Navajo County

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019

Board of Supervisors

Steve Williams

District IV

Vice Chairman Jason E. Whiting

District III

Chairwoman
Dawnafe Whitesinger

District V

Lee Jack Sr.

District I

Jesse Thompson

District II

Navajo County, AZ

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019

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
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Introductory Section

Navajo County
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Year Ended June 30, 2019

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NAVAJO COUNTY

Administration

Bryan Layton
Assistant County Manager

Glenn Kephart
County Manager

Paige M. Peterson
Finance Director

We are Navajo County

December 12, 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 2019. 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 2019 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 2019 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 2019 population of the County was estimated to be 109,144. The principal industries are tourism, 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 (Chilchinbito, Dilkon, Greasewood, Jeddito, Kayenta, Oljato, Pinon, and Shonto)	8,394	9,368	11.6%
Hopi Tribe (First Mesa, Hotevilla, Kykotsmovi, Second Mesa, and Shongopovi)	4,113	5,051	22.8%
White Mountain Apache Tribe (Cibecue, East Fork, Whiteriver)	7,431	6,516	(12.3%)

(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 increasing pension costs. 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 20% 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, Navajo County has benefited from increased sales tax and some reductions in cost shifts from the State. In fiscal year 2019, 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. 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 - Due to the reductions already implemented during the recession, the County could not absorb the loss of another $2.5M in revenues without significant staff terminations and service reductions. As an alternative, the County proposed the formation of a Jail District Tax as a potential tool to help balance the budget and maintain services. As allowed by the Legislature, a Jail District in Navajo County would help fund the cost of the County Jail and effectively replace the loss of coal revenues. The measure was approved by voters in August 2019 and will allow the County to continue to provide current service levels with an efficient and lean workforce.

As the State economy has improved, the Legislature has taken back many of the cost shifts that had been imposed on counties during the recession. Removal of these cost shifts has been important because other costs outside of the County's control have increased, such as unfunded mandates and retirement costs. The County will continue their efforts to educate state legislators regarding the impact of unfunded state mandates.

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, 2018. 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.

