, Capital Budget Policy, Revenue Policy, Reserve Policy, Debt Policy, and the Budget Management Policy.

## AWARDS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Navajo County, Arizona for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the eighth consecutive year that Navajo County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement Award is valid for one year. We believe our current comprehensive annual financial report will meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine our eligibility for another certificate.

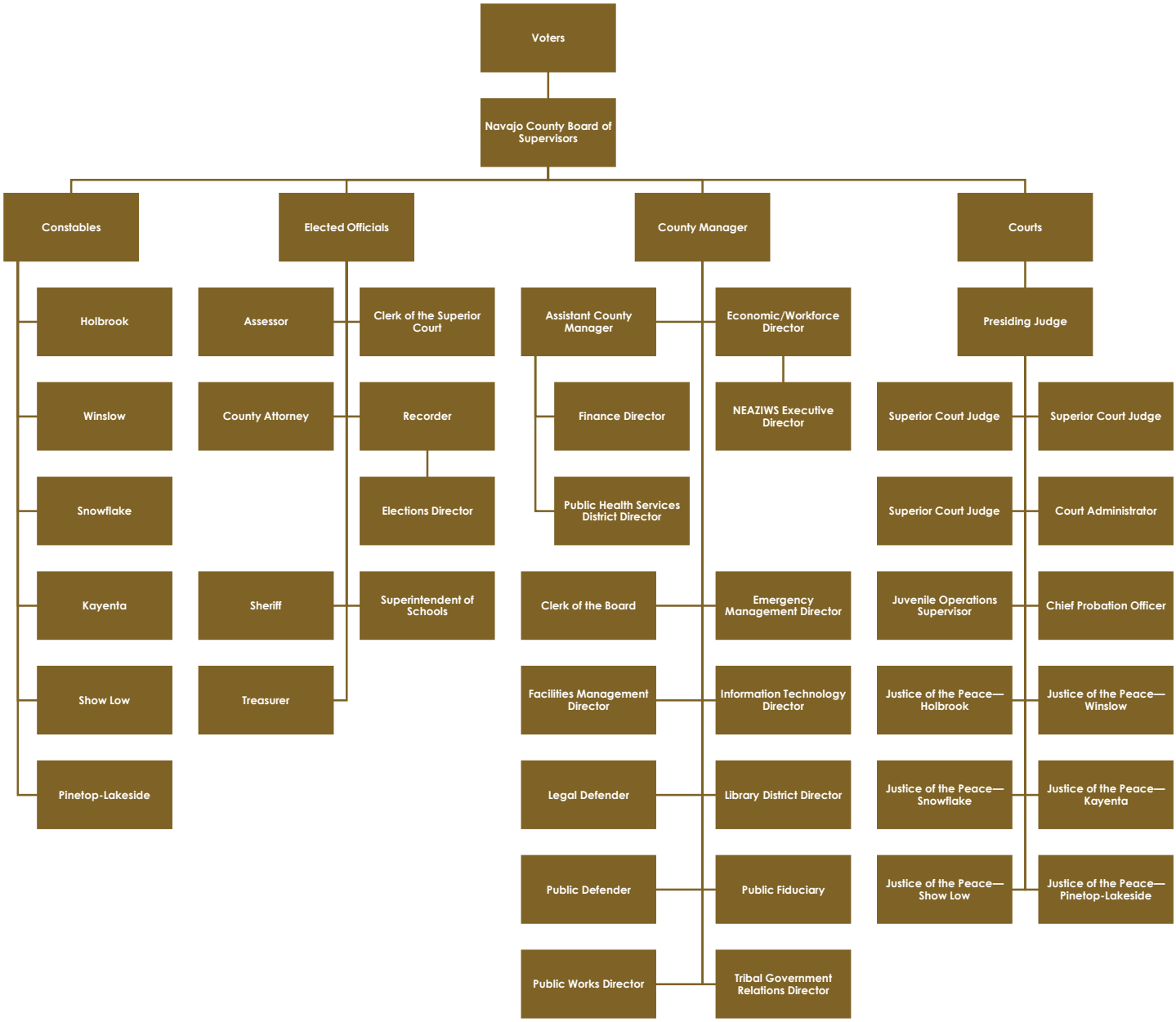
## ACKNOWLEDGMENTS

Preparation of this report was accomplished through the coordinated efforts of the finance department, assistance from elected officials and department directors and their staff, and the services provided by the Arizona Office of the Auditor General. We express appreciation to all who have contributed to this report.

We wish to thank the Navajo County Board of Supervisors for their leadership and commitment to Navajo County and our citizens.

Respectfully submitted,

| | | |
|---|---|---|
| Glenn Kephart<br>County Manager | Bryan Layton<br>Assistant County Manager | Paige M. Peterson<br>Finance Director |


Voters
Navajo County Board of Supervisors
Constables
Elected Officials
County Manager
Courts
Holbrook
Winslow
Snowflake
Kayenta
Show Low
Pinetop-Lakeside
Assessor
County Attorney
Sheriff
Treasurer
Clerk of the Superior Court
Recorder
Elections Director
Superintendent of Schools
Assistant County Manager
Finance Director
Public Health Services District Director
Clerk of the Board
Facilities Management Director
Legal Defender
Public Defender
Public Works Director
Economic/Workforce Director
NEAZIWS Executive Director
Emergency Management Director
Information Technology Director
Library District Director
Public Fiduciary
Tribal Government Relations Director
Presiding Judge
Superior Court Judge
Superior Court Judge
Superior Court Judge
Court Administrator
Juvenile Operations Supervisor
Chief Probation Officer
Justice of the Peace—Holbrook
Justice of the Peace—Winslow
Justice of the Peace—Snowflake
Justice of the Peace—Kayenta
Justice of the Peace—Show Low
Justice of the Peace—Pinetop-Lakeside

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Navajo County**

**Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

**June 30, 2017**

Christopher P. Morrill

Executive Director/CEO

# FINANCIAL SECTION

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
DEPUTY AUDITOR GENERAL

# Independent auditors' report

Members of the Arizona State Legislature

The Board of Supervisors of
Navajo County, Arizona

## Report on the financial statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Navajo County as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's responsibility for the financial statements*

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

### *Auditors' responsibility*

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

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

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

### *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, and aggregate remaining fund information of Navajo County as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

### *Other matters*

*Required supplementary information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5 through 13, budgetary comparison schedules on pages 62 through 66, schedule of the County's proportionate share of the net pension liability—cost-sharing pension plans on page 69, schedule of changes in the County's net pension liability and related ratios—agent pension plans on pages 70 through 72, and schedule of County pension contributions on pages 73 and 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and other information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual fund statements and schedules are management's responsibility and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*Compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies*

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

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

## Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue our report 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 at a future date. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Lindsey Perry, CPA, CFE
Auditor General

January 24, 2019

# Navajo County
# Management's discussion and analysis
# June 30, 2018

As management of Navajo County, we offer readers of Navajo County's financial statements this narrative overview and analysis of the financial activities of Navajo County for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the financial statements.

For the year ended June 30, 2018, the County implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (OPEB), as amended by GASB Statement No. 85, *Omnibus 2017*. Accordingly, the County has restated and increased its net position as of July 1, 2017, by $520,647 for reporting the prior period adjustments as follows:

| | |
|---|---|
| Net OPEB asset (measurement date as of June 30, 2016) | $ 686,003 |
| Net OPEB liability (measurement date as of June 30, 2016) | (318,060) |
| Deferred outflows—county contributions made during fiscal year 2017 | 152,704 |
| Increased beginning net position | $ 520,647 |

*Additional information on the OPEB implementation and other restated balances for fiscal year 2017 can be found in Note 2 on pages 30 through 31.*

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by $25.7 million (net position). Of this amount, $58.9 million is the net investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, infrastructure and construction in progress); $29.2 million is restricted for specific purposes (restricted net position); and $(62.4) million is the unrestricted net position deficit balance that is primarily a result of recognizing long-term liabilities related to pensions.

- At June 30, 2018, total assets were $117.1 million, an increase of $4.3 million or 3.8 percent in comparison with the prior fiscal year's balance of $112.8 million.

- At June 30, 2018, total liabilities were $94.8 million, an increase of $3.9 million or 4.3 percent in comparison with the prior fiscal year's balance of $90.9 million.

- At June 30, 2018, the County reported total deferred outflows of resources related to pensions/OPEB of $10.3 million and deferred inflows of resources related to pensions/OPEB of $6.9 million.

- At June 30, 2018, the governmental funds reported combined fund balances of $40.1 million, an increase of $5.5 million or 15.9 percent in comparison with the prior year's combined restated fund balances of $34.6 million.

- At June 30, 2018, $27 million, or 67.4 percent, of governmental fund balances were restricted, $4 million, or 9.9, percent were assigned, $7.4 million, or 18.4 percent, were unassigned, and $1.7 million, or 4.3 percent, were nonspendable. Restricted fund balances have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations; or by constitutional provisions or enabling legislation. The assigned and unassigned fund balances are considered unrestricted. The unrestricted fund balances are available

for spending at the County's discretion. However, the assigned fund balances are designated by management. The nonspendable fund balances include amounts that cannot be spent because they are not in spendable form, such as inventory.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other required supplementary information 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's finances in a manner similar to a private sector business.

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all nonfiduciary assets and liabilities using the accrual basis of accounting.

The *Statement of Net Position* presents information on all of the County's assets, deferred outflows and inflows of resources, and liabilities, with the difference between assets and deferred outflows and liabilities and deferred inflows 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. In addition to this change, other nonfinancial factors will need to be considered.

The *Statement of Activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation leave.

All of the County's basic services are considered to be governmental activities, including general government, public safety, highways and streets, health and welfare, culture and recreation, education, environmental and conservation, and urban redevelopment and housing. Sales taxes, property taxes, intergovernmental revenues, and user fees finance most of these activities. *The government-wide financial statements can be found on pages 16 and 17 of this report.*

**Fund financial statements**

The fund financial statements provide detailed information about the most significant county funds—not the County as a whole. 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. Some funds are required to be established by federal or state law, contractual provisions, or by bond covenants. However, the Board of Supervisors established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies. All of the County's funds can be divided into two categories: *governmental and fiduciary.*

*Governmental funds*—Most of the County's basic services are reported in governmental funds, which focus on near-term inflows and outflows of spendable resources and the balances of spendable resources available at year-end. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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 the governmental funds with similar information presented for the governmental activities in the government-wide financial statements. Reconciliations between governmental activities, as reported in the Statement of Net Position and the Statement of Activities, and the governmental funds, as reported in the fund financial statements, are provided to facilitate this comparison.

The County maintains numerous individual 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, Public Works/HURF Fund, and Flood Control District Fund, which are considered major funds. Data from the other governmental funds is combined into a single aggregated presentation. *The governmental fund financial statements can be found on pages 18 through 21 of this report.*

*Fiduciary funds*—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 programs. *The fiduciary funds financial statements can be found on pages 22 and 23 of this report.*

*Notes to the financial statements*—The notes to the financial statements provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements. *The notes to the financial statements can be found on pages 24 through 60 of this report.*

*Required supplementary information*—In addition to the basic financial statements and accompanying notes, the report presents required supplementary information on the County's budgeting and budgetary control and the County's progress in funding its obligation to provide pension benefits to its employees. *Required supplementary information can be found on pages 62 through 76 of this report.*

GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Statement of Net Position**

Net position may serve over time as a useful indicator of a County's financial position. The following table reflects the condensed Statement of Net Position of the County as of June 30, 2018, compared to the prior year. Current and other assets and unrestricted net position (deficit) was restated for fiscal year 2017, and as a result, this amount will not agree to the prior-year audited CAFR. *Additional information on restated balances for fiscal year 2017 can be found in Note 2 on pages 30 through 31.*

| | Governmental Activities | |
|---|---|---|
| | 2018 | 2017 (as restated) |
| Current and other assets | $ 43,920,138 | $ 38,052,340 |
| Net OPEB asset | 916,807 | |
| Capital assets | 72,237,076 | 74,746,244 |
| Total assets | 117,074,021 | 112,798,584 |
| Deferred outflows of resources | | |
| Total deferred outflows of resources | 10,323,026 | 14,741,687 |
| Other liabilities | 2,854,012 | 2,609,663 |
| Long-term liabilities outstanding | 92,008,788 | 88,330,213 |
| Total liabilities | 94,862,800 | 90,939,876 |
| Deferred inflows of resources | | |
| Total deferred inflows of resources | $ 6,850,947 | $ 6,905,432 |
| Net Position: | | |
| Net investment in capital assets | 58,887,125 | 60,217,341 |
| Restricted | 29,179,272 | 26,973,194 |
| Unrestricted (deficit) | (62,383,097) | (57,495,572) |
| Total net position | $ 25,683,300 | $ 29,694,963 |

Overall, total assets and deferred outflows of resources increased by $350 thousand or 0.28 percent and total liabilities and deferred inflows of resources increased by $3.9 million or 4 percent in the current fiscal year. The following summarizes the significant changes in assets, deferred outflows/inflows of resources and liabilities compared to the prior year.

- Current and other assets increased by $6.4 million or 16.9 percent in the current year largely due to increases in cash and investments of $5.8 million and due from other governments of $638 thousand. These increases were primarily due to additional revenues collected in property taxes, county sales tax, state shared revenues and operating grants and contributions.

- As a result of the County's implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (OPEB), as amended by GASB Statement No. 85, *Omnibus 2017*, the County reported the net OPEB asset of $916,807, net OPEB liability of $216,040 and deferred outflows and inflows of resources related to OPEB of $139,367 and $292,188, respectively.

- As a result of an actuarial valuation of the total pension liability performed as of June 30, 2017, and a measurement date of June 30, 2017, deferred outflows and inflows of resources related to pensions decreased by $4.6 million and $347 thousand, respectively.

A large portion of the County's net position, $58.9 million, reflects its investment in capital assets net of accumulated depreciation and related debt. The County uses these assets to provide services to citizens and, therefore, they are not available for future spending.

The County's restricted net position of $29.2 million is subject to external restrictions on how they may be used. The County's deficit of $62.4 million was a net increase of $4.9 million from the prior year's unrestricted deficit in net position due to primarily an increase of net pension/OPEB liability of $5.6 million and a reduction of pledged revenue obligations payable of $1.2 million.

**Changes in Net Position**

The Statement of Activities presents information on how the County's net position changed during the most current fiscal year. The following table reflects the condensed Statement of Activities of the County for fiscal year 2018 compared to the prior year. Sales taxes and state shared revenues for fiscal year 2017 were restated, and as a result, these amounts will not agree to the prior-year audited CAFR. Further, beginning net position for fiscal year 2018 was restated due to these revenue restatements and the provisions of GASB 75. *Additional information on restated balances for fiscal year 2017 can be found in Note 2 on pages 30 through 31.*

| | Governmental Activities | |
|---|---|---|
| | 2018 | 2017 (as restated) |
| Program revenues: | | |
| Charges for services | $ 6,696,329 | $ 6,867,117 |
| Operating grants and contributions | 17,237,506 | 15,562,327 |
| Capital grants and contributions | 11,987,205 | 12,240,772 |
| Total program revenues | 35,921,040 | 34,670,216 |
| General revenues: | | |
| Property taxes | 13,004,998 | 12,131,695 |
| Sales taxes | 7,381,671 | 6,534,686 |
| State shared revenues | 15,105,931 | 14,223,329 |
| Payments in lieu of taxes | 1,644,973 | 1,532,361 |
| Investment earnings | 264,616 | 164,425 |
| Gain on disposal of capital assets | 127,321 | 9,600 |
| Miscellaneous | 1,668,273 | 1,666,058 |
| Total general revenues | 39,197,783 | 36,262,154 |
| Total revenues | 75,118,823 | 70,932,370 |

| | Governmental Activities | |
|---|---|---|
| | 2018 | 2017 (as restated) |
| Program expenses: | | |
| General government | $33,836,072 | $32,717,374 |
| Public safety | 19,294,895 | 17,730,173 |
| Highways and streets | 11,773,357 | 10,710,700 |
| Health and welfare | 8,079,274 | 8,362,293 |
| Culture and recreation | 781,287 | 790,379 |
| Education and economic opportunity | 5,042,013 | 4,297,521 |
| Environmental and conservation | 417,465 | 303,270 |
| Urban redevelopment and housing | | 165,114 |
| Interest on long-term debt | 426,770 | 461,083 |
| Total program expenses | 79,651,133 | 75,537,907 |
| Change in net position | (4,532,310) | (4,605,537) |
| Net position, beginning as restated | 30,215,610 | 34,300,500 |
| Net position, ending as restated | $25,683,300 | $29,694,963 |

Overall revenues increased by $4.2 million, or 5.9 percent, and program expenses increased by $4.1 million, or 5.4 percent, in the current fiscal year. The following summarizes the significant changes in revenues and expenses compared to the prior year.

- Operating grants and contributions increased by a net of $1.7 million, or 10.8 percent, primarily due to the following:
  - An increase of $437 thousand for the general government function largely due to additional subsidy received from the state for the elected officials' retirement plan.
  - An increase of $862 thousand for the public safety function primarily due to additional funding received from the federal contract for housing inmates.
  - An increase of $811 thousand in the education and economic opportunity function mainly due to an increase in national forest fees from the prior year.
  - A decrease of $459 thousand for the redevelopment and housing function is solely because the Community Development Block Grant is only received once in every four years. The County did not receive any in fiscal year 2018.
- Property taxes levied for general purpose increased $767 thousand, or 10.2 percent, primarily due to an increase in assessed property value.
- General county sales tax increased $847 thousand, or 13 percent, primarily due to an improved economy.
- Highways and streets expenses increased by $1.1 million, or 10 percent, largely due to more streets and roads were maintained and repaired than the prior year.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County reported three major funds for this fiscal year: the General Fund, Public Works/HURF Fund, and Flood Control District Fund. At the end of the current fiscal year, the County's governmental funds reported combined fund balances of $40.1 million, which is an increase of $5.5 million, or 15.8 percent, in comparison with the prior year's combined restated fund balances of $34.6 million. Of the total, $11.4 million constitutes unrestricted fund balances.

For governmental funds, overall revenues increased $5.9 million, or 7.9 percent, and expenditures increased $1.3 million, or 1.8 percent. Governmental fund revenues exceeded expenditures by $5.4 million in the current fiscal year.

The General Fund is the County's primary operating fund. At the end of the current fiscal year, fund balances of the General Fund totaled $13.2 million. Fund balances represent 31.2 percent of total General Fund expenditures. This ratio indicates a strong fund balance position in comparison to expenditures.

The General Fund includes the operation of the County's self-insured trust fund as presented below since its inception in fiscal year 2015.

| | FY 2015 | FY 2016 | FY 2017 | FY 2018 |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Employer and employee premiums | $6,194,828 | $6,467,366 | $5,941,050 | $8,088,571 |
| Miscellaneous refunds | 195,896 | 498,732 | 104,167 | 394,432 |
| Investment earnings | 14,447 | 13,787 | 10,319 | 6,665 |
| Total revenues | 6,405,171 | 6,979,885 | 6,055,536 | 8,489,668 |
| **Expenditures:** | | | | |
| General government (healthcare costs) | 5,562,982 | 6,635,521 | 8,332,148 | 6,893,826 |
| Excess (deficiency) of revenues over expenditures | 842,189 | 344,364 | (2,276,612) | 1,595,842 |
| **Beginning fund balances** | 1,462,455 | 2,304,644 | 2,649,008 | 372,396 |
| **Ending fund balances** | $2,304,644 | $2,649,008 | $ 372,396 | $1,968,238 |

Navajo County has been self-insured since fiscal year 2015, and has successfully achieved a lower than average trend on insurance premiums. Employees have not seen an increase in their premiums since January 2017, and the County has only seen moderate increases. Through implementing and refining our wellness program, claims analysis, provider partnerships and employee education and resources, Navajo County has been able to stay below national averages.

The following provides an explanation for activities that changed significantly over the prior year within the major funds, as applicable:

General Fund

- Cash and investments increased by $4.7 million, or 105 percent, in the current year largely due to excess of total revenues collected over total expenditures spent in the current year.

- County sales taxes increased by $847 thousand, or 13 percent, in the current year primarily due to an improved economy.

- Intergovernmental revenues increased by $1.9 million, or 10.4 percent, due to additional $1.1 million received from federal contract for housing inmates, $692 thousand from state shared sales tax, and $191 thousand from state shared vehicle license tax.

- Charges for services increased by $2.9 million, or 38.5 percent, in the current year largely due to an increase in employee healthcare insurance premiums collected for the County's self-insured health benefits program.

Public Works/HURF Fund

- Highways and streets expenditures increased by $972 thousand, or 10.6 percent, largely due to more streets and roads were maintained and repaired than the prior year.

- Capital outlay expenditures increased by $1.2 million, or 231.5 percent, primarily because five heavy construction equipment items were purchased in the current year and none for the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

For the General Fund, actual revenues were more than the original and final budget amounts by $3.5 million, while the actual expenditures were $6.8 million less than the amount budgeted. The budget variance for revenues was largely due to the receipt of more revenues than anticipated in every category except for fines and forfeits. The budget variance for expenditures was primarily due to conservative budgeting practices and minimal spending.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets as of June 30, 2018, totaled $72.2 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, and machinery and equipment. The following provides the major changes in capital assets during the current fiscal year:

- Construction in progress increased $363 thousand on the Winslow Levee Rehabilitation flood control project.

- Machinery and equipment increased $2.3 million for new purchases.

*Additional information on capital assets can be found in Note 5 on pages 34 through 35 of this report.*

Debt Administration

At the end of the current fiscal year, the County had total long-term liabilities outstanding of $92 million and consists of the following liabilities that are over $1 million:

- $75.1 million is net pension/OPEB liability which increased by $5.4 million in the current fiscal year.

- $13.5 million is pledged revenue obligations that financed the acquisition, construction, and improvements of county buildings and facilities and financed the construction of new facilities and the remodel of existing facilities at the Navajo County jail.

- $1.7 million is for the future payment of compensated absences for unused employee vacation and sick leave.

- $1.2 million is incurred but not reported healthcare claims payable for the County's self-insured employee health benefits program.

There were no significant changes to the County's credit ratings or debt limitations during the current fiscal year. *Additional information on long-term debt can be found in Note 6 on pages 35 through 37 of this report.*

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

State and local revenues are increasing; however, they cannot keep up with ongoing increases in medical insurance, retirement pensions, and unfunded state mandates. Environmental and economic changes directly related to the coal industry will have a negative impact on county revenues. The uncertainty of the coal industry and the state budget requires continual monitoring, evaluation, and planning for Navajo County. We will continue to address these challenges through the strategic budget planning process in coordination with our elected officials and department directors. The County continues to budget conservatively for revenue estimates and other factors affecting the County.

## REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Navajo County Finance Department, P.O. Box 668, 100 Code Talker Drive, Holbrook, AZ 86025.

# BASIC FINANCIAL STATEMENTS

Navajo County
Statement of net position
June 30, 2018

| | Governmental activities |
|---|---|
| **Assets** | |
| Cash and investments | $ 34,755,147 |
| Receivables (net of allowance for uncollectibles): | |
| Property taxes | 496,218 |
| Accounts receivable | 183,610 |
| Special assessments | 115,182 |
| Due from other governments | 6,656,785 |
| Prepaid items | 896,025 |
| Inventories | 817,171 |
| Net other postemployment benefits asset | 916,807 |
| Capital assets, not being depreciated | 9,689,906 |
| Capital assets, being depreciated, net | 62,547,170 |
| Total assets | $ 117,074,021 |
| **Deferred outflows of resources** | |
| Deferred outflows related to pensions and other postemployment benefits | $ 10,323,026 |
| Total deferred outflows of resources | $ 10,323,026 |
| **Liabilities** | |
| Accounts payable | $ 1,863,603 |
| Accrued payroll and employee benefits | 625,528 |
| Due to other governments | 236,901 |
| Interest payable | 127,980 |
| Noncurrent liabilities | |
| Due within 1 year | 3,875,287 |
| Due in more than 1 year | 88,133,501 |
| Total liabilities | $ 94,862,800 |
| **Deferred inflows of resources** | |
| Deferred inflows related to pensions and other postemployment benefits | $ 6,850,947 |
| Total deferred inflows of resources | $ 6,850,947 |
| **Net position** | |
| Net investment in capital assets | $ 58,887,125 |
| Restricted for: | |
| Highways and streets | 11,606,295 |
| Public safety | 1,006,448 |
| Judicial activities | 3,223,210 |
| Education and economic opportunity | 1,286,465 |
| Law enforcement | 1,241,755 |
| Environment, library, and community services | 1,253,307 |
| Health and welfare | 1,506,482 |
| Flood control projects | 6,487,595 |
| Health insurance trust | 917,206 |
| Road and other capital projects | 433,260 |
| Debt service | 103,811 |
| Other purposes | 113,438 |
| Unrestricted (deficit) | (62,383,097) |
| Total net position | $ 25,683,300 |

See accompanying notes to financial statements.