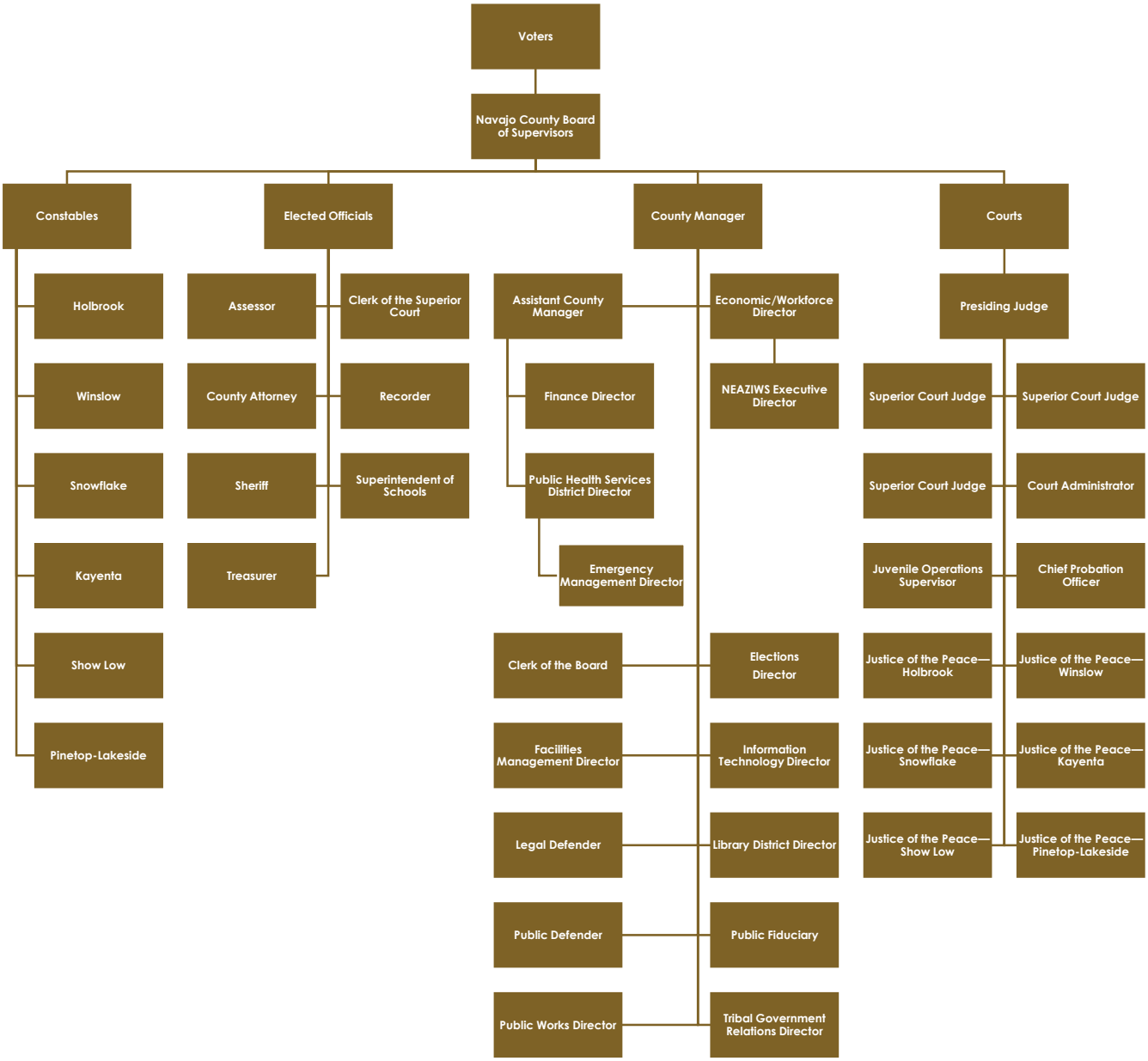
ACKNOWLEDGMENTS

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 County Manager	Bryan Layton Assistant County Manager	Paige M. Peterson Finance Direct


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
Superintendent of Schools
Assistant County Manager
Finance Director
Public Health Services District Director
Emergency Management Director
Economic/Workforce Director
NEAZIWS Executive Director
Clerk of the Board
Facilities Management Director
Legal Defender
Public Defender
Public Works Director
Elections 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, 2018

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, 2019, 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 the County as of June 30, 2019, 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 the schedule of County pension contributions on pages 73 through 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

December 12, 2019

Navajo County
Management's Discussion and Analysis
June 30, 2019

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, 2019. We encourage readers to consider the information presented here in conjunction with the financial statements.

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 $36.4 million (net position). Of this amount, $53.3 million is the net investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, infrastructure and construction in progress); $31.1 million is restricted for specific purposes (restricted net position); and $(48) million is the unrestricted net position deficit balance that is primarily a result of recognizing long-term liabilities related to pensions.

- At June 30, 2019, total assets were $117.1 million, an increase of $1 thousand or 0 percent in comparison with the prior fiscal year's balance of $117.1 million.

- At June 30, 2019, total liabilities were $75.9 million, a decrease of $19 million or 20 percent in comparison with the prior fiscal year's balance of $94.9 million.

- At June 30, 2019, the County reported total deferred outflows of resources related to pensions/OPEB of $9.8 million and deferred inflows of resources related to pensions/OPEB of $14.6 million.

- At June 30, 2019, the governmental funds reported combined fund balances of $47.4 million, an increase of $7.3 million or 18.2 percent in comparison with the prior year's combined fund balances of $40.1 million.

- At June 30, 2019, $28.7 million or 60.6 percent of governmental fund balances were restricted, $4 million or 8.5 percent were assigned, $12.6 million or 26.6 percent were unassigned, and $2.1 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 and economic opportunity, environmental and conservation. 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 the 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, 2019, compared to the prior year. Capital assets and net investment in capital assets net position was restated for fiscal year 2018, and as a result, these amounts will not agree to the prior-year audited CAFR. *Additional information on restated balances for fiscal year 2018 can be found in Note 2 on pages 30 through 31.*

	Governmental Activities	
	2019	2018 (as restated)
Current and other assets	$ 50,660,337	$ 43,920,138
Net OPEB asset	986,162	916,807
Capital assets	65,429,301	68,386,177
Total assets	117,075,800	113,223,122
Deferred outflows of resources		
Total deferred outflows of resources	9,833,521	10,323,026
Current and other liabilities	2,491,983	2,854,012
Long-term liabilities	73,383,692	92,008,788
Total liabilities	75,875,675	94,862,800
Deferred inflows of resources		
Total deferred inflows of resources	$ 14,604,911	$ 6,850,947
Net Position:		
Net investment in capital assets	53,322,786	55,036,226
Restricted	31,085,279	29,179,272
Unrestricted (deficit)	(47,979,330)	(62,383,097)
Total net position	$ 36,428,735	$ 21,832,401

Overall, total assets and deferred outflows of resources increased by $3.4 million or 2.7 percent and total liabilities and deferred inflows of resources decreased by $11.2 million or 11 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 $6.7 million or 15.4 percent in the current year largely due to an increase in cash and investments of $6.4 million. The cash and investments increase was primarily due to additional revenues collected in property taxes, county sales tax, state shared revenues and investment earnings and decrease in debt service payments and other operating expenditures.