# Navajo County
## Statement of activities
## Year ended June 30, 2018

| Functions/programs | Expenses | Program Revenues: Charges for services | Program Revenues: Operating grants and contributions | Program Revenues: Capital grants and contributions | Net (expense) revenue and changes in net position |
|---|---|---|---|---|---|
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | $ 33,836,072 | $ 4,848,807 | $ 4,230,956 | $ 5,000 | $ (24,751,309) |
| Public safety | 19,294,895 | 1,261,016 | 5,433,481 | 34,303 | (12,566,095) |
| Highways and streets | 11,773,357 | 206,020 | 8,867,130 | 3,080,772 | 380,565 |
| Health and welfare | 8,079,274 | 224,395 | 2,857,321 | | (4,997,558) |
| Culture and recreation | 781,287 | 156,091 | 22,532 | | (602,664) |
| Education and economic opportunity | 5,042,013 | | 4,262,294 | | (779,719) |
| Environmental and conservation | 417,465 | | 430,922 | | 13,457 |
| Interest on long-term debt | 426,770 | | | | (426,770) |
| Total governmental activities | $ 79,651,133 | $ 6,696,329 | $ 26,104,636 | $ 3,120,075 | $ (43,730,093) |

| | |
|---|---|
| General revenues: | |
| Taxes: | |
| Property taxes, levied for general purpose | $ 8,307,173 |
| Property taxes, levied for flood control | 1,836,327 |
| Property taxes, levied for public health district | 2,044,472 |
| Property taxes, levied for library district | 817,026 |
| General county sales tax | 7,381,671 |
| Shared revenues - state sales tax | 12,547,093 |
| Shared revenues - state vehicle license tax | 2,558,838 |
| Payments in lieu of taxes | 1,644,973 |
| Investment earnings | 264,616 |
| Gain on sale of capital assets | 127,321 |
| Miscellaneous | 1,668,273 |
| Total general revenues | 39,197,783 |
| Change in net position | (4,532,310) |
| Net position as restated, July 1, 2017 | 30,215,610 |
| Net position, June 30, 2018 | $ 25,683,300 |

See accompanying notes to financial statements.

Navajo County
Balance sheet
Governmental funds
June 30, 2018

| | General fund | Public works/ HURF fund | Flood control district fund | Other governmental funds | Total governmental funds |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and investments | $ 9,151,429 | $ 10,217,922 | $ 6,427,917 | $ 8,957,879 | $ 34,755,147 |
| Receivables (net of allowance for uncollectibles): | | | | | |
| Property taxes | 295,682 | | 84,264 | 116,272 | 496,218 |
| Accounts receivable | 79,668 | | | 103,942 | 183,610 |
| Special assessments | | | | 115,182 | 115,182 |
| Due from: | | | | | |
| Other funds | 152,261 | | | 151,941 | 304,202 |
| Other governments | 4,077,289 | 927,728 | | 1,651,768 | 6,656,785 |
| Prepaid items | 896,025 | | | | 896,025 |
| Inventories | | 817,171 | | | 817,171 |
| Total assets | $ 14,652,354 | $ 11,962,821 | $ 6,512,181 | $ 11,096,984 | $ 44,224,340 |
| **Liabilities** | | | | | |
| Accounts payable | $ 658,702 | $ 905,673 | $ 7,019 | $ 292,209 | $ 1,863,603 |
| Accrued payroll and employee benefits | 517,882 | 49,997 | 2,105 | 55,544 | 625,528 |
| Due to: | | | | | |
| Other funds | 9,452 | 24,625 | 425 | 269,700 | 304,202 |
| Other governments | 5,992 | | 15,037 | 215,872 | 236,901 |
| Pledged revenue obligations payable | | | | 170,000 | 170,000 |
| Interest payable | | | | 127,980 | 127,980 |
| Total liabilities | 1,192,028 | 980,295 | 24,586 | 1,131,305 | 3,328,214 |
| **Deferred Inflows of Resources** | | | | | |
| Unavailable revenue–property taxes | 224,796 | | 62,067 | 88,525 | 375,388 |
| Unavailable revenue–special assessments | | | | 110,548 | 110,548 |
| Unavailable revenue–intergovernmental | 531 | | | 296,225 | 296,756 |
| Total deferred inflows of resources | 225,327 | | 62,067 | 495,298 | 782,692 |
| **Fund balances:** | | | | | |
| Nonspendable | 896,025 | 817,171 | | | 1,713,196 |
| Restricted | 926,206 | 10,165,355 | 6,425,528 | 9,532,414 | 27,049,503 |
| Assigned | 3,057,549 | | | 898,747 | 3,956,296 |
| Unassigned | 8,355,219 | | | (960,780) | 7,394,439 |
| Total fund balances | 13,234,999 | 10,982,526 | 6,425,528 | 9,470,381 | 40,113,434 |
| Total liabilities, deferred inflows of resources and fund balances | $ 14,652,354 | $ 11,962,821 | $ 6,512,181 | $ 11,096,984 | $ 44,224,340 |

See accompanying notes to financial statements.

# Navajo County
## Reconciliation of the governmental funds balance sheet to the government-wide statement of net position
## June 30, 2018

| | |
|---|---|
| Fund balances—total governmental funds | $ 40,113,434 |
| 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. | 72,237,076 |
| Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds. | 782,692 |
| Net OPEB assets held in trust for future benefits are not available for County operations and, therefore, are not reported in the funds. | 916,807 |
| Long-term liabilities, such as net pension/OPEB liabilities and pledged revenue obligations payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. | (91,838,788) |
| Deferred outflows and inflows of resources related to net pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds. | 3,472,079 |
| Net position of governmental activities | $ 25,683,300 |

See accompanying notes to financial statements.

Navajo County
Statement of revenues, expenditures, and changes in fund balances
Governmental funds
Year ended June 30, 2018

| | General fund | Public works/ HURF fund | Flood control district fund | Other governmental funds | Total governmental funds |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Property taxes | $ 8,281,138 | | $ 1,835,505 | $ 2,842,847 | $ 12,959,490 |
| County sales taxes | 7,381,671 | | | | 7,381,671 |
| Special assessments | | | | 379,350 | 379,350 |
| Licenses and permits | 521,002 | | | 132,064 | 653,066 |
| Fines and forfeits | 616,556 | | | 294,165 | 910,721 |
| Intergovernmental | 20,474,240 | $ 11,947,902 | 1,259 | 11,700,523 | 44,123,924 |
| Charges for services | 10,298,017 | 22,563 | | 1,755,797 | 12,076,377 |
| Investment earnings | 59,455 | 86,325 | 60,029 | 58,807 | 264,616 |
| Contributions | | | | 50,624 | 50,624 |
| Miscellaneous | 756,465 | 51,193 | 51,436 | 809,179 | 1,668,273 |
| Total revenues | 48,388,544 | 12,107,983 | 1,948,229 | 18,023,356 | 80,468,112 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 25,913,850 | | | 2,604,707 | 28,518,557 |
| Public safety | 12,554,249 | | 829,562 | 3,505,693 | 16,889,504 |
| Highways and streets | | 10,109,692 | | 51,236 | 10,160,928 |
| Health and welfare | 3,152,296 | | | 5,636,069 | 8,788,365 |
| Culture and recreation | | | | 839,205 | 839,205 |
| Education and economic opportunity | 306,575 | | | 4,751,793 | 5,058,368 |
| Environmental and conservation | | | | 441,264 | 441,264 |
| Debt service: | | | | | |
| Principal | 1,743 | | | 1,312,519 | 1,314,262 |
| Interest and other charges | 427 | | | 426,343 | 426,770 |
| Capital outlay | 449,760 | 1,710,959 | 375,854 | 114,586 | 2,651,159 |
| Total expenditures | 42,378,900 | 11,820,651 | 1,205,416 | 19,683,415 | 75,088,382 |
| Excess (deficiency) of revenues over expenditures | 6,009,644 | 287,332 | 742,813 | (1,660,059) | 5,379,730 |
| Other financing sources (uses): | | | | | |
| Capital lease agreements | | | | 6,343 | 6,343 |
| Installment purchase contracts | | | | 54,372 | 54,372 |
| Sale of capital assets | 86,821 | 40,500 | | | 127,321 |
| Transfers in | 1,917,447 | | | 3,964,904 | 5,882,351 |
| Transfers out | (3,790,821) | (23,040) | (1,050,000) | (1,018,490) | (5,882,351) |
| Total other financing sources and uses | (1,786,553) | 17,460 | (1,050,000) | 3,007,129 | 188,036 |
| Net change in fund balances | 4,223,091 | 304,792 | (307,187) | 1,347,070 | 5,567,766 |
| Fund balances as restated, July 1, 2017 | 9,011,908 | 10,779,727 | 6,732,715 | 8,123,311 | 34,647,661 |
| Changes in nonspendable resources: | | | | | |
| Decrease in reserve for inventories | | (101,993) | | | (101,993) |
| Fund balances, June 30, 2018 | $ 13,234,999 | $ 10,982,526 | $ 6,425,528 | $ 9,470,381 | $ 40,113,434 |

See accompanying notes to financial statements.

Navajo County
Reconciliation of the governmental funds statement of revenues, expenditures, and changes in fund balances to the government-wide statement of activities
Year ended June 30, 2018

| | | |
|---|---|---|
| Net change in fund balances—total governmental funds | | $ 5,567,766 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital outlay | $ 2,651,159 | |
| Depreciation expense | (5,199,632) | (2,548,473) |
| Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Capital contributions | 39,303 | |
| Property taxes | 45,508 | |
| Intergovernmental revenues | 1,761,764 | 1,846,575 |
| Collection of revenues in the governmental funds exceeded revenues reported in the statement of activities. | | |
| Special assessments | | (39,802) |
| 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 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 | 3,450,328 | |
| Pension/OPEB expense | (14,673,475) | (11,223,147) |
| 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. | | |
| Debts issued | (60,715) | |
| Principal repaid | 1,314,262 | 1,253,547 |
| Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available. | | |
| Decrease in incurred but not reported healthcare claim costs | 49,848 | |
| Increase in compensated absences | (27,604) | |
| Decrease in claims and judgments | 689,823 | |
| Decrease in landfill closure and post-closure care costs | 1,150 | 713,217 |
| Some cash outlays, such as purchases of inventories, are reported as expenditures in the governmental funds when purchased. In the statement of activities, however, they are reported as expenses when consumed. | | |
| Decrease in inventories | | (101,993) |
| Change in net position of governmental activities | | $ (4,532,310) |

See accompanying notes to financial statements.

Navajo County
Statement of fiduciary net position
Fiduciary funds
June 30, 2018

| | Investment trust funds | Agency funds |
|---|---|---|
| **Assets** | | |
| Cash and investments | $ 180,133,515 | $ 2,667,684 |
| Total assets | $ 180,133,515 | $ 2,667,684 |
| **Liabilities** | | |
| Due to other governments | | $ 703,299 |
| Deposits held for others | | 1,964,385 |
| Total liabilities | | $ 2,667,684 |
| **Net position** | | |
| Held in trust for investment trust participants | $ 180,133,515 | |

See accompanying notes to financial statements.

# Navajo County
## Statement of changes in fiduciary net position
## Fiduciary funds
## Year ended June 30, 2018

| | Investment trust funds |
|---|---|
| Additions: | |
| Contributions from participants | $ 245,050,979 |
| Net investment income | 1,528,009 |
| Total additions | 246,578,988 |
| | |
| Deductions: | |
| Distributions to participants | 253,432,177 |
| | |
| Change in net position | (6,853,189) |
| | |
| Net position, July 1, 2017 | 186,986,704 |
| | |
| Net position, June 30, 2018 | $ 180,133,515 |

See accompanying notes to financial statements.

# Note 1 - Summary of significant accounting policies

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

For the year ended June 30, 2018, the County implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*. GASB Statement No. 75 established standards for measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to other postemployment benefits (OPEB) provided through defined benefit OPEB plans. In addition, Statement No. 75 requires disclosure of information related to OPEB.

## A. Reporting entity

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

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each blended component unit discussed below has a June 30 year-end and 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 | For separate financial statements |
|---|---|---|---|
| Navajo County Flood Control District | A tax-levying district that provides flood control systems; the County's Board of Supervisors serves as the board of directors and County management has operational responsibility for the component unit | Blended | Not available |

| | | | |
|---|---|---|---|
| Navajo County Library District | A tax-levying district that provides and maintains library services for the County's residents; the County's Board of Supervisors serves as the board of directors and County management has operational responsibility for the component unit | Blended | Not available |
| Navajo County Health District | A tax-levying district that provides and maintains health services for the County's residents; the County's Board of Supervisors serves as the board of directors and County management has operational responsibility for the component unit | Blended | Not available |
| White Mountain Lake Recreation District | A tax-levying district that provides and improves recreational services for the White Mountain Lake Community; the County's Board of Supervisors serves as the board of directors and County management has operational responsibility for the component unit | Blended | Not available |
| Navajo County Special Assessment Districts | Legally separate entities that provide improvements to various properties within the County; the County's Board of Supervisors serves as the board of directors and there is either a financial benefit or burden relationship between the County and the component unit | Blended | Not available |

## B. Basis of presentation

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

**Government-wide statements**—Provide information about the primary government (the County) and its component units. The statements include a statement of net position and a statement of activities. These statements report the overall government's financial activities, except for fiduciary funds of the primary government and component units that are fiduciary in nature. 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. Program revenues include:

- charges to customers or applicants for goods, services, or privileges provided;
- operating grants and contributions; and
- capital grants and contributions.

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

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

**Fund financial statements**—Provide information about the County's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental 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:

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

The *public works/HURF fund* is used to account for road construction and maintenance of major and nonmajor regional roads, and is funded by highway user revenues and vehicle license taxes.

The *flood control district fund* is used to provide flood control facilities and regulates floodplains and drainage to prevent flooding of property in Navajo County and is funded by secondary property taxes.

The County also reports the following fund types:

The *investment trust funds* account for pooled assets the County Treasurer holds and invests on behalf of other governmental entities.

The *agency funds* account for assets the County holds as an agent for the State, various local governments, individuals, and other parties.

## C. Basis of accounting

The government-wide and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

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

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

## D. Cash and investments

Money market investments with a remaining maturity of 1 year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value.

## E. 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.

## F. Prepaid items

The County reports prepaid items as an asset in the period in which they are purchased and defers the recognition of the expenditure until the period in which the prepaid items are consumed. Prepaid items of the governmental funds primarily consist of prepaid rental expenditures and amounts at year-end are shown on the balance sheet as nonspendable fund balance to indicate that they do not constitute “available spendable resources.”

## G. 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.

## H. Capital assets

Capital assets are reported at actual cost or estimated historical cost if historical records are not available. Donated assets are valued at their acquisition value at date of acquisition.

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

| | **Capitalization threshold** | **Depreciation method** | **Estimated useful life** |
|---|---|---|---|
| Land | $10,000 | N/A | N/A |
| Buildings and improvements | 10,000 | Straight-line | 15-40 years |
| Machinery and equipment | 5,000 | Straight-line | 3-15 years |
| Infrastructure | 10,000 | Straight-line | 35 years |

## I. Deferred outflows and inflows of resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be

recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

## J. Postemployment benefits

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

## K. Fund balance classifications

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

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

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors approved, which is the highest level of decision-making authority within the County. Only the Board can remove or change the constraints placed on committed fund balances. The County did not commit any fund balances at June 30, 2018.

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's manager 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, the County will use restricted fund balance first. The County will use

committed amounts first when disbursing unrestricted fund balances, followed by assigned amounts, and lastly unassigned amounts.

## L. Investment earnings

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

## M. 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 240 hours of vacation depending on years of service, but they forfeit any unused vacation hours in excess of the maximum amount at calendar year-end. Upon terminating employment, the County pays all unused and unforfeited vacation benefits up to a maximum of 240 hours. Upon retirement, the County pays up to a maximum of 240 hours plus 75 percent of vacation hours earned in the employee's final year of employment. 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 terminating employment. However, upon retirement or death, employees who have accumulated at least 500 hours of sick leave and at least 5 continuous service years receive some benefit payments. Benefit payments vary based on the number of continuous service years but cannot exceed $5,000. Accordingly, sick leave benefits do vest and, therefore, 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 retirements and deaths by fiscal year-end.

# Note 2 - Change in accounting principle and corrections of misstatement—prior period adjustments

Net position as of July 1, 2017, has been restated as follows for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*. In addition, net position as of July 1, 2017, on the Statement of Activities and fund balance of the General Fund as of July 1, 2017, on the Statement of Revenues, Expenditures, and Changes in Fund Balance have been restated as follows for the correction of an accounting error.

**Government-wide statements**

| | | Governmental activities |
|---|---|---|
| Net position as previously reported at June 30, 2017 | | $29,201,948 |
| Prior period adjustments: | | |
| Implementation of GASB 75: | | |
| Net OPEB asset (measurement date as of June 30, 2016) | 686,003 | |
| Net OPEB liability (measurement date as of June 30, 2016) | (318,060) | |
| Deferred outflows—county contributions made during fiscal year 2017 | 152,704 | |
| Correction of misstatement: | | |
| Correction of state shared sales tax revenue recognition | 493,015 | |
| Total prior period adjustments | | 1,013,662 |
| Net position as restated, July 1, 2017 | | $30,215,610 |

**Fund based financial statements**

| | General fund |
|---|---|
| Fund balance as of June 30, 2017, as previously reported | $8,518,893 |
| Correction of state shared sales tax revenue recognition | 493,015 |
| Fund balance as of July 1, 2017, as restated | $9,011,908 |

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

**Credit risk**
Statutes have the following requirements for credit risk:

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

2. Special bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars must be rated "A" or better at the time of purchase by at least two nationally recognized rating agencies.

3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

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

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

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

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

**Deposits**—At June 30, 2018, the carrying amount of the County's deposits was $15,522,341, and the bank balance was $16,955,869. The County's formal policy is to follow collateralization requirements set forth in A.R.S. §35-323 as described above.

**Investments**—The County's investments at June 30, 2018, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

| | | Fair value measurement using | |
|---|---|---|---|
| | **Amount** | **Quoted prices in active markets for identical assets (Level 1)** | **Significant other observable inputs (Level 2)** |
| **Investments by fair value level** | | | |
| U.S. Treasury securities | $ 61,096,662 | $61,096,662 | |
| U.S. agency securities | 105,591,244 | | $105,591,244 |
| Government money market mutual funds | 35,335,930 | 35,335,930 | |
| | $202,023,836 | $96,432,592 | $105,591,244 |

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. Investments categorized as Level 2 are valued using an automated method – IDC institutional bond pricing model.

**Credit risk**—The County's formal policy is to limit its portfolio to investments with the top rating issued by nationally recognized statistical rating organizations. As of June 30, 2018, credit risk for the County's investments was as follows:

| Investment type | Rating | Rating agency | Amount |
|---|---|---|---|
| U.S. agency securities | Aaa | Moody's | $105,591,244 |
| Government money market mutual funds | Unrated | Moody's | 35,335,930 |
| Total | | | $140,927,174 |

**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 the outside party's possession. The County's formal policy stipulates that securities that are held in a custody or safekeeping account must be held under the name of Navajo County or Navajo County Treasurer. At June 30, 2018, the County did not have investments exposed to custodial credit risk.

**Concentration of credit risk**—The County's formal policy stipulates that the County will diversify the investment portfolio by limiting investments to avoid over-concentration in securities from a specific issuer, excluding obligations issued or guaranteed by the United States or any of the senior debt of its agencies or sponsored agencies. The County had investments at June 30, 2018, of 5 percent or more in Federal National Mortgage Association, Federal Farm Credit Banks, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation securities. These investments were 17.67 percent, 16.45 percent, 12.24 percent, and 5.90 percent, respectively, of the County's total investments.

**Interest rate risk**—The County's formal policy is to purchase a combination of short-, medium-, and long-term investments such that maturities occur evenly over time as necessary to provide the cash flow needed for operations. At June 30, 2018, the County had the following investments in debt securities:

| Investment type | Amount | Weighted average maturity (years) |
|---|---|---|
| U.S. agency securities | $105,591,244 | 1.212 |
| U.S. Treasury securities | 61,096,662 | 1.185 |
| Government money market mutual funds | 35,335,930 | 0.082 |
| | $202,023,836 | |

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

Cash, deposits, and investments:

| | |
|---|---|
| Cash on hand | $ 10,169 |
| Amount of deposits | 15,522,341 |
| Amount of investments | 202,023,836 |
| Total | $217,556,346 |

| | Governmental activities | Investment trust funds | Agency funds | Total |
|---|---|---|---|---|
| Statement of net position: | | | | |
| Cash and investments | $34,755,147 | $180,133,515 | $2,667,684 | $217,556,346 |

## Note 4 - Due from other governments

Amounts due from other governments at June 30, 2018, are shown as follows:

| | General fund | Public works/ HURF fund | Other governmental funds | Total |
|---|---|---|---|---|
| State-shared sales tax | $1,974,479 | | | $1,974,479 |
| County sales tax | 1,368,065 | | | 1,368,065 |
| State-shared vehicle license tax | 98,667 | $112,959 | | 211,626 |
| Highway user revenue | | 810,534 | | 810,534 |
| Grants and contributions from local, state and federal governments | 632,191 | 3,870 | $1,332,307 | 1,968,368 |
| Reimbursements for services provided for governmental units | | 365 | 319,461 | 319,826 |
| Miscellaneous reimbursements | 3,887 | | | 3,887 |
| | $4,077,289 | $927,728 | $1,651,768 | $6,656,785 |

## Note 5 - Capital assets

Capital asset activity for the year ended June 30, 2018, was as follows:

| | Balance July 1, 2017 | Increases | Decreases | Balance June 30, 2018 |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 5,701,286 | $ 4,500 | | $ 5,705,786 |
| Construction in progress | 3,621,177 | 362,943 | | 3,984,120 |
| Total capital assets not being depreciated | 9,322,463 | 367,443 | | 9,689,906 |

| | Balance July 1, 2017 | Increases | Decreases | Balance June 30, 2018 |
|---|---|---|---|---|
| Capital assets being depreciated: | | | | |
| Buildings and improvements | $ 50,163,460 | $ 36,466 | | $ 50,199,926 |
| Infrastructure | 77,665,203 | 8,411 | | 77,673,614 |
| Machinery and equipment | 32,460,347 | 2,278,144 | $672,357 | 34,066,134 |
| Total | 160,289,010 | 2,323,021 | 672,357 | 161,939,674 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 21,964,643 | 1,367,276 | | 23,331,919 |
| Infrastructure | 44,522,696 | 2,154,389 | | 46,677,085 |
| Machinery and equipment | 28,377,890 | 1,677,967 | 672,357 | 29,383,500 |
| Total | 94,865,229 | 5,199,632 | 672,357 | 99,392,504 |
| Total capital assets being depreciated, net | 65,423,781 | (2,876,611) | | 62,547,170 |
| Governmental activities capital assets, net | $ 74,746,244 | $(2,509,168) | | $ 72,237,076 |

Depreciation expense was charged to functions as follows:

| | |
|---|---|
| Governmental activities: | |
| General government | $1,020,913 |
| Public safety | 1,223,521 |
| Highways and streets | 2,674,202 |
| Health and welfare | 165,520 |
| Education and economic opportunity | 115,476 |
| Total governmental activities depreciation expense | $5,199,632 |

## Note 6 - Long-Term liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2018:

| Governmental activities | As Restated Balance July 1, 2017 | Additions | Reductions | Balance June 30, 2018 | Due within 1 year |
|---|---|---|---|---|---|
| Pledged revenue obligations payable | $14,660,000 | | $ 1,200,000 | $13,460,000 | $1,230,000 |
| Special assessment debt with governmental commitment | 130,000 | | 63,000 | 67,000 | 67,000 |
| Capital leases payable | 15,349 | $ 6,343 | 15,349 | 6,343 | 1,122 |
| Installment purchase contracts payable | 94,472 | 54,372 | 20,913 | 127,931 | 20,372 |
| Net pension and other postemployment benefits liability | 69,655,351 | 7,592,765 | 2,178,692 | 75,069,424 | 37,238 |
| Landfill closure and post-closure care costs payable | 245,651 | | 1,150 | 244,501 | 1,150 |
| Compensated absences payable | 1,628,359 | 1,236,021 | 1,208,417 | 1,655,963 | 1,216,519 |
| Incurred but not reported healthcare claims payable | 1,233,536 | 5,323,369 | 5,373,217 | 1,183,688 | 1,183,688 |
| Claims and judgments payable | 883,761 | 204,265 | 894,088 | 193,938 | 118,198 |
| Total | $88,546,479 | $14,417,135 | $10,954,826 | $92,008,788 | $3,875,287 |

**Pledged revenue and pledged revenue refunding obligations**—The County has issued pledged revenue obligations that are generally callable with interest payable semiannually. The Series 2013 pledged revenue and pledged revenue refunding obligations were originally issued for an amount of $10,625,000 to be used for construction projects and refunding the Series 2008 Navajo County pledged revenue obligations. These obligations were allocated as follows: $1,215,000 to complete the detention facilities, $4,550,000 to construct a public works complex in Holbrook and $4,860,000 to refund the outstanding principal balance of $4,780,000 relating to the Series 2008 Navajo County pledged revenue obligations. The Series 2012A pledged revenue refunding obligations were originally issued for an amount of $4,100,000 to refund the outstanding principal balance of $4,345,000 relating to the Series 2000 Jail Facility certificate of participation. The Series 2012B pledged revenue obligations, originally issued in the amount of $4,400,000, were issued to construct and remodel jail facilities.

Pledged revenue and pledged revenue refunding obligations outstanding at June 30, 2018, were as follows:

| Description | Original amount issued | Maturity ranges | Interest rates | Outstanding principal |
|---|---|---|---|---|
| Navajo County Pledged Revenue and Pledged Revenue Refunding Obligations, Series 2013 | $10,625,000 | 2019 – 2024 | 2.17% | $ 5,560,000 |
| Navajo County Pledged Revenue Refunding Obligations, Series 2012A | 4,100,000 | 2019 – 2027 | 3.24% | 3,500,000 |
| Navajo County Pledged Revenue Obligations, Series 2012B | 4,400,000 | 2019 – 2032 | 3.24% | 4,400,000 |
| | | Total | | $13,460,000 |

The following schedule details debt service requirements to maturity for the County's pledged revenue obligations payable at June 30, 2018:

| | Governmental activities | |
|---|---|---|
| | Principal | Interest |
| Year ending June 30 | | |
| 2019 | $ 1,230,000 | $ 373,858 |
| 2020 | 1,255,000 | 345,348 |
| 2021 | 1,290,000 | 316,133 |
| 2022 | 1,320,000 | 286,214 |
| 2023 | 1,355,000 | 255,482 |
| 2024-2028 | 3,435,000 | 899,829 |
| 2029-2032 | 3,575,000 | 236,277 |
| Total | $13,460,000 | $2,713,141 |

The County has pledged a portion of its general county and state sales tax revenues toward the payment of debt related to revenue obligations outstanding at June 30, 2018. At June 30, 2018, future pledged revenues through final maturity at July 1, 2031 totaled $16,173,141, consisting of $13,460,000 for principal and $2,713,141 for interest. Future principal and interest payments are expected to require approximately 6 percent of

pledged sales tax revenues. Total principal and interest paid for the current year and total current-year pledged revenues were $1,601,800 and $19,928,764, respectively.

**Special assessment debt with governmental commitment—**Special assessment debt is payable from assessments collected from property owners benefited by the respective improvements. The special assessment districts pledged these assessments to repay the principal amount of $524,000 in special assessment debt. The proceeds were used to finance the construction or improvement of Bucking Horse Road. At June 30, 2018, future pledged revenues through final maturity at July 1, 2019, totaled $70,853 consisting of $67,000 for principal and $3,853 for interest. Future principal and interest payments are expected to require 100 percent of pledged special assessment revenues. Total principal and interest paid for the current year and total current year special assessment revenues were $70,475 and $118,940, respectively. While there is no legal obligation for the County to further secure the special assessment debt of the districts below, the County has made a moral commitment to take steps necessary to prevent default.

Special assessment debt currently outstanding for governmental activities is as follows:

| Description | Original amount issued | Maturity ranges | Interest rates | Outstanding principal |
|---|---|---|---|---|
| Bucking Horse Road | $524,000 | 2019 | 5.75% | $67,000 |

Annual debt service requirements to maturity for the special assessment debt with governmental commitment are as follows:

| | Governmental activities | |
|---|---|---|
| | Principal | Interest |
| Year ending June 30 | | |
| 2019 | $67,000 | $3,853 |

**Compensated absences**—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2018, the County paid for compensated absences as follows: 64 percent from the General Fund, 12 percent from the Public Works/HURF Fund, and 24 percent from the Other Governmental Funds.

**Incurred but not reported healthcare claims payable**—On July 1, 2014, Navajo County implemented a self-insured health benefits program as described in Note 7. The liability for medical, dental and pharmacy claims is based on fiscal year 2018 actuarial report. Changes in incurred but not reported (IBNR) healthcare claims payable for the years ended June 30, 2017 and 2018 were as follows:

| | 2017 | 2018 |
|---|---|---|
| IBNR healthcare claims payable beginning of year | $1,166,750 | $1,233,536 |
| Current-year claims and changes in estimates | 6,646,200 | 5,323,369 |
| Claim payments | 6,579,414 | 5,373,217 |
| IBNR healthcare claims payable, end of year | $1,233,536 | $1,183,688 |

**Net pension and OPEB liability**—During fiscal year 2018, the County paid for pension and OPEB contributions from various funds as described in Note 10.

## Note 7 - Risk management

**Public entity risk pools**—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 two public entity risk pools: the Arizona Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool, which are described below.

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 12 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium based on its exposure in relation to the exposure of the other participants and a deductible of $10,000 per occurrence for property claims and $50,000 per occurrence for liability claims. The County is also responsible for any payments in excess of the maximum coverage of $300 million per occurrence for property claims and $15 million per occurrence for liability claims. However, lower limits apply to certain categories of losses. A county must participate in the pool at least 3 years after becoming a member; however, it may withdraw after the initial 3-year period.

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 12 member counties. The pool provides member counties with workers' compensation coverage, as law requires, and risk management services. The County is responsible for paying a premium based on an experience-rating formula that allocates pool expenditures and liabilities among the members.

The Arizona Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool receive independent audits annually and an audit by the Arizona Department of Insurance every 5 years. Both 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.

**Self-insured employee benefits program**—On July 1, 2014, Navajo County implemented a self-insured health benefits program and offers one comprehensive medical plan. The uninsured risk of loss per individual is $250,000 per plan year. Under the program, the County contracts directly with healthcare providers to deliver healthcare services to its eligible employees and their dependents. The County pays for the services using premiums it receives from employees and county contributions. Health benefits program expenditures are recorded in the General Fund and employee premiums and county contributions are recorded in the applicable governmental funds through payroll deductions and transferred to the General Fund. However, the county contributions are considered as internal activities, and therefore, are eliminated at the government-wide level of the financial statements. The liability for incurred but not reported healthcare claims payable at June 30, 2018, is actuarial valued and disclosed in Note 6.

## Note 8 - Operating lease

The County leases 25 percent of a purchased and renovated public safety building from City of Show Low under the provisions of a long-term lease agreement classified as an operating lease for accounting purposes. The lease allows for more efficient use of space and resources for jail, inmate holding facilities, regional dispatch, locker rooms, conference rooms and break rooms to save money for Navajo County and City of Show Low.

The noncancelable lease term is 20 years and may be extended for additional 5 years with any additions to the monthly rental rate to be negotiated between the parties at that time. The lease required the County to prepay four $225,000 rental payments, totaling $900,000, on or before June 30, 2017. The County moved into the leased property on August 16, 2017, and incurred $39,375 of rental expenditures in fiscal year 2018. The remaining $860,625 is reported in the General Fund as prepaid items at June 30, 2018. In addition, the lease requires the County to pay its proportionate share of 25 percent of the operational costs for the leased property including its parking lot. Operational costs include all utility and maintenance costs such as cleaning, insurance, snow removal and landscaping.

## Note 9 - Fund balance classifications of the governmental funds

The fund balance classifications of the governmental funds as of June 30, 2018, were as follows:

| | General fund | Public works/ HURF fund | Flood control district fund | Other governmental funds | Total |
|---|---|---|---|---|---|
| **Fund balances:** | | | | | |
| **Nonspendable:** | | | | | |
| Prepaid items | $ 896,025 | | | | $ 896,025 |
| Inventories | | $ 817,171 | | | 817,171 |
| Total nonspendable | 896,025 | 817,171 | | | 1,713,196 |
| **Restricted for:** | | | | | |
| Highways and streets | | 10,165,355 | | $ 616,001 | 10,781,356 |
| Flood control projects | | | $6,425,528 | | 6,425,528 |
| Health | | | | 1,291,061 | 1,291,061 |
| Judicial activities | 9,000 | | | 3,197,670 | 3,206,670 |
| Law enforcement | | | | 1,241,755 | 1,241,755 |
| Education | | | | 1,286,465 | 1,286,465 |
| Environmental and conservation | | | | 616,592 | 616,592 |
| Social services | | | | 257,835 | 257,835 |
| Library | | | | 198,506 | 198,506 |
| Public safety | | | | 169,629 | 169,629 |
| Recreation | | | | 119,829 | 119,829 |
| Debt service | | | | 103,811 | 103,811 |
| Road projects | | | | 165,409 | 165,409 |
| Capital projects | | | | 267,851 | 267,851 |
| Health insurance trust | 917,206 | | | | 917,206 |
| Total restricted | 926,206 | 10,165,355 | 6,425,528 | 9,532,414 | 27,049,503 |

| | General fund | Public works/ HURF fund | Flood control district fund | Other governmental funds | Total |
|---|---|---|---|---|---|
| **Assigned to:** | | | | | |
| Health insurance reserve | 1,051,032 | | | | 1,051,032 |
| Economic stabilization and development | 10,524 | | | 13,373 | 23,897 |
| Law enforcement | 1,342,618 | | | | 1,342,618 |
| Education | | | | 646,158 | 646,158 |
| Debt service | | | | 239,216 | 239,216 |
| Other capital projects | 93 | | | | 93 |
| Other purposes | 653,282 | | | | 653,282 |
| Total assigned | 3,057,549 | | | 898,747 | 3,956,296 |
| **Unassigned** | 8,355,219 | | | (960,780) | 7,394,439 |
| Total fund balances | $13,234,999 | $10,982,526 | $6,425,528 | $9,470,381 | $40,113,434 |

## Note 10 - Pensions and other postemployment benefits

The County contributes to the plans described below. The plans are component units of the State of Arizona. The County also contributes to various OPEB plans for which a net OPEB asset and liability are included on the statement of net position; however, the OPEB plans are not further disclosed because of their relative insignificance to the County's financial statements.

At June 30, 2018, the County reported the following aggregate amounts related to pensions for all plans to which it contributes:

| **Statement of net position and statement of activities** | **Governmental activities** |
|---|---|
| Net pension liabilities | $74,853,384 |
| Deferred outflows of resources | 10,185,951 |
| Deferred inflows of resources | 6,561,051 |
| Pension expense | 14,577,404 |

The County's accrued payroll and employee benefits includes $45,476 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2018. Also, the County reported $3,326,956 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

### A. Arizona State Retirement System

**Plan description**—County employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 2. The ASRS issues a publicly available financial report that

includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

**Benefits provided**—The ASRS provides retirement and survivor benefits. State statute establishes 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<br>10 years, age 62<br>5 years, age 50*<br>any years, age 65 | 30 years, age 55<br>25 years, age 60<br>10 years, age 62<br>5 years, age 50*<br>any years, age 65 |
| Final average salary is based on | Highest 36 consecutive months of last 120 months | Highest 60 consecutive months of last 120 months |
| Benefit percent per year of service | 2.1% to 2.3% | 2.1% to 2.3% |

*With actuarially reduced benefits.

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

**Contributions**—In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2018, statute required active ASRS members to contribute at the actuarially determined rate of 11.34 percent for retirement of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 10.9 percent for retirement of the active members' annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 9.26 percent of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the ASRS would typically fill. The County's contributions to the pension plan for the year ended June 30, 2018, were $2,028,064.

During fiscal year 2018, the County paid for ASRS pension contributions as follows: 53 percent from the General Fund, 16 percent from the Public Works/HURF Fund, and 31 percent from other governmental funds.

**Pension liability**—At June 30, 2018, the County reported a net pension liability of $31,575,151 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The total pension liability as of June 30, 2017, reflects a change in actuarial assumption related to changes in loads for future potential permanent benefit increases.

The County's proportion of the net pension liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The County's proportion measured as of June 30, 2017, was 0.202690 percent, which was a decrease of 0.00614 from its proportion measured as of June 30, 2016.

The net pension liability measured as of June 30, 2018, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the County's net liability as a result of these changes is not known.

**Pension expense and deferred outflows/inflows of resources**—For the year ended June 30, 2018, the County recognized pension expense for ASRS of $707,721. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| **ASRS** | **Deferred outflows of resources** | **Deferred inflows of resources** |
|---|---|---|
| Differences between expected and actual experience | | $ 946,798 |
| Changes of assumptions or other inputs | $1,371,381 | 944,154 |
| Net difference between projected and actual earnings on pension plan investments | 226,688 | |
| Changes in proportion and differences between county contributions and proportionate share of contributions | 1,525,485 | 2,328,510 |
| County contributions subsequent to the measurement date | 2,028,064 | |
| Total | $5,151,618 | $4,219,462 |

The $2,028,064 reported as deferred outflows of resources related to ASRS pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

| Year ending June 30 | |
|---|---|
| 2019 | $(1,672,685) |
| 2020 | 978,799 |
| 2021 | 324,302 |
| 2022 | (726,324) |

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

| **ASRS** | |
|---|---|
| Actuarial valuation date | June 30, 2016 |
| Actuarial roll forward date | June 30, 2017 |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 8% |
| Projected salary increases | 3–6.75% |
| Inflation | 3% |
| Permanent benefit increase | Included |
| Mortality rates | 1994 GAM Scale BB |

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.7 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| **ASRS** | | |
|---|---|---|
| **Asset class** | **Target allocation** | **Long-term expected arithmetic real rate of return** |
| Equity | 58% | 6.73% |
| Fixed income | 25% | 3.70% |
| Real estate | 10% | 4.25% |
| Multi-asset | 5% | 3.41% |
| Commodities | 2% | 3.84% |
| Total | 100% | |

**Discount rate**—The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.7 percent. The projection of cash flows used to determine the discount rate assumed that contributions

from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

| **ASRS** | **1% Decrease (7%)** | **Current discount rate (8%)** | **1% Increase (9%)** |
|---|---|---|---|
| County's proportionate share of the net pension liability | $40,527,255 | $31,575,151 | $24,094,901 |

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

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

**Plan descriptions**—County sheriff employees and county attorney investigators who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension 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).

County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP). The CORP administers an agent multiple-employer defined benefit pension plan for county detention officers (agent plan), and a cost-sharing multiple-employer defined benefit pension plan for AOC officers (cost-sharing plan). 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 PSPRS and CORP plans. The report is available on the PSPRS website at www.psprs.com.

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

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

| CORP | Initial membership date: Before January 1, 2012 | Initial membership date: On or after January 1, 2012 |
|---|---|---|
| **Retirement and disability** | | |
| Years of service and age required to receive benefit | Sum of years and age equals 80<br>20 years, any age<br>10 years, age 62 | 25 years, age 52.5<br>10 years, age 62 |
| Final average salary is based on | Highest 36 consecutive months of last 10 years | Highest 60 consecutive months of last 10 years |
| **Benefit percent** | | |
| Normal Retirement | 2.0% to 2.5% per year of credited service, not to exceed 80% | |
| Accidental Disability Retirement | 50% or normal retirement if more than 20 years of credited service | 50% or normal retirement if more than 25 years of credited service |
| Total and Permanent Disability Retirement | 50% or normal retirement if more than 25 years of credited service | |
| Ordinary Disability Retirement | 2.5% per year of credited service | |
| **Survivor Benefit** | | |
| Retired Members | 80% of retired member's pension benefit | |
| Active Members | 40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions. | |

Retirement and survivor benefits are subject to automatic cost-of-living adjustments. The adjustments are based on inflation for PSPRS and excess investment earnings for CORP. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

**Employees covered by benefit terms**—At June 30, 2018, the following employees were covered by the agent pension plans' benefit terms:

| | PSPRS Sheriff | PSPRS Attorney Investigators | CORP |
|---|---|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 31 | 1 | 11 |
| Inactive employees entitled to but not yet receiving benefits | 24 | | 35 |
| Active employees | 46 | - | 49 |
| Total | 101 | 1 | 95 |

**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. 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, 2018, are indicated below. Rates are a percentage of active members' annual covered payroll.

| | Active member—pension | County—pension |
|---|---|---|
| PSPRS Sheriff | 7.65-11.65% | 44.42% |
| PSPRS Tier 3 Risk Pool | 9.94 | 9.68 |
| CORP | 8.41 | 9.57 |
| CORP AOC | 8.41 | 22.51 |

Also, statute required the County to contribute at the actuarially determined rate of 29.78 percent for pension of the annual covered payroll of county sheriff employees who were PSPRS Tier 3 Risk Pool members, in addition to the County's required contributions to the PSPRS Tier 3 Risk Pool for these county sheriff employees.

The County was required to contribute $33,307 for the PSPRS Attorney Investigators pension plan based on the estimated actuarially required contribution for an inactive member.

In addition, statute required the County to contribute at the actuarially determined rate of 29.78 percent for the PSPRS of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the PSPRS would typically fill.

The County's contributions to the pension plans for the year ended June 30, 2018, were:

| | Pension |
|---|---|
| PSPRS Sheriff | $780,780 |
| PSPRS Tier 3 Risk Pool | 4,464 |
| CORP | 151,162 |
| CORP AOC | 294,854 |

During fiscal year 2018, the County paid for PSPRS and CORP pension contributions as follows: 80 percent from the General Fund and 20 percent from the other governmental funds.

**Pension liability**—At June 30, 2018, the County reported the following net pension liabilities:

| | **Net pension liability** |
|---|---|
| PSPRS Sheriff | $11,911,839 |
| PSPRS Attorney Investigators | 501,641 |
| CORP | 1,585,538 |
| CORP AOC (County's proportionate share) | 6,507,694 |

The net pension liabilities were measured as of June 30, 2017, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2017, reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the investment rate of return from 7.5 percent to 7.4 percent, decreasing the wage inflation from 4 percent to 3.5 percent, and updating mortality, withdrawal, disability, and retirement assumptions. The total pension liabilities for CORP and CORP AOC also reflect changes of benefit terms for a court decision that increased cost-of-living adjustments for retirees who became members before July 20, 2011. The total pension liabilities for PSPRS also reflect changes of benefit terms for legislation that changed benefit eligibility and multipliers for employees who became members on or after January 1, 2012, and before July 1, 2017, and a court decision that decreased the contribution rates for employees who became members before July 20, 2011. The court decision will also affect the PSPRS net pension liabilities measured as of June 30, 2018, because of refunds of excess member contributions. The change in the County's PSPRS net pension liabilities as a result of the refunds is not known.

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

| **PSPRS and CORP—Pension** | |
|---|---|
| Actuarial valuation date | June 30, 2017 |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 7.4% |
| Wage inflation | 3.5% |
| Price inflation | 2.5% |
| Permanent benefit increase | Included |
| Mortality rates | RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience |

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.4 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:

| **PSPRS and CORP**<br><br>**Asset class** | **Target allocation** | **Long-term expected geometric real rate of return** |
|---|---|---|
| Short term investments | 2% | 0.25% |
| Absolute return | 2% | 3.75% |
| Risk parity | 4% | 5.00% |
| Fixed income | 5% | 1.25% |
| Real assets | 9% | 4.52% |
| GTAA | 10% | 3.96% |
| Private credit | 12% | 6.75% |
| Real estate | 10% | 3.75% |
| Credit opportunities | 16% | 5.83% |
| Non-U.S. equity | 14% | 8.70% |
| U.S. equity | 16% | 7.60% |
| Total | 100% | |

**Pension discount rates**—At June 30, 2017, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.4 percent, which was a decrease of 0.1 percent from the discount rate used as of June 30, 2016.

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

Changes in the Net Pension Liability

| PSPRS Sheriff | Increase (decrease) | | |
|---|---|---|---|
| | Total pension liability (a) | Plan fiduciary net position (b) | Net pension liability (a) – (b) |
| Balances at June 30, 2017 | $17,137,245 | $ 5,489,432 | $11,647,813 |
| Changes for the year: | | | |
| Service cost | 499,570 | | 499,570 |
| Interest on the total pension liability | 1,260,137 | | 1,260,137 |
| Changes of benefit terms | 304,021 | | 304,021 |
| Differences between expected and actual experience in the measurement of the pension liability | (794,648) | | (794,648) |
| Changes of assumptions or other inputs | 607,986 | | 607,986 |
| Contributions—employer | | 1,047,332 | (1,047,332) |
| Contributions—employee | | 262,773 | (262,773) |
| Net investment income | | 633,913 | (633,913) |
| Benefit payments, including refunds of employee contributions | (1,170,410) | (1,170,410) | |
| Administrative expense | | (6,009) | 6,009 |
| Other changes | | (324,969) | 324,969 |
| Net changes | 706,656 | 442,630 | 264,026 |
| Balances at June 30, 2018 | $17,843,901 | $ 5,932,062 | $11,911,839 |

| PSPRS Attorney Investigators | Increase (decrease) | | |
|---|---|---|---|
| | Total pension liability (a) | Plan fiduciary net position (b) | Net pension liability (a) – (b) |
| Balances at June 30, 2017 | $533,366 | $51,201 | $482,165 |
| Changes for the year: | | | |
| Interest on the total pension liability | 38,673 | | 38,673 |
| Changes of benefit terms | 10,560 | | 10,560 |
| Differences between expected and actual experience in the measurement of the pension liability | 325 | | 325 |
| Changes of assumptions or other inputs | 16,836 | | 16,836 |
| Contributions—employer | | 38,721 | (38,721) |
| Contributions—employee | | | |
| Net investment income | | 8,673 | (8,673) |
| Benefit payments, including refunds of employee contributions | (35,451) | (35,451) | |
| Administrative expense | | (477) | 477 |
| Other changes | | 1 | (1) |
| Net changes | 30,943 | 11,467 | 19,476 |
| Balances at June 30, 2018 | $564,309 | $62,668 | $501,641 |

| CORP | Increase (decrease) | | |
|---|---|---|---|
| | Total pension liability (a) | Plan fiduciary net position (b) | Net pension liability (a) – (b) |
| Balances at June 30, 2017 | $4,326,471 | $3,286,431 | $1,040,040 |
| Changes for the year: | | | |
| Service cost | 243,603 | | 243,603 |
| Interest on the total pension liability | 321,690 | | 321,690 |
| Changes of benefit terms | 693,192 | | 693,192 |
| Differences between expected and actual experience in the measurement of the pension liability | (89,958) | | (89,958) |
| Changes of assumptions or other inputs | 107,452 | | 107,452 |
| Contributions—employer | | 139,477 | (139,477) |
| Contributions—employee | | 139,124 | (139,124) |
| Net investment income | | 392,801 | (392,801) |
| Benefit payments, including refunds of employee contributions | (318,158) | (318,158) | |
| Administrative expense | | (3,836) | 3,836 |
| Other changes | | 62,915 | (62,915) |
| Net changes | 957,821 | 412,323 | 545,498 |
| Balances at June 30, 2018 | $5,284,292 | $3,698,754 | $1,585,538 |

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, 2017. The County's proportion measured as of June 30, 2017, was 1.62198 percent, which was a decrease of 0.113419 from its proportion measured as of June 30, 2016.

**Sensitivity of the County's net pension liability to changes in the discount rate**—The following table presents the County's net pension liabilities calculated using the discount rate of 7.4 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate:

| | 1% Decrease (6.4%) | Current discount rate (7.4%) | 1% Increase (8.4%) |
|---|---|---|---|
| PSPRS Sheriff | | | |
| Net pension liability | $14,159,580 | $11,911,839 | $10,070,876 |
| PSPRS Attorney Investigators | | | |
| Net pension liability | $577,429 | $501,641 | $440,135 |
| CORP | | | |
| Net pension liability | $2,400,754 | $1,585,538 | $935,616 |
| CORP AOC | | | |
| County's proportionate share of the net pension liability | $8,411,971 | $6,507,694 | $4,967,694 |

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

**Pension expense**—For the year ended June 30, 2018, the County recognized the following pension expense:

| | **Pension expense** |
|---|---|
| PSPRS Sheriff | $2,002,578 |
| PSPRS Attorney Investigators | 62,199 |
| CORP | 808,205 |
| CORP AOC (County's proportionate share) | 2,547,833 |

**Pension deferred outflows/inflows of resources**—At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| **PSPRS Sheriff** | **Deferred outflows of resources** | **Deferred inflows of resources** |
|---|---|---|
| Differences between expected and actual experience | | $1,432,308 |
| Changes of assumptions or other inputs | $1,463,340 | |
| Net difference between projected and actual earnings on pension plan investments | 83,563 | |
| County contributions subsequent to the measurement date | 780,780 | |
| Total | $2,327,683 | $1,432,308 |

| **PSPRS Attorney Investigators** | **Deferred outflows of resources** | **Deferred inflows of resources** |
|---|---|---|
| Net difference between projected and actual earnings on pension plan investments | | $2,292 |
| County contributions subsequent to the measurement date | $33,307 | |
| Total | $33,307 | $2,292 |

| CORP | Deferred outflows of resources | Deferred inflows of resources |
|---|---|---|
| Differences between expected and actual experience | | $229,630 |
| Changes of assumptions or other inputs | $237,685 | |
| Net difference between projected and actual earnings on pension plan investments | 45,984 | |
| County contributions subsequent to the measurement date | 151,162 | |
| Total | $434,831 | $229,630 |

| CORP AOC | Deferred outflows of resources | Deferred inflows of resources |
|---|---|---|
| Differences between expected and actual experience | $ 59,589 | $223,506 |
| Changes of assumptions or other inputs | 631,855 | |
| Net difference between projected and actual earnings on pension plan investments | 76,631 | |
| Changes in proportion and differences between county contributions and proportionate share of contributions | 58,360 | 251,431 |
| County contributions subsequent to the measurement date | 294,854 | |
| Total | $1,121,289 | $474,937 |

The County also reported deferred outflows of resources for the PSPRS Tier 3 Risk Pool pension plan for county contributions subsequent to the measurement date of $4,464.