- As a result of an actuarial valuation of the total pension liability performed as of June 30, 2018 and a measurement date of June 30, 2018, deferred outflows and inflows of resources related to pensions and OPEB decreased by $489 thousand and increased by $7.8 million, respectively.

A large portion of the County's net position, $53.3 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 $31.1 million is subject to external restrictions on how they may be used. Finally, the County's unrestricted (deficit) in net position of $48 million decreased by $14.4 million from the prior year's primarily due to a $17.6 million decrease of net pension/OPEB liability.

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 the fiscal year 2019 compared to the prior year. Beginning net position and public safety expenses were restated for fiscal year 2018, and as a result, this amount will not agree to the prior-year audited CAFR. *Additional information on restated balances for fiscal year 2018 can be found in Note 2 on pages 30 through 31.*

	Governmental Activities	
	2019	2018 (as restated)
Program revenues:		
Charges for services	$ 6,720,483	$ 6,696,329
Operating grants and contributions	26,395,861	26,104,636
Capital grants and contributions	197,369	3,120,075
Total program revenues	33,313,713	35,921,040
General revenues:		
Property taxes	13,061,068	13,004,998
Sales taxes	7,792,310	7,381,671
State shared revenues	16,037,990	15,105,931
Payments in lieu of taxes	1,653,023	1,644,973
Investment earnings	598,634	264,616
Gain on disposal of capital assets	81,300	127,321
Miscellaneous	1,572,144	1,668,273
Total general revenues	40,796,469	39,197,783
Total revenues	74,110,182	75,118,823
Program expenses:		
General government	$19,039,794	$33,836,072
Public safety	15,006,970	19,657,838
Highways and streets	13,019,136	11,773,357
Health and welfare	6,998,047	8,079,274
Culture and recreation	834,993	781,287
Education and economic opportunity	3,896,117	5,042,013
Environmental and conservation	330,778	417,465
Interest on long-term debt	388,013	426,770
Total program expenses	59,513,848	80,014,076
Change in net position	14,596,334	(4,895,253)
Net position, beginning	21,832,401	26,727,654
Net position, ending	$36,428,735	$21,832,401

Overall revenues decreased by $1 million or 1.3 percent and program expenses decreased by $20.5 million or 25.6 percent in the current fiscal year. The following summarizes the significant changes in revenues and expenses compared to the prior year.

- General government expenses decreased by $14.8 million or 43.7 percent and public safety expenses decreased by $4.7 million or 23.7 percent primarily due to net decreases in pension expenses.

- Highways and streets expenses increased by $1.2 million or 10.6 percent largely due to more streets and roads were maintained and repaired than the prior year.

- Health and welfare expenses decreased by $1.1 million or 13.4 percent primarily due to the decrease of federal and state grants and contributions.

- Education and economic opportunity expenses decreased by $1.1 million or 22.7 percent primarily due to decreases in pension expenses of $483 thousand and other education expenses related to the decrease of federal, state and local grants and contributions of $715 thousand.

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 $47.4 million, which is an increase of $7.3 million or 18.2 percent in comparison with the prior year's combined fund balances of $40.1 million. Of the total, $16.6 million constitutes unrestricted fund balances.

For governmental funds, overall revenues increased $874 thousand or 1.1 percent and expenditures decreased $614 thousand or 0.8 percent. Governmental fund revenues exceeded expenditures by $6.9 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 $20.6 million. Fund balances represent 48.1 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	FY 2019
Revenues:					
Employer and employee premiums	$6,194,828	$6,467,366	$5,941,050	$8,088,571	$7,845,063
Miscellaneous refunds	195,896	498,732	104,167	394,432	470,385
Investment earnings	14,447	13,787	10,319	6,665	34,548
Total revenues	6,405,171	6,979,885	6,055,536	8,489,668	8,349,996
Expenditures:					
General government (healthcare costs)	5,562,982	6,635,521	8,332,148	6,893,826	6,490,746
Excess (deficiency) of revenues over expenditures	842,189	344,364	(2,276,612)	1,595,842	1,859,250
Beginning fund balances	1,462,455	2,304,644	2,649,008	372,396	1,968,238
Ending fund balances	$2,304,644	$2,649,008	$ 372,396	$1,968,238	$3,827,488

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 of major fund's activities that changed significantly over the prior year:

General Fund

- Cash and investments increased by $4.3 million or 46.9 percent in the current year largely due to excess of total revenues collected over total expenditures spent in the current year.