The amounts reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | PSPRS Sheriff | PSPRS Attorney Investigators | CORP | CORP AOC |
|---|---|---|---|---|
| Year ending June 30 | | | | |
| 2019 | $231,364 | $(727) | $(10,122) | $184,726 |
| 2020 | 18,976 | (162) | 47,626 | 170,153 |
| 2021 | (37,826) | (459) | 42,196 | 51,802 |
| 2022 | (81,087) | (944) | (25,661) | (55,183) |
| 2023 | (16,832) | - | - | - |

## C. Elected Officials Retirement Plan

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

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

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

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

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

**Contributions**—State statutes establish active member and employer contribution requirements. Statute also appropriates $5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2018, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the County to contribute 23.5 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 12.16 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 17.50 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the County's required contributions to ASRS and EODCRS for these elected officials and judges. The County's contributions to the pension plan for the year ended June 30, 2018, were $34,325.

During fiscal year 2018, the County paid for EORP pension contributions as follows: 100 percent from the General Fund.

**Pension liability**—At June 30, 2018, 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 | $22,771,521 |
| State's proportionate share of the EORP net pension liability associated with the County | 4,726,116 |
| Total | $27,497,637 |

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2017, reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the investment rate of return from 7.5 percent to 7.4 percent, decreasing the wage inflation from 4 percent to 3.5 percent, and updating mortality, withdrawal, disability, and retirement assumptions. The total pension liability also reflects changes-of-benefit terms for a court decision that increased cost-of-living adjustments for retirees and decreased the contribution rates for employees who became members before July 20, 2011. The court decision will also affect the net pension liability measured as of June 30, 2018, because of refunds of excess member contributions. The change in the County's net pension liability as a result of the refunds is not known.

The County's proportion of the net pension liability was based on the County's actual contributions to the plan relative to the total of all participating employers' actual contributions for the year ended June 30, 2017. The County's proportion measured as of June 30, 2017, was 1.86872 percent, which was a decrease of 0.0011152 from its proportion measured as of June 30, 2016.

**Pension expense and deferred outflows/inflows of resources**—For the year ended June 30, 2018, the County recognized pension expense for EORP of $8,448,868 and revenue of $1,624,794 for the County's proportionate share of the State's appropriation to EORP and the designated court fees. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| **EORP** | **Deferred outflows of resources** | **Deferred inflows of resources** |
|---|---|---|
| Differences between expected and actual experience | | $197,378 |
| Changes of assumptions or other inputs | $ 888,817 | |
| Net difference between projected and actual earnings on pension plan investments | 139,571 | |
| Changes in proportion and differences between county contributions and proportionate share of contributions | 50,046 | 5,044 |
| County contributions subsequent to the measurement date | 34,325 | |
| Total | $1,112,759 | $202,422 |

The $34,325 reported as deferred outflows of resources related to EORP pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

| Year ending June 30 | |
|---|---|
| 2019 | $728,114 |
| 2020 | 156,065 |
| 2021 | 36,878 |
| 2022 | (45,045) |

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

**EORP**

| | |
|---|---|
| Actuarial valuation date | June 30, 2017 |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 7.4% |
| Wage inflation | 3.5% |
| Price inflation | 2.5% |
| Permanent benefit increase | Included |
| Mortality rates | RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience. |

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.4 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**<br>**Asset class** | **Target allocation** | **Long-term expected geometric real rate of return** |
|---|---|---|
| Short term investments | 2% | 0.25% |
| Absolute return | 2% | 3.75% |
| Risk parity | 4% | 5.00% |
| Fixed income | 5% | 1.25% |
| Real assets | 9% | 4.52% |
| GTAA | 10% | 3.96% |
| Private credit | 12% | 6.75% |
| Real estate | 10% | 3.75% |
| Credit opportunities | 16% | 5.83% |
| Non-U.S. equity | 14% | 8.70% |
| U.S. equity | 16% | 7.60% |
| Total | 100% | |

**Discount rate**—At June 30 2017, the discount rate used to measure the EORP total pension liability was 3.91 percent, which was an increase of 0.23 from the discount rate used as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the statutorily set rates, and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, to determine the total pension liability for the plan, the long-term expected rate of return on pension plan

investments of 7.4 percent was applied to periods of projected benefit payments through the year ended June 30, 2026. A municipal bond rate of 3.56 percent obtained from the Fidelity 20-year Municipal GO AA Index as of June 30, 2017, was applied to periods of projected benefit payments after June 30, 2026.

**Sensitivity of the County's proportionate share of the EORP net pension liability to changes in the discount rate**—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 3.91 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.91 percent) or 1 percentage point higher (4.91 percent) than the current rate:

| **EORP** | **1% Decrease (2.91%)** | **Current discount rate (3.91%)** | **1% Increase (4.91%)** |
|---|---|---|---|
| County's proportionate share of the net pension liability | $26,899,180 | $22,771,521 | $19,405,140 |

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

**EODCRS plan**—Elected officials and judges who are not members of EORP or ASRS participate in the EODCRS. The EODCRS is a defined contribution pension plan. The PSPRS Board of Trustees governs the EODCRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 3.1. Benefit terms, including contribution requirements, are established by state statute.

For the year ended June 30, 2018, 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, 2018, the County recognized pension expense of $14,555.

## Note 11 - Interfund balances and activity

**Interfund receivables and payables**—Interfund balances at June 30, 2018, were as follows:

| | Payable to | | |
|---|---|---|---|
| | General fund | Governmental funds | Total |
| **Payable from** | | | |
| General fund | | $ 9,452 | $ 9,452 |
| Public works/HURF fund | $ 24,625 | | 24,625 |
| Flood control district fund | 425 | | 425 |
| Other governmental funds | 127,211 | 142,489 | 269,700 |
| Total | $152,261 | $151,941 | $304,202 |

The interfund balances resulted from time lags between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances are expected to be paid in one year.

**Interfund transfers**—Interfund transfers for the year ended June 30, 2018, were as follows:

| | Transfers to | | |
|---|---|---|---|
| | General fund | Other governmental funds | Total |
| **Transfers from** | | | |
| General fund | | $3,790,821 | $3,790,821 |
| Public works/HURF fund | $ 23,040 | | 23,040 |
| Flood control district fund | 1,050,000 | | 1,050,000 |
| Other governmental funds | 844,407 | 174,083 | 1,018,490 |
| Total | $1,917,447 | $3,964,904 | $5,882,351 |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments are due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## Note 12 - County Treasurer's investment pool

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

The County Treasurer's investment pool is not registered with the Securities and Exchange Commission as an investment company, and there is no regulatory oversight of

its operations. The pool's structure does not provide for shares, and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments.

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

The deposits and investments the County holds are included in the County Treasurer's investment pool, except for $797,142 in deposits. 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 rates | Maturities | Amount |
|---|---|---|---|---|
| U.S. agency securities | $106,300,000 | 1.00% - 2.375% | 07/18 – 12/20 | $105,591,244 |
| U.S. Treasury securities | 61,300,000 | 0.875% - 2.125% | 07/18 – 08/20 | 61,096,662 |
| Government money market funds | 35,306,348 | N/A | N/A | 35,335,930 |

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

| | |
|---|---|
| **Statement of net position** | |
| Assets | $216,749,035 |
| Liabilities | 1,917,885 |
| Net position | $214,831,150 |
| | |
| Net position held in trust for: | |
| Internal participants | $ 34,697,635 |
| External participants | 180,133,515 |
| Total net position held in trust | $214,831,150 |
| **Statement of changes in net position** | |
| Total additions | $319,584,044 |
| Total deductions | 320,659,226 |
| Net decrease | (1,075,182) |
| Net position held in trust: | |
| July 1, 2017 | 215,906,332 |
| June 30, 2018 | $214,831,150 |

# OTHER REQUIRED SUPPLEMENTARY INFORMATION

Navajo County
Required supplementary information
Budgetary comparison schedule
General fund
Year ended June 30, 2018

| | Original and final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Property taxes | $8,130,322 | $8,281,138 | $ 150,816 |
| County sales taxes | 6,489,110 | 7,381,671 | 892,561 |
| Licenses and permits | 455,500 | 521,002 | 65,502 |
| Fines and forfeits | 737,500 | 616,556 | (120,944) |
| Intergovernmental | 19,043,708 | 20,474,240 | 1,430,532 |
| Charges for services | 9,527,814 | 10,298,017 | 770,203 |
| Investment earnings | 39,922 | 59,455 | 19,533 |
| Miscellaneous | 444,911 | 756,465 | 311,554 |
| Total revenues | 44,868,787 | 48,388,544 | 3,519,757 |
| Expenditures: | | | |
| General government | | | |
| Board of Supervisors/Administration | 3,187,000 | 2,041,850 | 1,145,150 |
| Facilities Management | 1,911,007 | 1,722,221 | 188,786 |
| Elections | 617,929 | 324,054 | 293,875 |
| Contract | 1,481,817 | 2,077,919 | (596,102) |
| State Cost Shifts | 502,735 | 491,574 | 11,161 |
| Planning and Zoning | 430,191 | 370,050 | 60,141 |
| Recorder | 274,754 | 259,817 | 14,937 |
| Voter Registration | 185,940 | 139,461 | 46,479 |
| Assessor | 1,346,413 | 1,261,230 | 85,183 |
| Information Technology | 943,275 | 964,584 | (21,309) |
| Treasurer | 492,610 | 471,821 | 20,789 |
| Personnel Commission | 10,450 | 3,371 | 7,079 |
| Fleet Management | 50,000 | 8,145 | 41,855 |
| County-wide | 9,619,295 | 8,584,645 | 1,034,650 |
| Carry-Forward Through Tax Cycles | 2,529,694 | | 2,529,694 |
| Legal Defender | 269,612 | 273,129 | (3,517) |
| County Attorney | 2,542,581 | 2,610,027 | (67,446) |
| Superior Court | 1,626,253 | 1,850,519 | (224,266) |
| Public Defender | 653,550 | 674,123 | (20,573) |
| Clerk of Court | 1,339,735 | 1,345,286 | (5,551) |
| Holbrook Justice Court | 350,360 | 354,689 | (4,329) |
| Winslow Justice Court | 314,499 | 313,503 | 996 |
| Snowflake Justice Court | 383,393 | 391,935 | (8,542) |
| Show Low Justice Court | 261,699 | 257,156 | 4,543 |

(continued)

See accompanying note to budgetary comparison schedules.

Navajo County
Required supplementary information
Budgetary comparison schedule
General fund
Year ended June 30, 2018
(Continued)

| | Original and Final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Pinetop Justice Court | $ 354,056 | $ 359,135 | $ (5,079) |
| Kayenta Justice Court | 99,912 | 115,951 | (16,039) |
| Kayenta Constable | 33,970 | 34,026 | (56) |
| Pinetop Constable | 64,919 | 64,758 | 161 |
| Snowflake Constable | 54,930 | 54,680 | 250 |
| Holbrook Constable | 48,559 | 47,483 | 1,076 |
| Winslow Constable | 46,621 | 48,158 | (1,537) |
| Show Low Constable | 65,002 | 65,334 | (332) |
| Total general government | 32,092,761 | 27,580,634 | 4,512,127 |
| Public safety | | | |
| Juvenile Detention | 333,047 | 318,269 | 14,778 |
| Juvenile Probation | 357,355 | 300,627 | 56,728 |
| Adult Probation | 608,699 | 569,142 | 39,557 |
| Jail Operations | 6,614,182 | 5,134,651 | 1,479,531 |
| Sheriff | 6,679,229 | 6,232,172 | 447,057 |
| Total public safety | 14,592,512 | 12,554,861 | 2,037,651 |
| Health and welfare | | | |
| Public Fiduciary | 437,510 | 430,796 | 6,714 |
| Indigent Health | 2,721,500 | 2,721,500 | - |
| Total health and welfare | 3,159,010 | 3,152,296 | 6,714 |
| Education | | | |
| School Superintendent | 330,478 | 306,575 | 23,903 |
| Capital outlay | 583,764 | 644,679 | (60,915) |
| Contingency | 241,088 | | 241,088 |
| Total expenditures | 50,999,613 | 44,239,045 | 6,760,568 |

(continued)

See accompanying note to budgetary comparison schedules.

Navajo County
Required supplementary information
Budgetary comparison schedule
General fund
Year ended June 30, 2018
(Continued)

| | Original and Final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Excess (deficiency) of revenues over expenditures | $ (6,130,826) | $ 4,149,499 | $ 10,280,325 |
| Other financing sources (uses): | | | |
| Sale of capital assets | | 86,821 | 86,821 |
| Transfers in | 3,583,185 | 3,777,592 | 194,407 |
| Transfers out | (3,483,491) | (3,790,821) | (307,330) |
| Total other financing sources and uses | 99,694 | 73,592 | (26,102) |
| Net change in fund balances | (6,031,132) | 4,223,091 | 10,254,223 |
| Fund balances as restated, July 1, 2017 | 6,031,132 | 9,011,908 | 2,980,776 |
| Fund balances, June 30, 2018 | $ - | $ 13,234,999 | $ 13,234,999 |

See accompanying note to budgetary comparison schedules.

Navajo County
Required supplementary information
Budgetary comparison schedule
Public works/HURF fund
Year ended June 30, 2018

| | Original and Final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Intergovernmental | $11,913,758 | $11,947,902 | $ 34,144 |
| Charges for services | 39,007 | 22,563 | (16,444) |
| Investment earnings | 40,320 | 86,325 | 46,005 |
| Miscellaneous | 65,439 | 51,193 | (14,246) |
| Total revenues | 12,058,524 | 12,107,983 | 49,459 |
| Expenditures: | | | |
| Highways and streets | 19,486,311 | 10,989,956 | 8,496,355 |
| Total expenditures | 19,486,311 | 10,989,956 | 8,496,355 |
| Excess (deficiency) of revenues over expenditures | (7,427,787) | 1,118,027 | 8,545,814 |
| Other financing sources (uses): | | | |
| Sale of capital assets | | 40,500 | 40,500 |
| Transfers out | (1,365,255) | (853,735) | 511,520 |
| Total other financing sources and uses | (1,365,255) | (813,235) | 552,020 |
| Net change in fund balances | (8,793,042) | 304,792 | 9,097,834 |
| Fund balances, July 1, 2017 | 8,793,042 | 10,779,727 | 1,986,685 |
| Decrease in reserve for inventories | | (101,993) | (101,993) |
| Fund balances, June 30, 2018 | $ - | $ 10,982,526 | $ 10,982,526 |

See accompanying note to budgetary comparison schedules.

Navajo County
Required supplementary information
Budgetary comparison schedule
Flood control district fund
Year ended June 30, 2018

| | Original and Final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Property taxes | $1,840,611 | $1,835,505 | $ (5,106) |
| Intergovernmental | | 1,259 | 1,259 |
| Investment earnings | 39,407 | 60,029 | 20,622 |
| Miscellaneous | | 51,436 | 51,436 |
| Total revenues | 1,880,018 | 1,948,229 | 68,211 |
| Expenditures: | | | |
| Public safety | 6,739,202 | 864,416 | 5,874,786 |
| Total expenditures | 6,739,202 | 864,416 | 5,874,786 |
| Excess (deficiency) of revenues over expenditures | (4,859,184) | 1,083,813 | 5,942,997 |
| Other financing uses: | | | |
| Transfers out | (1,391,000) | (1,391,000) | |
| Total other financing uses | (1,391,000) | (1,391,000) | |
| Net change in fund balances | (6,250,184) | (307,187) | 5,942,997 |
| Fund balances, July 1, 2017 | 6,250,184 | 6,732,715 | 482,531 |
| Fund balances, June 30, 2018 | $ - | $ 6,425,528 | $ 6,425,528 |

See accompanying note to budgetary comparison schedules.

## Note 1 - Budgeting and budgetary control

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

Essentially, the County prepares its budget on the same modified accrual basis of accounting used to record actual revenues and expenditures. In addition, the County budgets its expenditures by function.

The County has adopted budgets in accordance with A.R.S. requirements for the General Fund, Special Revenue Funds, Capital Project Funds, and Debt Service Funds, with the exception of the County School Superintendent's (CSS) Special Revenue Fund. In accordance with A.R.S. § 15-301(C), the CSS is designated as a local education agency (LEA). Expenditures for the LEA for an accommodation school, juvenile detention education, special education services, and unorganized territory transportation are not included in the adopted budget of the County's Board of Supervisors.

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. With the exception of the general fund, each fund includes only one department.

## Note 2 - Budgetary basis of accounting

The County's budget is prepared on a basis consistent with generally accepted accounting principles, except for the indirect costs were budgeted in transfers in and out and the present value of net minimum installment purchase contract payments were not budgeted.

The following schedule reconciles the excess of revenues over expenditures from the statement of revenues, expenditures, and changes in fund balances to the budgetary comparison schedules:

| | General Fund | Public Works/HURF Fund | Flood Control District Fund |
|---|---|---|---|
| Excess of revenues over expenditures from the statement of revenues, expenditures, and changes in fund balances | $ 6,009,644 | $ 287,332 | $ 742,813 |
| Indirect costs budgeted in transfers in/(out) | (1,860,145) | 830,695 | 341,000 |
| Excess of revenues over expenditures from the budgetary comparison schedules | $ 4,149,499 | $1,118,027 | $1,083,813 |

## Note 3 - Expenditures in excess of appropriations

For the year ended June 30, 2018, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

| Department/fund | Excess |
|---|---|
| Contracts – General fund | $596,102 |
| Information Technology – General fund | 21,309 |
| Legal Defender – General fund | 3,517 |
| County Attorney – General fund | 67,446 |
| Superior Court – General fund | 224,266 |
| Public Defender – General fund | 20,573 |
| Clerk of Court – General fund | 5,551 |
| Holbrook Justice Court – General fund | 4,329 |
| Snowflake Justice Court – General fund | 8,542 |
| Pinetop Justice Court – General fund | 5,079 |
| Kayenta Justice Court – General fund | 16,039 |
| Kayenta Constable – General fund | 56 |
| Winslow Constable – General fund | 1,537 |
| Show Low Constable – General fund | 332 |
| Capital Outlay – General fund | 60,915 |

The excesses were primarily the result of unexpected expenditures or expenditures made as a result of unanticipated revenues, or both. When departments exceed their annual budget, the County closely monitors departmental spending and discusses the overage with the departments in subsequent budget meetings with the County Manager and Finance.

Specifically, the County experienced higher than anticipated costs in the Contracts Department and Superior Court. Beginning with fiscal year 2018, the County began contracting with Pinal County to house juvenile offenders after the closure of our juvenile detention facility on June 30, 2017. The number of juvenile offenders held in Pinal County was higher than our prior years' averages which increased the overall housing, transportation and overtime costs. Unfortunately, Navajo County experienced six high profile felony cases during fiscal year 2018 including murder trials. As a result, the cost of contracted public defense attorneys was higher than our average costs and exceeded our expectations.

# Navajo County
## Required supplementary information
## Schedule of the County's proportionate share of the net pension liability
## Cost-sharing pension plans
## June 30, 2018

### Arizona State Retirement System

| | Reporting fiscal year (measurement date) | | | | |
|---|---|---|---|---|---|
| | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 through 2009 |
| County's proportion of the net pension liability | 0.20% | 0.21% | 0.21% | 0.21% | Information not available |
| County's proportionate share of the net pension liability | $31,575,151 | $33,707,260 | $32,861,924 | $30,957,928 | |
| County's covered payroll | $20,130,088 | $19,429,032 | $19,400,464 | $18,778,977 | |
| County's proportionate share of the net pension liability as a percentage of its covered payroll | 156.86% | 173.49% | 169.39% | 164.85% | |
| Plan fiduciary net position as a percentage of the total pension liability | 69.92% | 67.06% | 68.35% | 69.49% | |

### Corrections Officer Retirement Plan—Administrative Office of the Courts

| | Reporting Fiscal Year (Measurement Date) | | | | |
|---|---|---|---|---|---|
| | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 through 2009 |
| County's proportion of the net pension liability | 1.62% | 1.74% | 1.69% | 1.74% | Information not available |
| County's proportionate share of the net pension liability | $ 6,507,694 | $ 4,896,487 | $ 4,108,278 | $ 3,902,859 | |
| County's covered payroll | $ 1,941,447 | $ 1,891,207 | $ 1,879,552 | $ 1,854,011 | |
| County's proportionate share of the net pension liability as a percentage of its covered payroll | 335.20% | 258.91% | 218.58% | 210.51% | |
| Plan fiduciary net position as a percentage of the total pension liability | 49.21% | 54.81% | 57.89% | 58.59% | |

### Elected Officials Retirement Plan

| | Reporting Fiscal Year (Measurement Date) | | | | |
|---|---|---|---|---|---|
| | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 through 2009 |
| County's proportion of the net pension liability | 1.87% | 1.87% | 1.82% | 1.84% | Information not available |
| County's proportionate share of the net pension liability | $22,771,521 | $17,665,320 | $14,226,251 | $12,307,206 | |
| State's proportionate share of the net pension liability associated with the County | 4,726,116 | 3,647,430 | 4,435,153 | 3,773,504 | |
| Total | $27,497,637 | $21,312,750 | $18,661,404 | $16,080,710 | |
| County's covered payroll | $ 1,668,147 | $ 1,532,182 | $ 1,551,376 | $ 1,704,339 | |
| County's proportionate share of the net pension liability as a percentage of its covered payroll | 1365.08% | 1152.95% | 917.01% | 722.11% | |
| Plan fiduciary net position as a percentage of the total pension liability | 19.66% | 23.42% | 28.32% | 31.91% | |

See accompanying notes to pension plan schedules.

# Navajo County
# Required supplementary information
# Schedule of changes in the County's net pension liability and related ratios
# Agent pension plans
# June 30, 2018

## PSPRS Sheriff

| | Reporting fiscal year (measurement date) | | | | |
|---|---|---|---|---|---|
| | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 through 2009 |
| Total pension liability | | | | | Information not available |
| Service cost | $ 499,570 | $ 468,580 | $ 397,350 | $ 426,843 | |
| Interest on the total pension liability | 1,260,137 | 1,327,262 | 1,309,258 | 1,092,844 | |
| Changes of benefit terms | 304,021 | (615,741) | | 586,447 | |
| Differences between expected and actual experience in the measurement of the pension liability | (794,648) | (777,000) | (377,151) | (668,752) | |
| Changes of assumptions or other inputs | 607,986 | 641,504 | | 2,472,745 | |
| Benefit payments, including refunds of employee contributions | (1,170,410) | (1,161,727) | (1,109,711) | (1,167,336) | |
| Net change in total pension liability | 706,656 | (117,122) | 219,746 | 2,742,791 | |
| Total pension liability—beginning | 17,137,245 | 17,254,367 | 17,034,621 | 14,291,830 | |
| Total pension liability—ending (a) | $ 17,843,901 | $17,137,245 | $ 17,254,367 | $ 17,034,621 | |
| Plan fiduciary net position | | | | | |
| Contributions—employer | $ 1,047,332 | $ 1,205,254 | $ 790,385 | $ 691,037 | |
| Contributions—employee | 262,773 | 295,080 | 261,993 | 233,105 | |
| Net investment income | 633,913 | 31,020 | 191,904 | 675,189 | |
| Benefit payments, including refunds of employee contributions | (1,170,410) | (1,161,727) | (1,109,711) | (1,167,336) | |
| Administrative expense | (6,009) | (4,864) | (5,044) | (5,438) | |
| Other changes | (324,969) | (215,557) | (114,224) | (8,622) | |
| Net change in plan fiduciary net position | 442,630 | 149,206 | 15,303 | 417,935 | |
| Plan fiduciary net position—beginning | 5,489,432 | 5,340,226 | 5,324,923 | 4,906,988 | |
| Plan fiduciary net position—ending (b) | $ 5,932,062 | $ 5,489,432 | $ 5,340,226 | $ 5,324,923 | |
| County's net pension liability—ending (a) – (b) | $ 11,911,839 | $11,647,813 | $ 11,914,141 | $ 11,709,698 | |
| Plan fiduciary net position as a percentage of the total pension liability | 33.24% | 32.03% | 30.95% | 31.26% | |
| Covered payroll | $ 2,475,549 | $ 2,464,986 | $ 2,365,037 | $ 2,242,753 | |
| County's net pension liability as a percentage of covered payroll | 481.18% | 472.53% | 503.76% | 522.11% | |

See accompanying notes to pension plan schedules.

# Navajo County
# Required supplementary information
# Schedule of changes in the County's net pension liability and related ratios
# Agent pension plans
# June 30, 2018

## PSPRS Attorney Investigators

| | Reporting fiscal year (measurement date) | | | | |
|---|---|---|---|---|---|
| | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 through 2009 |
| Total pension liability | | | | | Information not available |
| Service cost | $ - | $ - | $ - | $ - | |
| Interest on the total pension liability | 38,673 | 44,961 | 40,906 | 30,804 | |
| Changes of benefit terms | 10,560 | (78,488) | | 28,416 | |
| Differences between expected and actual experience in the measurement of the pension liability | 325 | (13,833) | 6,616 | 1,839 | |
| Changes of assumptions or other inputs | 16,836 | 25,702 | (392,840) | 535,143 | |
| Benefit payments, including refunds of employee contributions | (35,451) | (35,451) | (35,451) | (34,741) | |
| Net change in total pension liability | 30,943 | (57,109) | (380,769) | 561,461 | |
| Total pension liability—beginning | 533,366 | 590,475 | 971,244 | 409,783 | |
| Total pension liability—ending (a) | $ 564,309 | $ 533,366 | $ 590,475 | $ 971,244 | |
| Plan fiduciary net position | | | | | |
| Contributions—employer | $ 38,721 | $ 65,456 | $ 20,181 | | |
| Net investment income | 8,673 | 390 | 744 | $ 6,765 | |
| Benefit payments, including refunds of employee contributions | (35,451) | (35,451) | (35,451) | (34,741) | |
| Administrative expense | (477) | (456) | (308) | (54) | |
| Other changes | 1 | (1) | (37) | - | |
| Net change in plan fiduciary net position | 11,467 | 29,938 | (14,871) | (28,030) | |
| Plan fiduciary net position—beginning | 51,201 | 21,263 | 36,134 | 64,164 | |
| Plan fiduciary net position—ending (b) | $ 62,668 | $ 51,201 | $ 21,263 | $ 36,134 | |
| County's net pension liability—ending (a) – (b) | $ 501,641 | $ 482,165 | $ 569,212 | $ 935,110 | |
| Plan fiduciary net position as a percentage of the total pension liability | 11.11% | 9.60% | 3.60% | 3.72% | |
| Covered payroll | $ - | $ - | $ - | $ - | |
| County's net pension liability as a percentage of covered payroll | 0.00% | 0.00% | 0.00% | 0.00% | |

See accompanying notes to pension plan schedules.

# Navajo County
# Required supplementary information
# Schedule of changes in the County's net pension liability and related ratios
# Agent pension plans
# June 30, 2018

## CORP

| | Reporting fiscal year (measurement date) | | | | |
|---|---|---|---|---|---|
| | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 through 2009 |
| Total pension liability | | | | | Information not available |
| Service cost | $ 243,603 | $ 226,516 | $ 229,853 | $ 262,381 | |
| Interest on the total pension liability | 321,690 | 307,215 | 301,883 | 298,329 | |
| Changes of benefit terms | 693,192 | 9,571 | | 35,245 | |
| Differences between expected and actual experience in the measurement of the pension liability | (89,958) | (31,895) | (93,870) | (414,141) | |
| Changes of assumptions or other inputs | 107,452 | 160,139 | | 240,204 | |
| Benefit payments, including refunds of employee contributions | (318,158) | (290,765) | (445,789) | (275,163) | |
| Net change in total pension liability | 957,821 | 380,781 | (7,923) | 146,855 | |
| Total pension liability—beginning | 4,326,471 | 3,945,690 | 3,953,613 | 3,806,758 | |
| Total pension liability—ending (a) | $ 5,284,292 | $ 4,326,471 | $3,945,690 | $ 3,953,613 | |
| Plan fiduciary net position | | | | | |
| Contributions—employer | $ 139,477 | $ 137,367 | $ 123,062 | $ 142,344 | |
| Contributions—employee | 139,124 | 130,513 | 137,233 | 141,818 | |
| Net investment income | 392,801 | 19,994 | 120,952 | 417,329 | |
| Benefit payments, including refunds of employee contributions | (318,158) | (290,765) | (445,789) | (275,163) | |
| Administrative expense | (3,836) | (3,227) | (3,354) | (3,281) | |
| Other changes | 62,915 | (10,869) | 9,359 | (82,179) | |
| Net change in plan fiduciary net position | 412,323 | (16,987) | (58,537) | 340,868 | |
| Plan fiduciary net position—beginning | 3,286,431 | 3,303,418 | 3,361,955 | 3,021,087 | |
| Plan fiduciary net position—ending (b) | $ 3,698,754 | $ 3,286,431 | $3,303,418 | $ 3,361,955 | |
| County's net pension liability—ending (a) – (b) | $ 1,585,538 | $ 1,040,040 | $ 642,272 | $ 591,658 | |
| Plan fiduciary net position as a percentage of the total pension liability | 70.00% | 75.96% | 83.72% | 85.04% | |
| Covered payroll | $ 1,668,947 | $ 1,572,955 | $1,632,100 | $ 1,726,328 | |
| County's net pension liability as a percentage of covered payroll | 95.00% | 66.12% | 39.35% | 34.27% | |

See accompanying notes to pension plan schedules.

# Navajo County
# Required supplementary information
# Schedule of county pension contributions
# June 30, 2018

## Arizona State Retirement System

| | Reporting fiscal year | | | | | |
|---|---|---|---|---|---|---|
| | **2018** | **2017** | **2016** | **2015** | **2014** | **2013-2009** |
| Statutorily required contribution | $ 2,028,064 | $ 2,171,922 | $ 2,128,972 | $ 2,098,505 | $ 2,009,012 | Information not available |
| County's contributions in relation to the statutorily required contribution | 2,028,064 | 2,171,922 | 2,128,972 | 2,098,505 | 2,009,012 | |
| County's contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | |
| County's covered payroll | $18,654,163 | $ 20,130,088 | $ 19,429,032 | $ 19,400,464 | $ 18,778,977 | |
| County's contributions as a percentage of covered payroll | 10.87% | 10.79% | 10.96% | 10.82% | 10.70% | |

## Corrections Officer Retirement Plan—Administrative

| | Reporting fiscal year | | | | | |
|---|---|---|---|---|---|---|
| | **2018** | **2017** | **2016** | **2015** | **2014** | **2013-2009** |
| Statutorily required contribution | $ 294,854 | $ 379,356 | $ 367,198 | $ 279,677 | $ 267,905 | Information not available |
| County's contributions in relation to the statutorily required contribution | 294,854 | 379,356 | 367,198 | 279,677 | 267,905 | |
| County's contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | |
| County's covered payroll | $ 1,378,621 | $ 1,941,447 | $ 1,891,207 | $ 1,879,552 | $ 1,854,011 | |
| County's contributions as a percentage of covered payroll | 21.39% | 19.54% | 19.42% | 14.88% | 14.45% | |

## Elected Officials Retirement Plan

| | Reporting fiscal year | | | | | |
|---|---|---|---|---|---|---|
| | **2018** | **2017** | **2016** | **2015** | **2014** | **2013-2009** |
| Statutorily required contribution | $ 370,491 | $ 363,340 | $ 355,627 | $ 364,573 | $ 394,725 | Information not available |
| County's contributions in relation to the statutorily required contribution | 34,325 | 363,340 | 355,627 | 364,573 | 394,725 | |
| County's contribution deficiency (excess) | $ 336,166 | $ - | $ - | $ - | $ - | |
| County's covered payroll | $ 1,840,513 | $ 1,668,147 | $ 1,532,182 | $ 1,551,376 | $ 1,704,339 | |
| County's contributions as a percentage of covered payroll | 1.86% | 21.78% | 23.21% | 23.50% | 23.16% | |

See accompanying notes to pension plan schedules.

# Navajo County
# Required supplementary information
# Schedule of county pension contributions
# June 30, 2018

## PSPRS Sheriff

| | Reporting fiscal year | | | | | |
|---|---|---|---|---|---|---|
| | **2018** | **2017** | **2016** | **2015** | **2014** | **2013-2009** |
| Actuarially determined contribution | $ 1,039,891 | $ 1,091,146 | $ 1,214,475 | $ 784,719 | $ 692,113 | Information not available |
| County's contributions in relation to the actuarially determined contribution | 780,780 | 1,091,146 | 1,214,475 | 784,719 | 692,113 | |
| County's contribution deficiency (excess) | $ 259,111 | $ - | $ - | $ - | $ - | |
| County's covered payroll | $ 2,402,346 | $ 2,475,549 | $ 2,464,986 | $ 2,365,037 | $ 2,242,753 | |
| County's contributions as a percentage of covered payroll | 32.50% | 44.08% | 49.27% | 33.18% | 30.86% | |

## PSPRS Attorney Investigators

| | Reporting fiscal year | | | | | |
|---|---|---|---|---|---|---|
| | **2018** | **2017** | **2016** | **2015** | **2014** | **2013-2009** |
| Actuarially determined contribution | $ 33,307 | $ 38,721 | $ 35,878 | $ 49,759 | $ - | Information not available |
| County's contributions in relation to the actuarially contribution | 33,307 | 38,721 | 35,878 | 49,759 | - | |
| County's contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | |
| County's covered payroll | $ - | $ - | $ - | $ - | $ - | |
| County's contributions as a percentage of covered payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | |

## CORP

| | Reporting fiscal year | | | | | |
|---|---|---|---|---|---|---|
| | **2018** | **2017** | **2016** | **2015** | **2014** | **2013-2009** |
| Actuarially determined contribution | $ 151,162 | $ 144,735 | $ 138,748 | $ 123,060 | $ 146,738 | Information not available |
| County's contributions in relation to the actuarially contribution | 151,162 | 144,735 | 138,748 | 123,060 | 146,738 | |
| County's contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | |
| County's covered payroll | $ 1,508,678 | $ 1,668,947 | $ 1,572,955 | $ 1,632,100 | $ 1,726,328 | |
| County's contributions as a percentage of covered payroll | 10.02% | 8.67% | 8.82% | 7.54% | 8.50% | |

See accompanying notes to pension plan schedules.

Navajo County
Required supplementary information
Notes to pension plan schedules
June 30, 2018

## Note 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:

| | |
|---|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percent-of-pay, closed |
| Remaining amortization period as of the 2016 actuarial valuation | 20 years |
| Asset valuation method | 7-year smoothed market value; 80%/120% market corridor |
| Actuarial assumptions: | |
| Investment rate of return | 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 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS and from 4.5%–7.75% to 4.0%–7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS and from 5.0%–8.25% to 4.5%–7.75% for CORP. |
| Wage growth | In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP. |
| Retirement age | Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011. |
| Mortality | RP-2000 mortality table (adjusted by 105% for both males and females) |

## Note 2 - Factors that affect trends

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS, CORP, CORP–AOC, and EORP changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS and EORP also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were

retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes 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 will increase 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.

# SUPPLEMENTARY INFORMATION

Navajo County
Nonmajor governmental funds
June 30, 2018

## Special Revenue Funds

| | |
|---|---|
| **Administration** | Accounts for administration of a variety of programs including the Assessor, Recorder and Treasurer surcharges, election services and certain emergency service functions. Funding sources include service related surcharges, federal and state grant funds, fees and local government contributions. |
| **County Attorney** | Accounts for various programs administered by the County Attorney including Victim's Rights, Assistance and Restitution, Child Support Enforcement, Anti-Racketeering, High-Intensity Drug Trafficking Area and Bad Check Enforcement. Funding sources include statutory fees and other surcharges related to criminal prosecution, federal and state grants and other user fees. |
| **Courts** | Accounts for the processing of criminal cases as well as court enhancement and record retention improvement funds. Funding sources include statutory fees and other surcharges related to the courts. |
| **Environmental and Conservation** | Accounts for forest health and energy conservation programs. Funding is provided by federal grants. |
| **Housing** | Accounts for housing and community development programs. Funding is provided by federal Community Development Block Grants. |
| **Library District** | Accounts for support services and materials provided to the County's community libraries. Funding sources include federal and state grants and a secondary property tax levy. |
| **Probation** | Accounts for Adult and Juvenile Probation programs and services provided in coordination with the State's Superior Court System. Funding sources include state grants and fees paid by probationers. |
| **Public Defense** | Accounts for the public defense of criminal cases including public defense enhancement funds. Funding sources include statutory fees and other surcharges related to public defense. |
| **Public Health** | Accounts for a variety of health service and education programs including Bio-Terrorism, Women, Infants and Children (WIC), Nutrition, Tobacco, Dental and infectious and contagious diseases. Funding sources include a secondary property tax levy, federal and state grants, appropriations, fees and private party contributions. |
| **Recreation District** | Accounts for operating costs of the White Mountain Lake Recreation District. Funding sources are fees and secondary property taxes assessed the benefiting property owners within the district boundaries. |
| **Sheriff's Office** | Accounts for various jail and law enforcement programs including Jail Enhancement, Drug Enforcement, Anti-Racketeering, High-Intensity Drug Trafficking Area and Boating Safety. Funding sources include federal and state grants. |

| | |
|---|---|
| **Special Districts** | Accounts for operating costs for the Silver Creek, Bucking Horse, Victory Heights, Hilltop Drive, Mountain View and North Whistle Stop Loop County Road Improvement Districts. Funding sources are secondary property taxes assessed the benefiting property owners within the district boundaries. |
| **Superintendent of Schools** | Accounts for educational services and programs including the Navajo County Accommodation District, juvenile detention Hope School, Special Services Consortium and unorganized school district territory. Funding sources include federal and state grants and charges for services from local school districts. |
| **Workforce Innovation and Opportunity Act (WIOA)** | Accounts for administration of the federal Workforce Investment Act (WIA) program. Funding is from federal grants. |

**Capital Projects Funds**

| | |
|---|---|
| **Other** | Accounts for miscellaneous construction projects and funding sources include county revenues and investment earnings. |

**Debt Service Funds**

| | |
|---|---|
| **General Government** | Accounts for the accumulation of resources for payment of principal and interest on the 2012 and 2013 Series Pledged Revenue Obligations for construction of the Public Works Complex in Holbrook and construction and remodel of jail facilities. |
| **Special Districts** | Accounts for the accumulation of resources for the payment of principal and interest on bonds and other debt instruments of the Sutter Drive, Scott's Pine Tract A, Shumway Road and Bucking Horse Improvement Districts. Funding sources are secondary property taxes assessed the benefiting property owners within the district boundaries. |

Navajo County
Combining balance sheet
Nonmajor governmental funds
June 30, 2018

| | Special revenue | | | |
|---|---|---|---|---|
| | Administration | County attorney | Courts | Environmental and conservation |
| Assets | | | | |
| Cash and investments | $ 578,057 | $ 1,066,294 | $ 1,243,403 | $ 606,571 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Property taxes | | | | |
| Accounts receivable | 444 | 35,059 | 1,269 | |
| Special assessments | | | | |
| Due from: | | | | |
| Other funds | | 69,556 | 71,187 | 3,402 |
| Other governments | 165,976 | 148,548 | 38 | 12,500 |
| Total assets | $ 744,477 | $ 1,319,457 | $ 1,315,897 | $ 622,473 |
| Liabilities | | | | |
| Accounts payable | | $ 11,067 | $ 1,031 | $ 2,655 |
| Accrued payroll and employee benefits | $ 3,497 | | | 2,498 |
| Due to: | | | | |
| Other funds | 11,035 | 47,128 | 73,227 | 676 |
| Other governments | 245 | 6,158 | 192 | 52 |
| Pledged revenue obligations payable | | | | |
| Interest payable | | | | |
| Total liabilities | 14,777 | 64,353 | 74,450 | 5,881 |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue–property taxes | | | | |
| Unavailable revenue–special assessments | | | | |
| Unavailable revenue–intergovernmental | 113,438 | 16,540 | | |
| Total deferred inflows of resources | 113,438 | 16,540 | | |
| Fund balances | | | | |
| Nonspendable | | | | |
| Restricted | 602,889 | 1,564,699 | 1,407,633 | 616,592 |
| Assigned | 13,373 | | | |
| Unassigned | | (326,135) | (166,186) | |
| Total fund balances(deficits) | 616,262 | 1,238,564 | 1,241,447 | 616,592 |
| Total liabilities, deferred inflows of resources and fund balances | $ 744,477 | $ 1,319,457 | $ 1,315,897 | $ 622,473 |

(continued)

Navajo County
Combining balance sheet
Nonmajor governmental funds
June 30, 2018

| | Special revenue | | | |
|---|---|---|---|---|
| | Housing | Library district | Probation | Public defense |
| Assets | | | | |
| Cash and investments | | $ 197,315 | $ 701,880 | $ 265,587 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Property taxes | | 32,676 | | |
| Accounts receivable | | 792 | | 7 |
| Special assessments | | | | |
| Due from: | | | | |
| Other funds | | 36 | | |
| Other governments | | | | |
| Total assets | | $ 230,819 | $ 701,880 | $ 265,594 |
| Liabilities | | | | |
| Accounts payable | | $ 7,303 | $ 21,381 | $ 7,955 |
| Accrued payroll and employee benefits | | 3,885 | 4,541 | 2,247 |
| Due to: | | | | |
| Other funds | | 1,347 | 8,980 | 30,047 |
| Other governments | | 291 | 37,025 | 7 |
| Pledged revenue obligations payable | | | | |
| Interest payable | | | | |
| Total liabilities | - | 12,826 | 71,927 | 40,256 |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue–property taxes | | 24,765 | | |
| Unavailable revenue–special assessments | | | | |
| Unavailable revenue–intergovernmental | | | | |
| Total deferred inflows of resources | | 24,765 | | |
| Fund balances | | | | |
| Nonspendable | | | | |
| Restricted | | 198,506 | 658,210 | 225,338 |
| Assigned | | | | |
| Unassigned | | (5,278) | (28,257) | |
| Total fund balances(deficits) | - | 193,228 | 629,953 | 225,338 |
| Total liabilities, deferred inflows of resources and fund balances | $ - | $ 230,819 | $ 701,880 | $ 265,594 |

(continued)

Navajo County
Combining balance sheet
Nonmajor governmental funds
June 30, 2018

| | Special revenue | | | |
|---|---|---|---|---|
| | Public health | Recreation district | Sheriff's office | Special districts |
| Assets | | | | |
| Cash and investments | $ 705,154 | $ 116,402 | $ 337,234 | $ 629,067 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Property taxes | 83,596 | | | |
| Accounts receivable | 57,280 | 170 | 8,435 | |
| Special assessments | | 39,217 | | 4,535 |
| Due from: | | | | |
| Other funds | | | 7,760 | |
| Other governments | 692,318 | | 176,898 | |
| Total assets | $ 1,538,348 | $ 155,789 | $ 530,327 | $ 633,602 |
| Liabilities | | | | |
| Accounts payable | $ 22,287 | | $ 5,050 | $ 14,227 |
| Accrued payroll and employee benefits | 6,083 | $ 155 | 7,969 | |
| Due to: | | | | |
| Other funds | 14,167 | 22 | 1,371 | |
| Other governments | 106,897 | 3 | 61,171 | |
| Pledged revenue obligations payable | | | | |
| Interest payable | | | | |
| Total liabilities | 149,434 | 180 | 75,561 | 14,227 |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue–property taxes | 63,760 | | | |
| Unavailable revenue–special assessments | | 35,780 | | 3,374 |
| Unavailable revenue–intergovernmental | 151,661 | | 14,586 | |
| Total deferred inflows of resources | 215,421 | 35,780 | 14,586 | 3,374 |
| Fund balances | | | | |
| Nonspendable | | | | |
| Restricted | 1,291,061 | 119,829 | 583,545 | 616,001 |
| Assigned | | | | |
| Unassigned | (117,568) | | (143,365) | |
| Total fund balances(deficits) | 1,173,493 | 119,829 | 440,180 | 616,001 |
| Total liabilities, deferred inflows of resources and fund balances | $ 1,538,348 | $ 155,789 | $ 530,327 | $ 633,602 |

(continued)

Navajo County
Combining balance sheet
Nonmajor governmental funds
June 30, 2018

| | Special revenue | | Capital projects |
|---|---|---|---|
| | Superintendent of schools | Workforce innovation & opportunity act | Other |
| Assets | | | |
| Cash and investments | $ 1,869,944 | | |
| Receivables (net of allowance for uncollectibles): | | | |
| Property taxes | | | |
| Accounts receivable | 486 | | |
| Special assessments | | | |
| Due from: | | | |
| Other funds | | | |
| Other governments | 280,546 | $ 174,944 | |
| Total assets | $ 2,150,976 | $ 174,944 | $ - |
| Liabilities | | | |
| Accounts payable | $ 194,603 | $ 4,650 | |
| Accrued payroll and employee benefits | 23,750 | 919 | |
| Due to: | | | |
| Other funds | | 81,696 | $ 4 |
| Other governments | | 3,831 | |
| Pledged revenue obligations payable | | | |
| Interest payable | | | |
| Total liabilities | 218,353 | 91,096 | 4 |
| Deferred Inflows of Resources | | | |
| Unavailable revenue–property taxes | | | |
| Unavailable revenue–special assessments | | | |
| Unavailable revenue–intergovernmental | | | |
| Total deferred inflows of resources | | | |
| Fund balances | | | |
| Nonspendable | | | |
| Restricted | 1,286,465 | 257,835 | |
| Assigned | 646,158 | | |
| Unassigned | | (173,987) | (4) |
| Total fund balances(deficits) | 1,932,623 | 83,848 | (4) |
| Total liabilities, deferred inflows of resources and fund balances | $ 2,150,976 | $ 174,944 | $ - |

(continued)

Navajo County
Combining balance sheet
Nonmajor governmental funds
June 30, 2018

| | Debt service | | Total nonmajor governmental funds |
|---|---|---|---|
| | General government | Special districts | |
| Assets | | | |
| Cash and investments | $ 537,196 | $ 103,775 | $ 8,957,879 |
| Receivables (net of allowance for uncollectibles): | | | |
| Property taxes | | | 116,272 |
| Accounts receivable | | | 103,942 |
| Special assessments | | 71,430 | 115,182 |
| Due from: | | | |
| Other funds | | | 151,941 |
| Other governments | | | 1,651,768 |
| Total assets | $ 537,196 | $ 175,205 | $ 11,096,984 |
| Liabilities | | | |
| Accounts payable | | | $ 292,209 |
| Accrued payroll and employee benefits | | | 55,544 |
| Due to: | | | |
| Other funds | | | 269,700 |
| Other governments | | | 215,872 |
| Pledged revenue obligations payable | $ 170,000 | | 170,000 |
| Interest payable | 127,980 | | 127,980 |
| Total liabilities | 297,980 | | 1,131,305 |
| Deferred Inflows of Resources | | | |
| Unavailable revenue–property taxes | | | 88,525 |
| Unavailable revenue–special assessments | | $ 71,394 | 110,548 |
| Unavailable revenue–intergovernmental | | | 296,225 |
| Total deferred inflows of resources | | 71,394 | 495,298 |
| Fund balances | | | |
| Nonspendable | | | |
| Restricted | | 103,811 | 9,532,414 |
| Assigned | 239,216 | | 898,747 |
| Unassigned | | | (960,780) |
| Total fund balances(deficits) | 239,216 | 103,811 | 9,470,381 |
| Total liabilities, deferred inflows of resources and fund balances | $ 537,196 | $ 175,205 | $ 11,096,984 |

Navajo County
Combining statement of revenues, expenditures,
and changes in fund balances
Nonmajor governmental funds
Year ended June 30, 2018

| | Special revenue | | | |
|---|---|---|---|---|
| | Administration | County attorney | Courts | Environmental and conservation |
| Revenues: | | | | |
| Property taxes | | | | |
| Special assessments | | | | |
| Licenses and permits | | | | |
| Fines and forfeits | | $ 210,387 | $ 49,253 | |
| Intergovernmental | $ 499,907 | 978,179 | 345,804 | $ 349,681 |
| Charges for services | 125,092 | 99,719 | 624,019 | |
| Investment earnings (loss) | 5,249 | 5,103 | 10,070 | 5,343 |
| Contributions | | 70 | | |
| Miscellaneous | 88,672 | 37,072 | 3,283 | 3,402 |
| Total revenues | 718,920 | 1,330,530 | 1,032,429 | 358,426 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 153,009 | 1,366,697 | 929,236 | |
| Public safety | 372,594 | | | |
| Highways and streets | | | | |
| Health and welfare | 175,083 | | | |
| Culture and recreation | | | | |
| Education and economic opportunity | 137,715 | | | |
| Environmental and conservation | | | | 441,264 |
| Urban redevelopment and housing | | | | |
| Debt Service: | | | | |
| Principal | | | | |
| Interest and other charges | | | | |
| Capital outlay | 25,084 | 2,291 | 5,659 | |
| Total expenditures | 863,485 | 1,368,988 | 934,895 | 441,264 |
| Excess (deficiency) of revenues over expenditures | (144,565) | (38,458) | 97,534 | (82,838) |
| Other financing sources (uses): | | | | |
| Capital lease agreements | | | | |
| Installment purchase contracts | | | | |
| Transfers in | 242,724 | 230,210 | 134,464 | 13,642 |
| Transfers out | (158,607) | (6,620) | (135,080) | |
| Total other financing sources and uses | 84,117 | 223,590 | (616) | 13,642 |
| Net change in fund balances | (60,448) | 185,132 | 96,918 | (69,196) |
| Fund balances, July 1, 2017 | 676,710 | 1,053,432 | 1,144,529 | 685,788 |
| Fund balances, June 30, 2018 | $ 616,262 | $ 1,238,564 | $ 1,241,447 | $ 616,592 |