- Due from other funds increased by $2.5 million or 1,644 percent in the current year primarily due to timing difference. Cash was transferred for indirect costs and other purposes before June 30 in fiscal year 2018; such cash transfer was made after June 30 in fiscal year 2019.

- Transfers out decreased by $3.6 million or 94.4 percent due to significant subsidies made to the Public Health District and other funds that had negative fund balances in fiscal year 2018. Also, a transfer out was made to the Debt Service – General Government Fund in fiscal year 2018 but none in fiscal year 2019.

Public Works/HURF Fund

- Cash and investments increased by $1.1 million or 11.2 percent in the current year largely due to excess of total revenues collected over total expenditures spent in the current year.

- Intergovernmental revenues increased by $1.7 million or 14.2 percent primarily due to additional HURF revenue of $689 thousand, vehicle license tax of $163 thousand and local government unit contracts of $787 thousand received in the current year.

- Highways and streets expenditures increased by $1.8 million or 17.8 percent largely due to additional state shared revenues and local government unit contracts received in the current year for maintaining and repairing streets and roads than the prior year.

- Transfer out increased by $995 thousand primarily due to a transfer made to the Debt Service – General Government Fund in the current year.

Flood Control District Fund

- Cash and investments and due to other funds increased by $1.4 million in the current year largely due to timing difference. Cash was transferred for indirect costs and other purposes before June 30 in fiscal year 2018; such cash transfer was made after June 30 in the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS

For the General Fund, actual revenues were more than the original and final budget amounts by $1.5 million, while the actual expenditures were $12.7 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 licenses and permits, fines and forfeits and charges for services. 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, 2019, totaled $65.4 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:

- Machinery and equipment increased $1.5 million of new purchases.

Additional information on capital assets can be found in Note 6 on page 34 of this report.

Debt Administration

At the end of the current fiscal year, the County had total long-term liabilities outstanding of $73.4 million consisting of the following liabilities that were over $1 million:

- Net pension/OPEB liability – $57.4 million
- Pledged revenue obligations payable – $12.2 million
- Compensated absences payable – $2.2 million
- Incurred but not reported healthcare claims payable – $1 million

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 7 on pages 35 through 37 of this report.*

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Due to the reductions already implemented during the recession, the County could not absorb the loss of another $2.5M in revenues without significant staff terminations and service reductions. As an alternative, the County proposed the formation of a Jail District Tax as a potential tool to help balance the budget and maintain services. As allowed by the Legislature, a Jail District in Navajo County would help fund the cost of the County Jail and effectively replace the loss of coal revenues. The measure was approved by voters in August 2019 and will allow the County to continue to provide current service levels with an efficient and lean workforce.

As the State economy has improved, the Legislature has taken back many of the cost shifts that had been imposed on counties during the recession. Removal of these cost shifts has been important

because other costs outside of the County's control have increased, such as unfunded mandates and retirement costs. The County will continue their efforts to educate state legislators regarding the impact of unfunded state mandates.

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.

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, 2019

	Governmental Activities
Assets	
Cash and investments	$ 41,192,102
Receivables (net of allowance for uncollectibles):	
Property taxes	494,384
Accounts receivable	294,997
Special assessments	40,915
Due from other governments	6,596,920
Prepaid items	889,430
Inventories	1,151,589
Net other postemployment benefits asset	986,162
Capital assets, not being depreciated	5,853,007
Capital assets, being depreciated, net	59,576,294
Total assets	117,075,800
Deferred Outflows of Resources	
Deferred outflows related to pensions and other postemployment benefits	9,833,521
Total deferred outflows of resources	9,833,521
Liabilities	
Accounts payable	1,677,303
Accrued payroll and employee benefits	350,641
Due to other governments	338,813
Interest payable	125,226
Noncurrent liabilities	
Due within 1 year	3,622,067
Due in more than 1 year	69,761,625
Total liabilities	75,875,675
Deferred Inflows of Resources	
Deferred inflows related to pensions and other postemployment benefits	14,604,911
Total deferred inflows of resources	14,604,911
Net Position	
Net investment in capital assets	53,322,786
Restricted for:	
Highways and streets	12,130,237
Public safety	972,325
Judicial activities	3,398,311
Education and economic opportunity	1,075,481
Law enforcement	1,188,569
Environment, library, and community services	998,340
Health and welfare	1,397,610
Flood control projects	6,542,654
Health insurance trust	2,758,749
Road and other capital projects	487,701
Debt service	113,487
Other purposes	21,815
Unrestricted (Deficit)	(47,979,330)
Total net position	$ 36,428,735

See accompanying notes to financial statements.