(continued)

Navajo County
Combining statement of revenues, expenditures,
and changes in fund balances
Nonmajor governmental funds
Year ended June 30, 2018

| | Special revenue | | | |
|---|---|---|---|---|
| | Housing | Library district | Probation | Public defense |
| Revenues: | | | | |
| Property taxes | | $ 811,910 | | |
| Special assessments | | | | |
| Licenses and permits | | | | |
| Fines and forfeits | | | | |
| Intergovernmental | | 24,270 | $ 2,048,046 | $ 12,589 |
| Charges for services | | | 317,480 | |
| Investment earnings (loss) | | 3,151 | 5,348 | 2,026 |
| Contributions | | | | |
| Miscellaneous | | 117,161 | 47 | 23 |
| Total revenues | - | 956,492 | 2,370,921 | 14,638 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | | | | 155,765 |
| Public safety | | | 2,310,378 | |
| Highways and streets | | | | |
| Health and welfare | | | | |
| Culture and recreation | | 670,916 | | |
| Education and economic opportunity | | | | |
| Environmental and conservation | | | | |
| Urban redevelopment and housing | | | | |
| Debt Service: | | | | |
| Principal | | | | |
| Interest and other charges | | | | |
| Capital outlay | | | | 6,343 |
| Total expenditures | - | 670,916 | 2,310,378 | 162,108 |
| Excess (deficiency) of revenues over expenditures | - | 285,576 | 60,543 | (147,470) |
| Other financing sources (uses): | | | | |
| Capital lease agreements | | | | 6,343 |
| Installment purchase contracts | | | | |
| Transfers in | $ 18,371 | | 2,982 | 92,651 |
| Transfers out | | (200,000) | (14) | (93) |
| Total other financing sources and uses | 18,371 | (200,000) | 2,968 | 98,901 |
| Net change in fund balances | 18,371 | 85,576 | 63,511 | (48,569) |
| Fund balances (deficits), July 1, 2017 | (18,371) | 107,652 | 566,442 | 273,907 |
| Fund balances, June 30, 2018 | $ - | $ 193,228 | $ 629,953 | $ 225,338 |

(continued)

Navajo County
Combining statement of revenues, expenditures,
and changes in fund balances
Nonmajor governmental funds
Year ended June 30, 2018

| | Special revenue | | | |
|---|---|---|---|---|
| | Public health | Recreation district | Sheriff's office | Special districts |
| Revenues: | | | | |
| Property taxes | $ 2,030,937 | | | |
| Special assessments | | $ 155,443 | | $ 104,967 |
| Licenses and permits | 132,064 | | | |
| Fines and forfeits | 260 | | $ 34,265 | |
| Intergovernmental | 2,569,527 | | 646,151 | |
| Charges for services | 92,072 | | 497,415 | |
| Investment earnings (loss) | | 1,250 | 4,675 | 2,459 |
| Contributions | 50,554 | | | |
| Miscellaneous | 154,832 | 3,885 | 21,849 | 770 |
| Total revenues | 5,030,246 | 160,578 | 1,204,355 | 108,196 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | | | | |
| Public safety | | | 822,721 | |
| Highways and streets | | | | 51,236 |
| Health and welfare | 5,460,986 | | | |
| Culture and recreation | | 168,289 | | |
| Education and economic opportunity | | | | |
| Environmental and conservation | | | | |
| Urban redevelopment and housing | | | | |
| Debt Service: | | | | |
| Principal | 22,924 | | 11,595 | |
| Interest and other charges | 1,662 | | 4,681 | |
| Capital outlay | 64,509 | | 10,700 | |
| Total expenditures | 5,550,081 | 168,289 | 849,697 | 51,236 |
| Excess (deficiency) of revenues over expenditures | (519,835) | (7,711) | 354,658 | 56,960 |
| Other financing sources (uses): | | | | |
| Capital lease agreements | | | | |
| Installment purchase contracts | 54,372 | | | |
| Transfers in | 1,835,047 | | 359,758 | 221 |
| Transfers out | | | (450,000) | (65,509) |
| Total other financing sources and uses | 1,889,419 | | (90,242) | (65,288) |
| Net change in fund balances | 1,369,584 | (7,711) | 264,416 | (8,328) |
| Fund balances (deficits), July 1, 2017 | (196,091) | 127,540 | 175,764 | 624,329 |
| Fund balances, June 30, 2018 | $ 1,173,493 | $ 119,829 | $ 440,180 | $ 616,001 |

(continued)

Navajo County
Combining statement of revenues, expenditures,
and changes in fund balances
Nonmajor governmental funds
Year ended June 30, 2018

| | Special revenue | | Capital projects |
|---|---|---|---|
| | Superintendent of schools | Workforce innovation & opportunity act | Other |
| Revenues: | | | |
| Property taxes | | | |
| Special assessments | | | |
| Licenses and permits | | | |
| Fines and forfeits | | | |
| Intergovernmental | $ 3,338,051 | $ 888,318 | |
| Charges for services | | | |
| Investment earnings (loss) | 11,304 | | $ (22) |
| Contributions | | | |
| Miscellaneous | 364,346 | 13,831 | |
| Total revenues | 3,713,701 | 902,149 | (22) |
| Expenditures: | | | |
| Current: | | | |
| General government | | | |
| Public safety | | | |
| Highways and streets | | | |
| Health and welfare | | | |
| Culture and recreation | | | |
| Education and economic opportunity | 3,684,083 | 929,995 | |
| Environmental and conservation | | | |
| Urban redevelopment and housing | | | |
| Debt Service: | | | |
| Principal | | | |
| Interest and other charges | | | |
| Capital outlay | | | |
| Total expenditures | 3,684,083 | 929,995 | - |
| Excess (deficiency) of revenues over expenditures | 29,618 | (27,846) | (22) |
| Other financing sources (uses): | | | |
| Capital lease agreements | | | |
| Installment purchase contracts | | | |
| Transfers in | | 9,220 | 2,713 |
| Transfers out | | | (117) |
| Total other financing sources and uses | | 9,220 | 2,596 |
| Net change in fund balances | 29,618 | (18,626) | 2,574 |
| Fund balances (deficits), July 1, 2017 | 1,903,005 | 102,474 | (2,578) |
| Fund balances (deficits), June 30, 2018 | $ 1,932,623 | $ 83,848 | $ (4) |

(continued)

Navajo County
Combining statement of revenues, expenditures,
and changes in fund balances
Nonmajor governmental funds
Year ended June 30, 2018

| | Debt service | | Total nonmajor governmental funds |
|---|---|---|---|
| | General government | Special districts | |
| Revenues: | | | |
| Property taxes | | | $ 2,842,847 |
| Special assessments | | $ 118,940 | 379,350 |
| Licenses and permits | | | 132,064 |
| Fines and forfeits | | | 294,165 |
| Intergovernmental | | | 11,700,523 |
| Charges for services | | | 1,755,797 |
| Investment earnings (loss) | $ 1,680 | 1,171 | 58,807 |
| Contributions | | | 50,624 |
| Miscellaneous | | 6 | 809,179 |
| Total revenues | 1,680 | 120,117 | 18,023,356 |
| Expenditures: | | | |
| Current: | | | |
| General government | | | 2,604,707 |
| Public safety | | | 3,505,693 |
| Highways and streets | | | 51,236 |
| Health and welfare | | | 5,636,069 |
| Culture and recreation | | | 839,205 |
| Education and economic opportunity | | | 4,751,793 |
| Environmental and conservation | | | 441,264 |
| Urban redevelopment and housing | | | |
| Debt Service: | | | |
| Principal | 1,215,000 | 63,000 | 1,312,519 |
| Interest and other charges | 401,876 | 18,124 | 426,343 |
| Capital outlay | | | 114,586 |
| Total expenditures | 1,616,876 | 81,124 | 19,683,415 |
| Excess (deficiency) of revenues over expenditures | (1,615,196) | 38,993 | (1,660,059) |
| Other financing sources (uses): | | | |
| Capital lease agreements | | | 6,343 |
| Installment purchase contracts | | | 54,372 |
| Transfers in | 1,022,901 | | 3,964,904 |
| Transfers out | (8) | (2,442) | (1,018,490) |
| Total other financing sources and uses | 1,022,893 | (2,442) | 3,007,129 |
| Net change in fund balances | (592,303) | 36,551 | 1,347,070 |
| Fund balances (deficits), July 1, 2017 | 831,519 | 67,260 | 8,123,311 |
| Fund balances (deficits), June 30, 2018 | $ 239,216 | $ 103,811 | $ 9,470,381 |

(continued)

# Navajo County
## Budgetary comparison schedule
## Special revenue - Administration
## Year ended June 30, 2018

| | Original and final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Intergovernmental | $ 2,597,288 | $ 499,907 | $ (2,097,381) |
| Charges for services | 159,800 | 125,092 | (34,708) |
| Investment earnings | 2,250 | 5,249 | 2,999 |
| Miscellaneous | 600,000 | 88,672 | (511,328) |
| Total revenues | 3,359,338 | 718,920 | (2,640,418) |
| Expenditures: | | | |
| General government | 440,396 | 153,009 | 287,387 |
| Public safety | 3,951,674 | 397,678 | 3,553,996 |
| Health and welfare | 225,959 | 175,083 | 50,876 |
| Education and economic opportunity | 401,600 | 137,715 | 263,885 |
| Total expenditures | 5,019,629 | 863,485 | 4,156,144 |
| Deficiency of revenues over expenditures | (1,660,291) | (144,565) | 1,515,726 |
| Other financing sources (uses): | | | |
| Transfers in | 289,543 | 242,724 | (46,819) |
| Transfers out | | (158,607) | (158,607) |
| Total other financing sources and uses | 289,543 | 84,117 | (205,426) |
| Net change in fund balances | (1,370,748) | (60,448) | 1,310,300 |
| Fund balances, July 1, 2017 | 1,370,748 | 676,710 | (694,038) |
| Fund balances, June 30, 2018 | $ - | $ 616,262 | $ 616,262 |

# Navajo County
## Budgetary comparison schedule
## Special revenue - County attorney
## Year ended June 30, 2018

| | Original and final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Fines and forfeits | $ 192,575 | $ 210,387 | $ 17,812 |
| Intergovernmental | 1,695,104 | 978,179 | (716,925) |
| Charges for services | 35,225 | 99,719 | 64,494 |
| Investment earnings | 5,645 | 5,103 | (542) |
| Contributions | 27,088 | 70 | (27,018) |
| Miscellaneous | 491,282 | 37,072 | (454,210) |
| Total revenues | 2,446,919 | 1,330,530 | (1,116,389) |
| Expenditures: | | | |
| General government | 3,263,779 | 1,368,988 | 1,894,791 |
| Total expenditures | 3,263,779 | 1,368,988 | 1,894,791 |
| Deficiency of revenues over expenditures | (816,860) | (38,458) | 778,402 |
| Other financing sources (uses): | | | |
| Transfers in | 77,260 | 230,210 | 152,950 |
| Transfers out | | (6,620) | (6,620) |
| Total other financing sources and uses | 77,260 | 223,590 | 146,330 |
| Net change in fund balances | (739,600) | 185,132 | 924,732 |
| Fund balances, July 1, 2017 | 739,600 | 1,053,432 | 313,832 |
| Fund balances, June 30, 2018 | $ - | $ 1,238,564 | $ 1,238,564 |

# Navajo County
## Budgetary comparison schedule
## Special revenue - Courts
## Year ended June 30, 2018

| | Original and final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Fines and forfeits | $ 53,875 | $ 49,253 | $ (4,622) |
| Intergovernmental | 412,404 | 345,804 | (66,600) |
| Charges for services | 837,888 | 624,019 | (213,869) |
| Investment earnings | 1,150 | 10,070 | 8,920 |
| Miscellaneous | | 3,283 | 3,283 |
| Total revenues | 1,305,317 | 1,032,429 | (272,888) |
| Expenditures: | | | |
| General government | 2,508,829 | 934,895 | 1,573,934 |
| Total expenditures | 2,508,829 | 934,895 | 1,573,934 |
| Excess (deficiency) of revenues over expenditures | (1,203,512) | 97,534 | 1,301,046 |
| Other financing sources (uses): | | | |
| Transfers in | | 134,464 | 134,464 |
| Transfers out | (98,514) | (135,080) | (36,566) |
| Total other financing sources and uses | (98,514) | (616) | 97,898 |
| Net change in fund balances | (1,302,026) | 96,918 | 1,398,944 |
| Fund balances, July 1, 2017 | 1,302,026 | 1,144,529 | (157,497) |
| Fund balances, June 30, 2018 | $ - | $ 1,241,447 | $ 1,241,447 |

# Navajo County
## Budgetary comparison schedule
## Special revenue - Environmental and conservation
## Year ended June 30, 2018

| | Original and final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Intergovernmental | $ 359,000 | $ 349,681 | $ (9,319) |
| Investment earnings | 9,042 | 5,343 | (3,699) |
| Miscellaneous | | 3,402 | 3,402 |
| Total revenues | 368,042 | 358,426 | (9,616) |
| Expenditures: | | | |
| Environmental and conservation | 1,035,120 | 441,264 | 593,856 |
| Total expenditures | 1,035,120 | 441,264 | 593,856 |
| Deficiency of revenues over expenditures | (667,078) | (82,838) | 584,240 |
| Other financing sources: | | | |
| Transfers in | | 13,642 | 13,642 |
| Total other financing sources | | 13,642 | 13,642 |
| Net change in fund balances | (667,078) | (69,196) | 597,882 |
| Fund balances, July 1, 2017 | 667,078 | 685,788 | 18,710 |
| Fund balances, June 30, 2018 | $ - | $ 616,592 | $ 616,592 |

# Navajo County
## Budgetary comparison schedule
## Special revenue - Housing
## Year ended June 30, 2018

| | Original and final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Intergovernmental | $ 122,371 | $ - | $ (122,371) |
| Total revenues | 122,371 | - | (122,371) |
| Expenditures: | | | |
| Urban redevelopment and housing | - | - | - |
| Total expenditures | - | - | - |
| Excess of revenues over expenditures | 122,371 | - | (122,371) |
| Other financing sources: | | | |
| Transfers in | | 18,371 | - |
| Total other financing sources | - | 18,371 | - |
| Net change in fund balances | 122,371 | 18,371 | (104,000) |
| Fund balances (deficits), July 1, 2017 | (122,371) | (18,371) | 104,000 |
| Fund balances, June 30, 2018 | $ - | $ - | $ - |

# Navajo County
## Budgetary comparison schedule
## Special revenue - Library district
## Year ended June 30, 2018

| | Original and final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Property taxes | $ 812,897 | $ 811,910 | $ (987) |
| Intergovernmental | 49,798 | 24,270 | (25,528) |
| Investment earnings | 1,100 | 3,151 | 2,051 |
| Miscellaneous | 1,000 | 117,161 | 116,161 |
| Total revenues | 864,795 | 956,492 | (26,515) |
| Expenditures: | | | |
| Culture and recreation | 551,758 | 440,043 | 111,715 |
| Total expenditures | 551,758 | 440,043 | 111,715 |
| Excess of revenues over expenditures | 313,037 | 516,449 | 203,412 |
| Other financing uses: | | | |
| Transfers out | (430,873) | (430,873) | - |
| Total other financing uses | (430,873) | (430,873) | - |
| Net change in fund balances | (117,836) | 85,576 | 203,412 |
| Fund balances, July 1, 2017 | 117,836 | 107,652 | (10,184) |
| Fund balances, June 30, 2018 | $ - | $ 193,228 | $ 193,228 |

# Navajo County
## Budgetary comparison schedule
## Special revenue - Probation
## Year ended June 30, 2018

| | Original and final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Intergovernmental | $ 2,147,732 | $ 2,048,046 | $ (99,686) |
| Charges for services | 319,000 | 317,480 | (1,520) |
| Investment earnings | 2,852 | 5,348 | 2,496 |
| Miscellaneous | 8 | 47 | 39 |
| Total revenues | 2,469,592 | 2,370,921 | (98,671) |
| Expenditures: | | | |
| Public safety | 3,009,389 | 2,310,378 | 699,011 |
| Total expenditures | 3,009,389 | 2,310,378 | 699,011 |
| Excess (deficiency) of revenues over expenditures | (539,797) | 60,543 | 600,340 |
| Other financing sources (uses): | | | |
| Transfers in | 2,996 | 2,982 | (14) |
| Transfers out | | (14) | (14) |
| Total other financing sources and uses | 2,996 | 2,968 | (28) |
| Net change in fund balances | (536,801) | 63,511 | 600,312 |
| Fund balances, July 1, 2017 | 536,801 | 566,442 | 29,641 |
| Fund balances, June 30, 2018 | $ - | $ 629,953 | $ 629,953 |

# Navajo County
## Budgetary comparison schedule
## Special revenue - Public defense
## Year ended June 30, 2018

| | Original and final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Intergovernmental | $ 21,000 | $ 12,589 | $ (8,411) |
| Investment earnings | 658 | 2,026 | 1,368 |
| Miscellaneous | | 23 | 23 |
| Total revenues | $21,658 | $14,638 | (7,020) |
| Expenditures: | | | |
| General government | 358,154 | 155,765 | 202,389 |
| Total expenditures | 358,154 | 155,765 | 202,389 |
| Deficiency of revenues over expenditures | (336,496) | (141,127) | 195,369 |
| Other financing sources (uses): | | | |
| Transfers in | 60,696 | 92,651 | 31,955 |
| Transfers out | | (93) | (93) |
| Total other financing sources and uses | 60,696 | 92,558 | 31,862 |
| Net change in fund balances | (275,800) | (48,569) | 227,231 |
| Fund balances, July 1, 2017 | 275,800 | 273,907 | (1,893) |
| Fund balances, June 30, 2018 | $ - | $ 225,338 | $ 225,338 |

# Navajo County
## Budgetary comparison schedule
## Special revenue - Public health
## Year ended June 30, 2018

| | Original and final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Property taxes | $ 2,033,063 | $ 2,030,937 | $ (2,126) |
| Licenses and permits | 120,000 | 132,064 | 12,064 |
| Fines and forfeits | | 260 | 260 |
| Intergovernmental | 3,161,796 | 2,569,527 | (592,269) |
| Charges for services | 221,638 | 92,072 | (129,566) |
| Investment earnings | 54,176 | | (54,176) |
| Contributions | 53,100 | 50,554 | (2,546) |
| Miscellaneous | 29,449 | 154,832 | 125,383 |
| Total revenues | 5,673,222 | 5,030,246 | (642,976) |
| Expenditures: | | | |
| Health and welfare | 6,332,368 | 5,038,132 | 1,294,236 |
| Total expenditures | 6,332,368 | 5,038,132 | 1,294,236 |
| Deficiency of revenues over expenditures | (659,146) | (7,886) | (1,937,212) |
| Other financing sources (uses): | | | |
| Transfers in | 1,802,844 | 1,835,047 | 32,203 |
| Transfers out | (457,577) | (457,577) | - |
| Total other financing sources and uses | 1,345,267 | 1,377,470 | 32,203 |
| Net change in fund balances | 686,121 | 1,369,584 | 683,463 |
| Fund balances (deficits), July 1, 2017 | (686,121) | (196,091) | 490,030 |
| Fund balances, June 30, 2018 | $ - | $ 1,173,493 | $ 1,173,493 |

# Navajo County
## Budgetary comparison schedule
## Special revenue - Recreation district
## Year ended June 30, 2018

| | Original and final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Special assessments | $174,049 | $155,443 | $ (18,606) |
| Investment earnings | | 1,250 | 1,250 |
| Miscellaneous | | 3,885 | 3,885 |
| Total revenues | 174,049 | 160,578 | (13,471) |
| Expenditures: | | | |
| Culture and recreation | 309,049 | 168,289 | 140,760 |
| Total expenditures | 309,049 | 168,289 | 140,760 |
| Deficiency of revenues over expenditures | (135,000) | (7,711) | 127,289 |
| Fund balances, July 1, 2017 | 135,000 | 127,540 | (7,460) |
| Fund balances, June 30, 2018 | $ - | $ 119,829 | $ 119,829 |

# Navajo County
## Budgetary comparison schedule
## Special revenue - Sheriff's office
## Year ended June 30, 2018

| | Original and final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Fines and forfeits | $ 50,000 | $ 34,265 | $ (15,735) |
| Intergovernmental | 643,785 | 646,151 | 2,366 |
| Charges for services | 577,610 | 497,415 | (80,195) |
| Investment earnings | 1,643 | 4,675 | 3,032 |
| Miscellaneous | 87,134 | 21,849 | (65,285) |
| Total revenues | 1,360,172 | 1,204,355 | (155,817) |
| Expenditures: | | | |
| Public safety | 1,362,930 | 849,697 | 513,233 |
| Total expenditures | 1,362,930 | 849,697 | 513,233 |
| Excess (deficiency) of revenues over expenditures | (2,758) | 354,658 | 357,416 |
| Other financing sources (uses): | | | |
| Transfers in | 330,051 | 359,758 | 29,707 |
| Transfers out | (450,000) | (450,000) | - |
| Total other financing sources and uses | (119,949) | (90,242) | 29,707 |
| Net change in fund balances | (122,707) | 264,416 | 387,123 |
| Fund balances, July 1, 2017 | 122,707 | 175,764 | 53,057 |
| Fund balances, June 30, 2018 | $ - | $ 440,180 | $ 440,180 |

# Navajo County
## Budgetary comparison schedule
## Special revenue - Special districts
## Year ended June 30, 2018

| | Original and final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Special assessments | $ 79,587 | $ 104,967 | $ 25,380 |
| Investment earnings | 139 | 2,459 | 2,320 |
| Miscellaneous | | 770 | 770 |
| Total revenues | 79,726 | 108,196 | 28,470 |
| Expenditures: | | | |
| Highways and streets | 609,774 | 51,236 | 558,538 |
| Total expenditures | 609,774 | 51,236 | 558,538 |
| Excess (deficiency) of revenues over expenditures | (530,048) | $56,960 | 587,008 |
| Other financing sources (uses): | | | |
| Transfers in | | 221 | 221 |
| Transfers out | | (65,509) | (65,509) |
| Total financing sources and uses | - | (65,288) | (65,288) |
| Net change in fund balances | (530,048) | (8,328) | 521,720 |
| Fund balances, July 1, 2017 | 530,048 | 624,329 | 94,281 |
| Fund balances, June 30, 2018 | $ - | $ 616,001 | $ 616,001 |

# Navajo County
## Budgetary comparison schedule
## Special revenue - Workforce innovation and opportunity act (WIOA)
## Year ended June 30, 2018

| | Original and final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Intergovernmental | $ 1,920,789 | $ 888,318 | $ (1,032,471) |
| Investment earnings | | 13,831 | 13,831 |
| Total revenues | 1,920,789 | 902,149 | (1,018,640) |
| Expenditures: | | | |
| Education and economic opportunity | 1,889,201 | 929,995 | 959,206 |
| Total expenditures | 1,889,201 | 929,995 | 959,206 |
| Excess (deficiency) of revenues over expenditures | 31,588 | (27,846) | (59,434) |
| Other financing sources: | | | |
| Transfers in | | 9,220 | 9,220 |
| Total other financing sources | - | 9,220 | 9,220 |
| Net change in fund balances | 31,588 | (18,626) | (50,214) |
| Fund balances (deficits), July 1, 2017 | (31,588) | 102,474 | 134,062 |
| Fund balances, June 30, 2018 | $ - | $ 83,848 | $ 83,848 |

# Navajo County
## Budgetary comparison schedule
## Capital projects - Other
## Year ended June 30, 2018

| | Original and final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Investment earnings (loss) | $ - | $ (22) | $ (22) |
| Total revenues | - | (22) | (22) |
| Expenditures: | | | |
| Capital outlay | 1,827,311 | | 1,827,311 |
| Total expenditures | 1,827,311 | - | 1,827,311 |
| Deficiency of revenues over expenditures | (1,827,311) | (22) | 1,827,289 |
| Other financing sources (uses): | | | |
| Transfers in | | 2,713 | 2,713 |
| Transfers out | | (117) | (117) |
| Total other financing sources and uses | - | 2,596 | 2,596 |
| Net change in fund balances | (1,827,311) | 2,574 | 1,829,885 |
| Fund balances (deficits), July 1, 2017 | 1,827,311 | (2,578) | (1,829,889) |
| Fund balances (deficits), June 30, 2018 | $ - | $ (4) | $ (4) |

# Navajo County
## Budgetary comparison schedule
## Debt service - General government
## Year ended June 30, 2018

| | Original and final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Charges for services | $ - | $ - | $ - |
| Investment earnings | | 1,680 | 1,680 |
| Total revenues | | 1,680 | 1,680 |
| Expenditures: | | | |
| Debt Service | | | |
| General government | 1,532,943 | 1,616,876 | (83,933) |
| Total expenditures | 1,532,943 | 1,616,876 | (83,933) |
| Deficiency of revenues over expenditures | (1,532,943) | (1,615,196) | (82,253) |
| Other financing sources (uses): | | | |
| Transfers in | 1,530,135 | 1,022,901 | (507,234) |
| Transfers out | | (8) | (8) |
| Total other financing sources (uses) | 1,530,135 | 1,022,893 | (507,242) |
| Net change in fund balances | (2,808) | (592,303) | (589,495) |
| Fund balances, July 1, 2017 | 2,808 | 831,519 | 828,711 |
| Fund balances, June 30, 2018 | $ - | $ 239,216 | $ 239,216 |

# Navajo County
## Budgetary comparison schedule
## Debt service - Special districts
## Year ended June 30, 2018

| | Original and final budgeted amounts | Actual amounts | Variance with final budget |
|---|---|---|---|
| Revenues: | | | |
| Special assessments | $ 105,096 | $ 118,940 | $ 13,844 |
| Investments earnings | | 1,171 | 1,171 |
| Miscellaneous | | 6 | 6 |
| Total revenues | 105,096 | 120,117 | 15,021 |
| Expenditures: | | | |
| Debt Service | | | |
| Highways and streets | 215,457 | 81,124 | 134,333 |
| Total expenditures | 215,457 | 81,124 | 134,333 |
| Excess (deficiency) of revenues over expenditures | (110,361) | 38,993 | 149,354 |
| Other financing uses: | | | |
| Transfers out | | (2,442) | (2,442) |
| Total other financing uses | | (2,442) | (2,442) |
| Net change in fund balances | (110,361) | 36,551 | 146,912 |
| Fund balances, July 1, 2017 | 110,361 | 67,260 | (43,101) |
| Fund balances, June 30, 2018 | $ - | $ 103,811 | $ 103,811 |

# AGENCY FUND
# STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Navajo County
Statement of changes in assets and liabilities
Agency funds
Year ended June 30, 2018

| | Balance July 1, 2017 | Additions | Deductions | Balance June 30, 2018 |
|---|---|---|---|---|
| Assets | | | | |
| Cash and investments | $ 2,657,877 | $ 6,402,765 | $ 6,392,958 | $ 2,667,684 |
| Total Assets | $2,657,877 | $ 6,402,765 | $ 6,392,958 | $ 2,667,684 |
| Liabilities | | | | |
| Due to other governments | $ 658,241 | $ 5,017,330 | $ 4,972,272 | $ 703,299 |
| Deposits held for other parties | 1,999,636 | 1,385,435 | 1,420,686 | 1,964,385 |
| Total Liabilities | $2,657,877 | $ 6,402,765 | $ 6,392,958 | $ 2,667,684 |

# STATISTICAL SECTION

Navajo County
Listing of Statistical Information

Contents | Page


Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance have changed over time.

| | |
|---|---|
| Net Position by Component | 111 |
| Changes in Net Position | 112 |
| Fund Balances of Governmental Funds | 114 |
| Changes in Fund Balances of Governmental Funds | 116 |

Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

| | |
|---|---|
| Assessed Value and Estimated Actual Value of Taxable Property | 118 |
| Direct and Overlapping Property Tax Rates | 119 |
| Principal Property Taxpayers | 120 |
| Property Tax Levies and Collections | 121 |

Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

| | |
|---|---|
| Ratios of Outstanding Debt by Type | 122 |
| Pledged Revenue Coverage | 123 |
| Legal Debt Margin Information | 124 |

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

| | |
|---|---|
| Demographic and Economic Statistics | 125 |
| Employment by Sector | 126 |

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

| | |
|---|---|
| Full-time Equivalent County Employees by Function | 127 |
| Operating Indicators by Function | 128 |
| Capital Asset Statistics by Function | 130 |

# Navajo County
## Net Position by Component
## Last Ten Fiscal Years
## (accrual basis of accounting)

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Governmental activities: | | | | | |
| Net investment in capital assets | $ 73,728,006 | $ 66,038,408 | $ 70,264,651 | $ 64,205,881 | $ 58,803,447 |
| Restricted | 19,040,878 | 23,034,928 | 27,364,617 | 25,830,803 | 25,924,806 |
| Unrestricted | 15,007,820 | 16,207,016 | 6,481,167 | 7,151,635 | 8,028,698 |
| Total governmental activities net position | $ 107,776,704 | $ 105,280,352 | $ 104,110,435 | $ 97,188,319 | $ 92,756,951 |

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Governmental activities: | | | | | |
| Net investment in capital assets | $ 65,059,354 | $ 63,750,745 | $ 62,361,145 | $ 60,217,341 | $ 58,887,125 |
| Restricted | 24,056,612 | 23,521,625 | 24,226,548 | 27,519,091 | 29,179,272 |
| Unrestricted (deficit) | 4,454,331 | (51,230,312) | (53,540,230) | (57,988,587) | (62,383,097) |
| Total governmental activities net position | $ 93,570,297 | $ 36,042,058 | $ 33,047,463 | $ 29,747,845 | $ 25,683,300 |

* Capital assets were restated for fiscal year 2012 due to certain road projects such as chip seals, slurry seals, and overlays being reclassified from capitalized road improvements to road maintenance projects expensed in the year completed.

Navajo County
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2012 |
| Expenses: | | | | |
| General government | $ 19,392,043 | $ 22,647,297 | $ 22,396,786 | $ 21,607,586 |
| Public safety | 19,182,119 | 17,566,896 | 16,191,164 | 18,238,891 |
| Highways and streets | 14,058,305 | 13,057,318 | 14,480,464 | 8,023,409 |
| Health and welfare | 7,219,915 | 9,366,578 | 7,129,008 | 5,909,936 |
| Culture and recreation | 510,035 | 747,065 | 814,786 | 966,000 |
| Education and economic opportunity | 5,723,104 | 6,307,885 | 5,710,417 | 6,164,792 |
| Environmental and conservation | 231,225 | 237,032 | 196,504 | 16,352 |
| Urban redevelopment and housing | | 307,208 | 35,558 | 784 |
| Interest on long-term debt | 594,260 | 677,253 | 625,962 | 721,020 |
| Total governmental activities expenses | 66,911,006 | 70,914,532 | 67,580,649 | 61,648,770 |
| Program Revenues: | | | | |
| Charges for services: | | | | |
| General government | 3,473,303 | 3,531,064 | 3,465,053 | 3,326,109 |
| Public Safety | 765,083 | 517,702 | 672,441 | 982,588 |
| Highway and streets | | 39,249 | 98,695 | 334,513 |
| Health and welfare | 122,462 | 215,494 | 194,090 | 163,957 |
| Culture and recreation | | | | 155,895 |
| Operating grants and contributions: | | | | |
| General government | 3,719,202 | 1,735,327 | 2,584,222 | 2,215,242 |
| Public Safety | 3,599,091 | 3,290,457 | 2,916,270 | 3,252,479 |
| Highway and streets | | | | |
| Health and welfare | 2,199,624 | 1,803,890 | 2,280,437 | 1,819,214 |
| Culture and recreation | 64,885 | 122,207 | 137,643 | 152,083 |
| Education and economic opportunity | 5,512,115 | 6,086,494 | 3,665,344 | 4,654,668 |
| Environmental and conservation | 205,884 | 195,574 | 429,653 | 59,097 |
| Urban redevelopment and housing | | 305,647 | 63,162 | |
| Capital grants and contributions: | | | | |
| General government | | | | 220,229 |
| Public Safety | | | | 5,000 |
| Highway and streets | 12,393,158 | 15,637,667 | 13,170,789 | 9,578,324 |
| Total governmental activities program revenues | 32,054,807 | 33,480,772 | 29,677,799 | 26,919,398 |
| Net (Expense) Revenue | $ (34,856,199) | $ (37,433,760) | $ (37,902,850) | $ (34,729,372) |
| General Revenues: | | | | |
| Property taxes | $ 10,933,578 | $ 12,494,737 | $ 12,866,253 | $ 12,087,700 |
| Special assessments (see Note) | | | | |
| General county sales tax | 6,330,588 | 5,480,598 | 5,889,027 | 6,246,077 |
| State shared revenues | 12,017,517 | 10,728,725 | 11,405,376 | 11,475,113 |
| Payment in lieu of taxes | | | | |
| Grants and contributions not restricted to specific programs | 6,444,858 | 4,902,289 | 4,489,096 | 3,175,428 |
| Investment earnings | 750,742 | 322,748 | 254,483 | 202,500 |
| Capital contributions | | | | |
| Gain on disposal of capital assets | 23,895 | 115,237 | 5,957 | 13,116 |
| Miscellaneous | 1,466,751 | 1,273,310 | 1,822,741 | 1,170,658 |
| Transfers | | (380,236) | - | - |
| Total general revenues and transfers | 37,967,929 | 34,937,408 | 36,732,933 | 34,370,592 |
| Change in net position - governmental activities | $ 3,111,730 | $ (2,496,352) | $ (1,169,917) | $ (358,780) |

Note: The County reclassified special assessments revenue from general revenue to program revenue beginning in FY 2016.

(continued)

Navajo County
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| $ 20,944,578 | $ 22,213,348 | $ 31,968,411 | $ 29,716,664 | $ 32,717,374 | $ 33,836,072 |
| 19,123,378 | 16,995,243 | 16,655,632 | 17,512,220 | 17,730,173 | 19,294,895 |
| 10,935,566 | 9,534,493 | 11,190,411 | 12,008,267 | 10,710,700 | 11,773,357 |
| 7,734,191 | 8,039,343 | 7,956,284 | 8,350,410 | 8,362,293 | 8,079,274 |
| 788,127 | 694,108 | 665,292 | 798,683 | 790,379 | 781,287 |
| 5,498,285 | 6,190,399 | 5,669,487 | 5,479,786 | 4,297,521 | 5,042,013 |
| 303,402 | 329,829 | 211,478 | 247,622 | 303,270 | 417,465 |
| 42,701 | 365,994 | 73,852 | 16,887 | 165,114 | |
| 527,044 | 487,808 | 802,936 | 503,684 | 461,083 | 426,770 |
| 65,897,272 | 64,850,565 | 75,193,783 | 74,634,223 | 75,537,907 | 79,651,133 |
| | | | | | |
| 3,649,106 | 3,537,721 | 5,079,224 | 5,400,182 | 4,780,321 | 4,848,807 |
| 1,146,080 | 919,746 | 1,390,048 | 1,549,821 | 1,285,569 | 1,261,016 |
| 12,171 | 252,982 | 100,758 | 432,421 | 330,585 | 206,020 |
| 243,393 | 329,602 | 274,262 | 333,306 | 319,505 | 224,395 |
| | | | 166,881 | 151,137 | 156,091 |
| 1,966,176 | 2,700,852 | 3,613,033 | 3,945,966 | 3,794,242 | 4,230,956 |
| 4,500,832 | 3,976,671 | 3,715,424 | 4,911,950 | 4,571,216 | 5,433,481 |
| 2,500,943 | 2,820,717 | 2,898,998 | 2,770,719 | 2,901,048 | 2,857,321 |
| 129,282 | 149,666 | 128,945 | 61,754 | 68,388 | 22,532 |
| 4,327,485 | 5,266,695 | 4,488,394 | 5,034,340 | 3,450,856 | 4,262,294 |
| 301,660 | 534,722 | 411,987 | 364,692 | 317,752 | 430,922 |
| 40,823 | 376,628 | 62,860 | 10,000 | 458,825 | |
| | | | | | 5,000 |
| | | | | 67,306 | 34,303 |
| 9,690,517 | 9,565,055 | 11,431,446 | 11,571,167 | 12,173,466 | 11,947,902 |
| 28,508,468 | 30,431,057 | 33,595,379 | 36,553,199 | 34,670,216 | 35,921,040 |
| $ (37,388,804) | $ (34,419,508) | $ (41,598,404) | $ (38,081,024) | $ (40,867,691) | $ (43,730,093) |
| | | | | | |
| $ 11,924,765 | $ 11,704,948 | $ 12,536,351 | $ 12,531,782 | $ 12,131,695 | $ 13,004,998 |
| 502,434 | 542,526 | 507,456 | | | |
| 6,239,089 | 6,667,433 | 6,674,867 | 6,365,510 | 6,534,686 | 7,381,671 |
| 12,024,496 | 12,773,729 | 12,964,950 | 13,125,229 | 13,730,314 | 15,105,931 |
| 1,430,914 | 1,538,954 | 1,406,936 | 1,547,382 | 1,532,361 | 1,644,973 |
| | | | | | |
| (109,711) | 453,017 | 195,437 | 165,384 | 164,425 | 264,616 |
| | | | 6,980 | | |
| 52,473 | 96,640 | 35,974 | 2,995 | 9,600 | 127,321 |
| 892,976 | 1,455,607 | 1,072,052 | 1,341,167 | 1,666,058 | 1,668,273 |
| 32,957,436 | 35,232,854 | 35,394,023 | 35,086,429 | 35,769,139 | 39,197,783 |
| $ (4,431,368) | $ 813,346 | $ (6,204,381) | $ (2,994,595) | $ (5,098,552) | $ (4,532,310) |

# Navajo County
## Fund Balances of Governmental Funds
## Last Ten Fiscal Years
## (modified accrual basis of accounting)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2012 |
| General fund | | | | |
| Reserved | $ 2,883,159 | $ 325,096 | | |
| Unreserved | 7,550,215 | 7,416,990 | | |
| Nonspendable* | | | | |
| Assigned* | | | $ 3,182,499 | $ 2,533,698 |
| Unassigned | | | 3,349,495 | 3,939,417 |
| Total general fund | $ 10,433,374 | $ 7,742,086 | $ 6,531,994 | $ 6,473,115 |
| All other governmental funds | | | | |
| Reserved | $ 679,641 | $ 528,878 | | |
| Unreserved, reported in: | | | | |
| Special revenue funds | 25,962,952 | 31,118,113 | | |
| Debt service funds | 1,824,003 | 1,924,862 | | |
| Capital projects funds | | 76,332 | | |
| Nonspendable* | | | $ 543,055 | $ 920,545 |
| Restricted | | | 28,973,243 | 25,792,646 |
| Assigned | | | 1,231,112 | 1,529,453 |
| Unassigned | | | (270,933) | (39,006) |
| Total all other governmental funds | $ 28,466,596 | $ 33,648,185 | $ 30,476,477 | $ 28,203,638 |

(continued)

* Due to the implementation of GASB Statement no. 54 in FY 2011, categories regarding fund balance have been redefined. See Notes for Financial Statements Note 8 for details.

Navajo County
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| | $ 437,220 | $ 1,273,833 | $ 1,612,513 | | $ 926,206 |
| | | | | $ 900,000 | 896,025 |
| $ 2,021,131 | 2,331,597 | 2,836,408 | 2,535,860 | 2,734,436 | 3,057,549 |
| 3,849,238 | 3,482,808 | 3,544,712 | 3,523,261 | 4,884,457 | 8,355,219 |
| $ 5,870,369 | $ 6,251,625 | $ 7,654,953 | $ 7,671,634 | $ 8,518,893 | $ 13,234,999 |
| $ 1,034,772 | $ 1,114,772 | $ 991,663 | $ 619,596 | $ 919,164 | $ 817,171 |
| 26,621,136 | 26,720,572 | 22,055,581 | 23,119,737 | 24,928,694 | 26,123,297 |
| 2,064,946 | 3,288,638 | 2,552,485 | 966,610 | 2,182,636 | 898,747 |
| (13) | (1,048,472) | (1,686,672) | (210,456) | (2,394,741) | (960,780) |
| $ 29,720,841 | $ 30,075,510 | $ 23,913,057 | $ 24,495,487 | $ 25,635,753 | $ 26,878,435 |

Navajo County
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2012 |
| Revenues: | | | | |
| Property taxes | $ 10,780,692 | $ 12,294,308 | $ 12,612,528 | $ 12,092,878 |
| County sales taxes | | | | |
| Licenses and permits | 513,081 | 619,663 | 529,657 | 397,490 |
| Fines and forfeits | 1,563,382 | 1,336,602 | 1,317,038 | 1,228,579 |
| Intergovernmental | 52,104,688 | 49,652,453 | 46,350,655 | 42,113,926 |
| Charges for services | 2,284,384 | 2,347,245 | 2,583,583 | 2,934,743 |
| Investment earnings | 750,741 | 322,747 | 254,483 | 202,499 |
| Special assessments | 356,318 | 133,181 | 198,817 | 642,688 |
| Contributions | 25,916 | 31,141 | 30,333 | 50,540 |
| Miscellaneous | 1,466,751 | 1,273,311 | 1,822,741 | 1,170,659 |
| Total revenues | 69,845,953 | 68,010,651 | 65,699,835 | 60,834,002 |
| Expenditures: | | | | |
| General government | 22,160,207 | 21,661,752 | 21,894,300 | 20,650,249 |
| Public safety | 18,403,733 | 16,838,127 | 17,020,246 | 17,394,177 |
| Highways and streets | 17,778,854 | 10,087,829 | 15,462,752 | 9,452,610 |
| Health and welfare | 7,074,321 | 9,306,800 | 7,138,323 | 7,507,775 |
| Culture and recreation | 501,738 | 740,591 | 808,312 | 962,712 |
| Education and economic opportunity | 5,515,147 | 6,139,063 | 5,674,996 | 6,019,533 |
| Environmental and conservation | 231,225 | 237,032 | 196,504 | 16,352 |
| Urban redevelopment and housing | | 307,208 | 35,558 | 784 |
| Debt service: | | | | |
| Principal | 487,701 | 858,416 | 919,249 | 946,316 |
| Interest and other charges | 594,260 | 677,253 | 625,962 | 721,020 |
| Bond Issuance Costs | | | | |
| Capital outlay | 3,030,157 | 81,675 | 274,573 | 327,361 |
| Total expenditures | 75,777,343 | 66,935,746 | 70,050,775 | 63,998,889 |
| Excess(deficiency) of revenues over expenditures | (5,931,390) | 1,074,905 | (4,350,940) | (3,164,887) |
| Other financing sources (uses): | | | | |
| Revenue bonds issued | | | | |
| Payment to bond refunding escrow agent | | | | |
| Capital lease/installment purchase agreements | 6,846 | | 18,913 | 354,826 |
| Special assessment bonds issued | | | | |
| Sale of capital assets | 23,895 | 115,237 | 5,957 | 68,446 |
| Transfers in | 2,304,012 | 8,048,481 | 6,600,855 | 10,017,167 |
| Transfers out | (2,304,012) | (6,789,602) | (6,600,855) | (10,017,167) |
| Total other financing sources and uses | 30,741 | 1,374,116 | 24,870 | 423,272 |
| Net change in fund balances | $ (5,900,649) | $ 2,449,021 | $ (4,326,070) | $ (2,741,615) |
| Ratio of total debt service expenditures to non-capital expenditures | 1.49% | 2.30% | 2.21% | 2.62% |

(continued)

Navajo County
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| $ 12,058,648 | $ 11,699,519 | $ 12,565,289 | $ 12,542,649 | $ 12,133,955 | $12,959,490 |
| | 6,667,433 | 6,674,867 | 6,365,510 | 6,534,686 | 7,381,671 |
| 469,651 | 606,269 | 522,919 | 604,525 | 567,951 | 379,350 |
| 1,539,663 | 1,247,497 | 1,789,993 | 1,492,927 | 1,339,324 | 653,066 |
| 43,050,561 | 39,645,165 | 40,045,748 | 42,328,108 | 41,900,493 | 910,721 |
| 3,041,435 | 3,241,520 | 9,698,659 | 10,369,286 | 9,280,867 | 44,123,924 |
| (109,710) | 453,017 | 195,437 | 165,384 | 164,425 | 12,076,377 |
| 502,434 | 518,762 | 491,734 | 485,708 | 488,962 | 264,616 |
| 64,512 | 42,650 | 43,061 | 39,962 | 38,784 | 50,624 |
| 892,976 | 1,455,607 | 1,072,052 | 1,341,167 | 1,666,057 | 1,668,273 |
| 61,510,170 | 65,577,439 | 73,099,759 | 75,735,226 | 74,115,504 | 80,468,112 |
| 20,746,489 | 21,296,099 | 27,228,792 | 27,475,209 | 29,089,321 | 28,518,557 |
| 17,515,389 | 17,165,782 | 16,762,711 | 18,013,055 | 17,667,900 | 16,889,504 |
| 9,583,999 | 8,446,932 | 10,245,789 | 9,949,660 | 9,187,604 | 10,160,928 |
| 7,987,610 | 7,909,342 | 8,323,596 | 8,698,408 | 8,676,682 | 8,788,365 |
| 785,901 | 691,882 | 702,563 | 812,461 | 803,616 | 839,205 |
| 5,326,169 | 6,146,055 | 5,491,323 | 5,408,227 | 4,241,865 | 5,058,368 |
| 303,402 | 347,079 | 223,528 | 266,428 | 322,770 | 441,264 |
| 42,701 | 365,994 | 73,852 | 16,887 | 165,114 | |
| 676,779 | 821,698 | 2,737,814 | 1,529,333 | 1,571,917 | 1,314,262 |
| 527,044 | 461,413 | 802,936 | 503,684 | 461,083 | 426,770 |
| 115,290 | 75,464 | | | | |
| 1,469,268 | 7,613,324 | 5,207,816 | 2,093,691 | 1,608,272 | 2,651,159 |
| 65,080,041 | 71,341,064 | 77,800,720 | 74,767,043 | 73,796,144 | 75,088,382 |
| (3,569,871) | (5,763,625) | (4,700,961) | 968,183 | 319,360 | 5,379,730 |
| 8,500,000 | 10,625,000 | | | | |
| (4,345,000) | (4,806,395) | | | | |
| 146,994 | 488,368 | | | 101,341 | 60,715 |
| 78,863 | 98,822 | 64,945 | 2,995 | 14,218 | 127,321 |
| 10,157,899 | 7,753,432 | 5,625,009 | 4,218,192 | 4,699,294 | 5,882,351 |
| (10,157,899) | (7,753,432) | (5,625,009) | (4,218,192) | (4,699,294) | (5,882,351) |
| 4,380,857 | 6,405,795 | 64,945 | 2,995 | 115,559 | 188,036 |
| $ 810,986 | $ 642,170 | $ (4,636,016) | $ 971,178 | $ 434,919 | $ 5,567,766 |
| 1.89% | 2.13% | 4.88% | 2.80% | 2.82% | 2.40% |

# Navajo County
## Assessed Value and Estimated Actual Value of Taxable Property
## Last Ten Fiscal Years

| | PRIMARY ASSESSED VALUE | | | | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | Residential and Vacant Property | Commercial Property | Unattached Personal Property | Total Taxable Assessed Value | *Total Direct Tax Rate | Estimated Actual Value | Assessed Value as a Percentage of Actual Value |
| 2009 | 563,228,216 | 328,530,388 | 16,599,092 | 908,357,696 | 1.2238 | 8,083,048,537 | 11.24% |
| 2010 | 631,550,018 | 345,011,622 | 22,964,880 | 999,526,520 | 1.2057 | 8,941,980,626 | 11.18% |
| **2011 | 683,204,674 | 365,730,626 | 20,353,287 | 1,069,288,587 | 1.2035 | 9,625,529,702 | 11.11% |
| 2012 | 634,214,647 | 371,913,522 | 19,936,077 | 1,026,064,246 | 1.2447 | 9,350,503,687 | 10.97% |
| 2013 | 575,074,783 | 380,102,301 | 19,084,628 | 974,261,712 | 1.2864 | 8,838,891,218 | 11.02% |
| 2014 | 513,683,811 | 371,638,224 | 18,023,142 | 903,345,177 | 1.3850 | 8,029,406,641 | 11.25% |
| 2015 | 468,337,874 | 359,094,468 | 17,584,375 | 845,016,717 | 1.5615 | 7,573,933,720 | 11.16% |
| 2016 | 473,702,904 | 344,422,319 | 14,676,214 | 832,801,437 | 1.5917 | 7,591,032,171 | 10.97% |
| 2017 | 483,652,421 | 305,141,610 | 14,268,450 | 803,062,481 | 1.5849 | 7,599,284,336 | 10.57% |
| 2018 | 523,091,303 | 292,051,730 | 13,705,100 | 828,848,133 | 1.7203 | 7,391,612,457 | 11.21% |

Source: Navajo County Assessor's office

* Total Direct Tax Rate contains both primary and secondary tax rates.

** Revised abstract resulting from centrally assessed Transwestern lawsuit.

# Navajo County
# Direct and Overlapping Property Tax Rates
# Last Ten Fiscal Years

| | County Direct Rates | | | | | |
|---|---|---|---|---|---|---|
| Fiscal Year | Primary | Fire District Assistance Tax | Library District | Flood Control District | Public Health District | Total Direct |
| 2009 | 0.5775 | 0.1000 | 0.0500 | 0.3000 | 0.1963 | 1.2238 |
| 2010 | 0.5594 | 0.1000 | 0.0500 | 0.3000 | 0.1963 | 1.2057 |
| 2011 | 0.5572 | 0.1000 | 0.0500 | 0.3000 | 0.1963 | 1.2035 |
| 2012 | 0.5984 | 0.1000 | 0.0500 | 0.3000 | 0.1963 | 1.2447 |
| 2013 | 0.6401 | 0.1000 | 0.0500 | 0.3000 | 0.1963 | 1.2864 |
| 2014 | 0.6995 | 0.1000 | 0.0704 | 0.3000 | 0.2151 | 1.3850 |
| 2015 | 0.8185 | 0.1000 | 0.1000 | 0.3000 | 0.2430 | 1.5615 |
| 2016 | 0.8417 | 0.1000 | 0.1000 | 0.3000 | 0.2500 | 1.5917 |
| 2017 | 0.8471 | 0.1000 | 0.1000 | 0.2878 | 0.2500 | 1.5849 |
| 2018 | 0.8903 | 0.1000 | 0.0990 | 0.2834 | 0.2476 | 1.6203 |

| | Overlapping rates | | | | |
|---|---|---|---|---|---|
| Fiscal Year | School Equalization | School Districts | Cities | Other Special Districts | Community College District |
| 2009 | 0.0000 | 3.6519-7.7773 | 0.2845-0.8685 | 0.0785-2.7512 | 1.3382 |
| 2010 | 0.3306 | 3.6624-8.3747 | 0.2789-0.8550 | 0.0706-2.7326 | 1.1352 |
| 2011 | 0.3564 | 3.0839-8.0000 | 0.2789-0.8567 | 0.0707-3.5500 | 1.1308 |
| 2012 | 0.4259 | 3.1634-7.3012 | 0.2789-0.9815 | 0.0835-3.5500 | 1.2387 |
| 2013 | 0.4717 | 2.9606-8.000 | 0.2789-0.9880 | 0.0910-3.5500 | 1.3515 |
| 2014 | 0.5123 | 2.8322-8.000 | 0.2789-1.1934 | 0.1131-3.550 | 1.4769 |
| 2015 | 0.5089 | 2.6662-8.000 | 1.2831-1.2831 | 0.1291-3.550 | 1.6610 |
| 2016 | 0.5054 | 2.8027-7.3012 | 1.3646-1.3646 | 0.1401-3.550 | 1.7423 |
| 2017 | 0.5010 | 3.5669-7.3012 | 1.4021-1.4021 | 0.1401-3.550 | 1.7884 |
| 2018 | 0.4875 | 3.6681-8.0000 | 1.4231-1.4231 | 0.1401-3.550 | 1.8067 |

Source: Navajo County Assessor's Office and Navajo County Finance Department.

1) All tax rates are per $100 assessed valuation.

2) Includes both primary and secondary tax rates.

# Navajo County
## Principal Property Taxpayers
## Current Year and Eight Years Ago

| | 2018 | | | 2010 | | |
|---|---|---|---|---|---|---|
| Taxpayer | Primary Assessed Value | Rank | Percentage of Total Primary Assessed Value | Primary Assessed Value | Rank | Percentage of Total Primary Assessed Value |
| Arizona Public Service Company | $ 100,926,321 | 1 | 12.18% | $ 107,346,606 | 1 | 10.75% |
| PacifiCorp Electric Operations | 38,700,000 | 2 | 4.67% | 31,068,621 | 2 | 3.11% |
| Transwestern Pipeline Co | 10,868,762 | 3 | 1.31% | 11,923,788 | 4 | 1.19% |
| Burlington Northern/Santa Fe Railway | 10,790,504 | 4 | 1.30% | 4,483,725 | 8 | 0.45% |
| Peabody Western Coal Co. | 7,841,880 | 5 | 0.95% | 16,669,389 | 3 | 1.67% |
| Kinder Morgan | 7,350,978 | 6 | 0.89% | 9,163,477 | 5 | 0.92% |
| Navopache Electric Co-Op Inc. | 6,482,570 | 7 | 0.78% | 3,328,331 | 9 | 0.33% |
| Unisource Energy Corporation | 5,954,933 | 8 | 0.72% | 2,821,246 | 10 | 0.28% |
| Citizens Telecom of White Mountains | 4,869,961 | 9 | 0.59% | 6,231,982 | 7 | 0.62% |
| Wal-Mart Stores, Inc. | 4,837,483 | 10 | 0.58% | N/A | N/A | N/A |
| Total Principal Property Taxpayers | $ 198,623,392 | | 23.97% | $ 193,037,165 | | 19.33% |
| Total 2018 Navajo County Assessed Value | $828,848,133 | | | $ 998,764,550 | | |

Source: Navajo County Assessor's office

Note: Information for principal property taxpayers was not available prior to fiscal year 2010; consequently the comparison is for a 8 year period.

# Navajo County
# Property Tax Levies and Collections
# Last Ten Fiscal Years

| Fiscal Year | Taxes Levied for the Fiscal Year (1) | Collected within Fiscal Year | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|---|---|---|---|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2009 | $ 5,246,500 | $ 5,003,706 | 95.37% | $ 113,842 | $5,117,548 | 97.54% |
| 2010 | $ 5,579,624 | $ 5,306,931 | 95.11% | $ 149,020 | $5,455,951 | 97.78% |
| 2011 | $ 5,857,939 | $ 5,569,913 | 95.08% | $ 176,635 | $5,746,548 | 98.10% |
| 2012 | $ 6,104,482 | $ 5,887,544 | 96.45% | $ 99,380 | $5,986,924 | 98.07% |
| 2013 | $ 6,178,444 | $ 6,001,505 | 97.14% | $ 57,562 | $6,059,067 | 98.07% |
| 2014 | $ 6,265,198 | $ 6,070,355 | 96.89% | $ 77,665 | $6,148,019 | 98.13% |
| 2015 | $ 6,863,137 | $ 6,652,088 | 96.92% | $ 91,242 | $6,743,330 | 98.25% |
| 2016 | $ 6,986,971 | $ 6,748,980 | 96.59% | $ 115,343 | $6,864,323 | 98.24% |
| 2017 | $ 6,793,141 | $ 6,579,938 | 96.86% | $ (95,792) | $ 6,484,146 | 95.45% |
| 2018 | $ 7,310,322 | $ 7,073,899 | 96.77% | $ 70,886 | $ 7,144,785 | 97.74% |

Source: Taxes levied obtained by Navajo County Board of Supervisors Adopted Budget net of Assessor's corrections. Collections obtained from the Navajo County Treasurer.

Note: General Fund Levies and Collections Only.

(1) Changes to prior year Taxes Levied due to Board orders in the current fiscal year.

# Navajo County
## Ratios of Outstanding Debt by Type
## Last Ten Fiscal Years

| | Governmental Activities | | | | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | Revenue Bonds | Certificates of Participation | Special Assessment Bonds | Capital Leases & Installment Purchase Contracts | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
| 2009 | 6,600,000 | 5,340,000 | 1,702,213 | 53,687 | 13,695,900 | 0.52 | 121.23 |
| 2010 | 6,265,000 | 5,030,000 | 1,517,107 | 25,377 | 12,837,484 | 0.47 | 119.48 |
| 2011 | 5,915,000 | 4,700,000 | 1,309,455 | 12,693 | 11,937,148 | 0.43 | 111.38 |
| 2012 | 5,545,000 | 4,345,000 | 1,172,771 | 282,887 | 11,345,658 | 0.4 | 105.94 |
| 2013 | 13,665,000 | - | 985,235 | 320,638 | 14,970,873 | 0.52 | 137.73 |
| 2014 | 19,125,000 | - | 786,508 | 571,035 | 20,482,543 | 0.69 | 187.59 |
| 2015 | 16,845,000 | - | 573,542 | 326,188 | 17,744,730 | 0.56 | 163.88 |
| 2016 | 15,840,000 | - | 352,575 | 172,822 | 16,365,397 | 0.51 | 148.22 |
| 2017 | 14,660,000 | - | 130,000 | 109,821 | 14,899,821 | N/A (2) | 133.91 |
| 2018 | 13,460,000 | - | 67,000 | 134,274 | 13,661,274 | N/A (2) | N/A (3) |

Source: Details regarding the County's outstanding debt can be found in the notes to the financial statements

(1) Personal income and population information can be found in the Demographic and Economic Statistics schedule.

(2) Personal income was not available for 2017 and 2018.

(3) Population was not available for 2016 and 2018.

# Navajo County
# Pledged Revenue Coverage
# Last Ten Fiscal Years

2013 Series Pledged Revenue Obligations

| Fiscal Year | County Excise Tax | State Shared Sales Tax | Net Available Revenue | Debt Service Principal | Debt Service Interest | Coverage |
|---|---|---|---|---|---|---|
| 2014 | $ 6,667,433 | $ 10,763,214 | $ 17,430,647 | $ - | $ 83,899 | 207.76 |
| 2015 | 6,674,867 | 10,891,962 | 17,566,829 | 1,985,000 | 324,035 | 7.61 |
| 2016 | 6,365,510 | 10,874,837 | 17,240,347 | 1,005,000 | 187,488 | 14.46 |
| 2017 | 6,534,686 | 11,362,457 | 17,897,143 | 1,030,000 | 165,680 | 14.97 |
| 2018 | 7,381,671 | 12,547,093 | 19,928,764 | 1,045,000 | 143,329 | 16.77 |

2012 Series Pledged Revenue Obligations

| Fiscal Year | County Excise Tax | State Shared Sales Tax | Net Available Revenue | Debt Service Principal | Debt Service Interest | Coverage |
|---|---|---|---|---|---|---|
| 2013 | $ 6,239,089 | $ 10,087,589 | $ 16,326,678 | $ - | $ 50,368 | 324.15 |
| 2014 | 6,667,433 | 10,763,214 | 17,430,647 | - | 186,604 | 93.41 |
| 2015 | 6,674,867 | 10,891,962 | 17,566,829 | 295,000 | 408,402 | 24.97 |
| 2016 | 6,365,510 | 10,874,837 | 17,240,347 | 150,000 | 265,842 | 41.46 |
| 2017 | 6,534,686 | 11,362,457 | 17,897,143 | 150,000 | 260,982 | 43.55 |
| 2018 | 7,381,671 | 12,547,093 | 19,928,764 | 155,000 | 258,471 | 48.20 |

2008 Series Pledged Revenue Obligations (Refunded in August 2013)

| Fiscal Year | County Excise Tax | State Shared Sales Tax | Net Available Revenue | Debt Service Principal | Debt Service Interest | Coverage Ratio |
|---|---|---|---|---|---|---|
| 2009 | $ 6,330,588 | $ 9,844,858 | $ 16,175,446 | | $ 131,432 | 123.07 |
| 2010 | 5,480,598 | 8,732,190 | 14,212,788 | $ 335,000 | 240,573 | 24.69 |
| 2011 | 5,846,576 | 9,285,088 | 15,131,664 | 350,000 | 228,585 | 26.15 |
| 2012 | 6,200,729 | 9,553,213 | 15,753,942 | 370,000 | 215,985 | 26.88 |
| 2013 | 6,239,089 | 10,087,589 | 16,326,678 | 380,000 | 202,860 | 28.01 |
| 2014 | 6,667,433 | 10,763,214 | 17,430,647 | 385,000 | 124,500 | 34.21 |

Special Assessment Debt

| Fiscal Year | Revenues | Debt Service Principal | Debt Service Interest | Coverage Ratio |
|---|---|---|---|---|
| 2009 | $ 300,706 | $ 166,022 | $ 105,882 | 1.11 |
| 2010 | 273,885 | 185,106 | 94,237 | 0.98 |
| 2011 | 241,567 | 207,652 | 83,934 | 0.83 |
| 2012 | 241,374 | 136,684 | 75,045 | 1.14 |
| 2013 | 248,745 | 187,536 | 74,568 | 0.95 |
| 2014 | 251,299 | 198,727 | 54,482 | 0.99 |
| 2015 | 231,966 | 212,967 | 43,352 | 0.90 |
| 2016 | 224,359 | 220,967 | 39,763 | 0.86 |
| 2017 | 226,853 | 222,575 | 19,690 | 0.94 |
| 2018 | 120,065 | 63,000 | 7,475 | 1.70 |

Source: Navajo County Finance Department

# Navajo County
# Legal Debt Margin Information
# Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2018

| | |
|---|---|
| Assessed value | $ 828,848,133 |
| Debt limit (15% of assessed value) | 124,327,220 |
| Debt applicable to limit: | |
| General obligation bonds | |
| Less: Amount set aside for repayment of general obligation debt | |
| Total net debt applicable to limit | |
| Legal debt margin | $ 124,327,220 |

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Debt Limit | $ 136,253,654 | $ 149,814,683 | $ 158,850,728 | $ 153,920,569 | $ 146,139,257 |
| Total net debt applicable to limit | | | | | |
| Legal debt margin | 136,253,654 | 149,814,683 | 158,850,728 | 153,920,569 | 146,139,257 |
| Total net debt applicable to the limit as a percentage of the debt | 0% | 0% | 0% | 0% | 0% |

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Debt Limit | $ 135,502,778 | $ 126,937,062 | $ 126,455,560 | $ 126,213,556 | $ 124,327,220 |
| Total net debt applicable to limit | | | | | |
| Legal debt margin | 135,502,778 | 126,937,062 | 126,455,560 | 126,213,556 | 124,327,220 |
| Total net debt applicable to the limit as a percentage of the debt | 0% | 0% | 0% | 0% | 0% |

Source: The legal debt limit of Navajo County is equal to 15% of the County's net secondary assessed valuation, per the Arizona Constitution, Article 9, Section 8. Assessed valuations are provided by the Navajo County Assessor.

# Navajo County
## Demographic and Economic Statistics
## Last Ten Calendar Years

| Fiscal Year | Population | Personal Income (thousands of dollars) | Per Capita Personal Income | Unemployment Rate |
|---|---|---|---|---|
| 2009 | 112,975 | 2,634,137 | $ 23,316 | 14.9 |
| 2010 | 107,449 | 2,742,716 | $ 25,526 | 16.0 |
| 2011 | 107,174 | 2,780,847 | $ 25,947 | 15.8 |
| 2012 | 107,094 | 2,826,523 | $ 26,393 | 15.2 |
| 2013 | 108,694 | 2,869,655 | $ 26,401 | 13.1 |
| 2014 | 109,185 | 2,965,679 | $ 27,162 | 11.2 |
| 2015 | 108,277 | 3,154,284 | $ 29,132 | 9.6 |
| 2016 | 110,413 | 3,235,693 | $ 29,305 | 9.4 |
| 2017 | 111,266 | (1) | (1) | 7.6 |
| 2018 | (1) | (1) | (1) | 7.6 |

Source: Population and Personal Income from U.S. Bureau of Economic Analysis. Workforce Informer Arizona at www.laborstats.az.gov for unemployment rate.

(1) Information is not yet available for 2017 and 2018.

# Navajo County
# Employment by Sector
# Current Year and Ten Years Ago

| | 2018 | | | 2008 | | |
|---|---|---|---|---|---|---|
| Employment Sector (1) | Employees | Rank | % of Total County Employment | Employees | Rank | % of Total County Employment |
| Government | 9,725 | 1 | 33.48% | 10,400 | 1 | 35.08% |
| Trade, Transportation, Utilities | 5,100 | 2 | 17.56% | 5,650 | 2 | 19.06% |
| Education & Health Servs | 4,550 | 3 | 15.66% | 3,300 | 4 | 11.13% |
| Leisure & Hospitality | 3,925 | 4 | 13.51% | 3,475 | 3 | 11.72% |
| Mining & Construction | 1,725 | 5 | 5.94% | 2,375 | 5 | 8.01% |
| Professional & Business Services | 1,500 | 6 | 5.16% | 1,275 | 6 | 4.30% |
| Information | 950 | 7 | 3.27% | 1,000 | 7 | 3.37% |
| Other Services | 650 | 8 | 2.24% | 850 | 8 | 2.87% |
| Financial Activities | 625 | 9 | 2.15% | 525 | 10 | 1.77% |
| Manufacturing | 300 | 10 | 1.03% | 800 | 9 | 2.70% |
| Total for Employment Sector | 29,050 | | 100.00% | 29,650 | | 100.00% |

Source: Economic & Business Research Center UofA, AZ Commerce /resources, U.S. Department of Labor, Bureau of Labor Statistics.

(1) The number of employees for the ten (10) largest employes in the County is not available due to State of Arizona non-disclosure restrictions.

# Navajo County
## Full-Time Equivalent Employees by Function
## Last Ten Fiscal Years

| | Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| Function | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| General government | 284 | 284 | 294 | 295 | 278 | 277 |
| Public safety | 256 | 248 | 239 | 243 | 238 | 236 |
| Highways and streets | 90 | 81 | 81 | 82 | 78 | 83 |
| Health and welfare | 66 | 63 | 65 | 66 | 73 | 80 |
| Culture and recreation | 4 | 5 | 6 | 5 | 8 | 4 |
| Other | - | - | - | - | - | - |
| Total | 700 | 681 | 685 | 691 | 675 | 680 |

| Function | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|
| General government | 278 | 288 | 266 | 142 |
| Public safety | 238 | 235 | 229 | 229 |
| Highways and streets | 91 | 96 | 72 | 80 |
| Health and welfare | 81 | 81 | 80 | 54 |
| Culture and recreation | 5 | 4 | 4 | - |
| Other | - | - | - | 104 |
| Total | 692 | 704 | 651 | 609 |

Source: Navajo County Budget 2009 - 2018

# Navajo County
## Operating Indicators by Function
## Last Ten Fiscal Years

| Function | Fiscal Year 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|
| **General Government** | | | | |
| Assessor | | | | |
| Number of parcels assessed | 85,536 | 85,858 | 86,304 | 88,148 |
| Elections | | | | |
| Elections | 4 | 4 | 4 | 5 |
| Number voting | 51,626 | 21,379 | 50,969 | 17,330 |
| Planning & Zoning | | | | |
| Building permits issued | 1,837 | 1,285 | 926 | 994 |
| Public Fiduciary | | | | |
| Guardianships/conservatorships | 103 | 110 | 99 | 108 |
| **Public Safety** | | | | |
| Adult Probation | | | | |
| Community service hours | 51,910 | 49,198 | 40,687 | 39,135 |
| Pre-sentence reports written for courts | 594 | 504 | 637 | 641 |
| Probationers actively supervised | 1,009 | 1,008 | 1,349 | 1,270 |
| Juvenile Probation | | | | |
| Average length of detention (days) | 8 | 10 | 12 | 11 |
| Juveniles in detention | 457 | 441 | 408 | 449 |
| Probationers | 199 | 171 | 182 | 148 |
| Community restitution hours | 8,740 | 8,939 | 5,173 | 7,346 |
| Sheriff | | | | |
| Inmate population | 363 | 361 | 319 | 274 |
| **Highways & Streets** | | | | |
| Public Works | | | | |
| Crack sealing (miles) | - | 47 | 49 | 82 |
| Street resurfacing (miles) | 42 | 25 | 42 | 32 |
| Waste Tire Program | | | | |
| Waste tires collected | 51,481 | 48,743 | 60,117 | 47,962 |
| **Health & Welfare** | | | | |
| Public Health District | | | | |
| Certified copies of birth or death certificates | 6,811 | 6,913 | 4,949 | 4,678 |
| Childhood immunization visits | 7,343 | 10,299 | 5,154 | 4,592 |
| Restaurant inspections and re-inspections | 608 | 336 | 709 | 423 |
| **Culture & Recreation** | | | | |
| Library District | | | | |
| Number of items circulated | 456,579 | 480,959 | 441,232 | 438,916 |
| Number of library cards issued (by member libraries) | 5,985 | 6,206 | 6,170 | 5,406 |
| Number of prints, media and electronic items | 287,552 | 310,602 | 333,901 | 343,659 |
| Number of items owned by Library District | 19,607 | 21,774 | 24,199 | 25,837 |
| **Education** | | | | |
| School Superintendent | | | | |
| Charter schools | 6 | 7 | 7 | 7 |
| Charter students | 839 | 471 | 352 | 399 |
| District students | 20,497 | 19,913 | 19,071 | 18,606 |
| School districts | 14 | 14 | 14 | 14 |

(continued)

Source: Navajo County departments monthly and annual performance reports

Navajo County
Operating Indicators by Function
Last Ten Fiscal Years

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| 85,773 | 85,752 | 88,306 | 88,527 | 88,363 | 85,853 |
| 4 | 3 | 1 | 3 | 3 | 2 |
| 57,960 | 8,569 | 685 | 32,969 | 57,699 | 6,783 |
| 1,023 | 970 | 981 | 1,009 | 1,061 | 1,137 |
| 109 | 163 | 160 | 131 | 116 | 73 |
| 40,306 | 36,388 | 33,793 | 30,408 | 32,460 | 33,018 |
| 566 | 571 | 828 | 572 | 453 | 329 |
| 1,313 | 1,181 | 1,101 | 1,086 | 1,098 | 1,014 |
| 12 | 10 | 9 | 10 | 14 | 49 |
| 336 | 355 | 339 | 353 | 276 | 28 |
| 122 | 307 | 297 | 151 | 210 | 154 |
| 6,401 | 5,252 | 5,093 | 5,061 | 4,715 | - |
| 283 | 382 | 364 | 301 | 268 | 305 |
| 59 | 88 | 102 | 444 | 264 | 193 |
| 13 | 12 | 30 | 14 | 20 | 32 |
| 57,742 | 52,623 | 47,184 | 56,331 | 51,038 | 67,067 |
| 5,031 | 5,353 | 5,341 | 5,595 | 6,525 | 7,137 |
| 2,165 | 1,096 | 1,250 | 1,068 | 4,076 | 3,918 |
| 621 | 483 | 503 | 696 | 632 | 648 |
| 425,272 | 378,584 | 368,114 | 361,865 | 370,800 | 376,295 |
| 5,054 | 14,303 | 13,957 | 33,223 | 33,883 | 11,687 |
| 333,193 | 334,866 | 336,617 | 346,632 | 330,600 | 437,610 |
| 28,827 | 34,214 | 32,149 | 33,577 | 41,422 | 44,877 |
| 7 | 6 | 6 | 9 | 4 | 4 |
| 630 | 742 | 829 | 789 | 664 | 624 |
| 18,495 | 17,090 | 17,575 | 17,803 | 16,360 | 18,014 |
| 13 | 11 | 13 | 14 | 14 | 14 |

# Navajo County
## Capital Asset Statistics by Function
## Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Function | | | | | | | | | | |
| General Government | | | | | | | | | | |
| Elections | | | | | | | | | | |
| Voting Machines | 158 | 158 | 173 | 173 | 173 | 173 | 173 | 60 | 60 | 60 |
| Superior Courts | | | | | | | | | | |
| Divisions | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Division - Satellite | | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Justice Courts | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Public Safely | | | | | | | | | | |
| Sheriff | | | | | | | | | | |
| Inmate beds available | 433 | 425 | 426 | 442 | 442 | 441 | 438 | 438 | 438 | 438 |
| Jail Facilities | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Stations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Improvement Districts | | | | | | | | | | |
| Flood Warning Sites | 31 | 30 | 31 | 31 | 31 | 31 | 26 | 31 | 43 | 43 |
| Flood Control District Properties | 8 | 9 | 12 | 12 | 12 | 13 | 13 | 14 | 13 | 13 |
| Road Improvement Districts | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Highways and Streets | | | | | | | | | | |
| Public Works | | | | | | | | | | |
| Miles of maintained roads | 737.65 | 734.9 | 733.28 | 733.65 | 733.95 | 733.95 | 734.66 | 734.32 | 731.67 | 731.67 |
| Bridges | 14 | 14 | 14 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Sanitation | | | | | | | | | | |
| Landfill/Environment | | | | | | | | | | |
| Transfer Stations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Health | | | | | | | | | | |
| Health Care | | | | | | | | | | |
| Public health facilities | | | | | | | | | | |
| Heber - Owned | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Show Low - Owned | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Snowflake - Operated | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Holbrook - Owned | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Winslow - Owned | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Pinetop - Owned | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 |
| Culture and Recreation | | | | | | | | | | |
| Parks & Recreation | | | | | | | | | | |
| County Parks (Tall Timber, Heber) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Library District | | | | | | | | | | |
| Number of facilities owned | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Facilities operated | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Bookmobiles | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Education | | | | | | | | | | |
| Schools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Source: Navajo County capital asset reports.