Navajo County
Statement of Activities
Year Ended June 30, 2019

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	$ 19,039,794	$ 4,842,304	$ 2,782,852	$ 10,000	$ (11,404,638)
Public safety	15,006,970	1,422,243	4,269,967	154,479	(9,160,281)
Highways and streets	13,019,136	107,296	13,648,124	32,890	769,174
Health and welfare	6,998,047	190,212	1,717,238		(5,090,597)
Culture and recreation	834,993	158,428	73,000		(603,565)
Education and economic opportunity	3,896,117		3,488,160		(407,957)
Environmental and conservation	330,778		416,520		85,742
Interest on long-term debt	388,013				(388,013)
Total governmental activities	$ 59,513,848	$ 6,720,483	$ 26,395,861	$ 197,369	$ (26,200,135)

General revenues:	
Taxes:	
Property taxes, levied for general purpose	$ 8,316,618
Property taxes, levied for flood control	1,856,563
Property taxes, levied for public health district	2,063,081
Property taxes, levied for library district	824,806
General county sales tax	7,792,310
Shared revenues - state sales tax	13,346,165
Shared revenues - state vehicle license tax	2,691,825
Payments in lieu of taxes	1,653,023
Investment earnings	598,634
Gain on sale of capital assets	81,300
Miscellaneous	1,572,144
Total general revenues	40,796,469
Change in net position	14,596,334
Net position, as restated, July 1, 2018	21,832,401
Net position, June 30, 2019	$ 36,428,735

See accompanying notes to financial statements.

Navajo County
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Public Works/ HURF Fund	Flood Control District Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 13,444,128	$ 11,357,642	$ 7,871,367	$ 8,518,965	$ 41,192,102
Receivables (net of allowance for uncollectibles):					
Property taxes	296,509		81,676	116,199	494,384
Accounts receivable	120,140	464		174,393	294,997
Special assessments				40,915	40,915
Due from:					
Other funds	2,656,796			99,189	2,755,985
Other governments	4,285,666	1,063,446		1,247,808	6,596,920
Prepaid items	851,503	15,511		22,416	889,430
Inventories		1,151,589			1,151,589
Total assets	$ 21,654,742	$ 13,588,652	$ 7,953,043	$ 10,219,885	$ 53,416,322
Liabilities					
Accounts payable	$ 315,742	$ 1,210,384	$ 2,000	$ 149,177	$ 1,677,303
Accrued payroll and employee benefits	335,481	1,712	764	12,684	350,641
Due to:					
Other funds	29,633	893,213	1,392,427	440,712	2,755,985
Other governments	162,822	36,424	15,198	124,369	338,813
Pledged revenue obligations payable				170,000	170,000
Interest payable				125,226	125,226
Total liabilities	843,678	2,141,733	1,410,389	1,022,168	5,417,968
Deferred Inflows of Resources					
Unavailable revenue–property taxes	228,477		62,709	89,636	380,822
Unavailable revenue–special assessments				34,986	34,986
Unavailable revenue–intergovernmental				178,657	178,657
Total deferred inflows of resources	228,477		62,709	303,279	594,465
Fund balances:					
Nonspendable	851,503	1,167,100		22,416	2,041,019
Restricted	2,767,749	10,279,819	6,479,945	9,206,724	28,734,237
Assigned	2,910,684			1,120,057	4,030,741
Unassigned	14,052,651			(1,454,759)	12,597,892
Total fund balances	20,582,587	11,446,919	6,479,945	8,894,438	47,403,889
Total liabilities, deferred inflows of resources and fund balances	$ 21,654,742	$ 13,588,652	$ 7,953,043	$ 10,219,885	$ 53,416,322

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, 2019

Fund balances—total governmental funds	$ 47,403,889
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.	65,429,301
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	594,465
Net OPEB assets held in trust for future benefits are not available for County operations and, therefore, are not reported in the funds.	986,162
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 in the funds.	(73,213,692)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.	(4,771,390)
Net position of governmental activities	$ 36,428,735

See accompanying notes to financial statements.

Navajo County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	General Fund	Public Works/ HURF Fund	Flood Control District Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 8,312,937		$ 1,855,921	$ 2,886,776	$ 13,055,634
County sales taxes	7,792,310				7,792,310
Special assessments				341,186	341,186
Licenses and permits	503,394			146,269	649,663
Fines and forfeits	555,993			687,581	1,243,574
Intergovernmental	21,018,331	$ 13,648,124	4	10,120,564	44,787,023
Charges for services	9,606,811	100		1,800,275	11,407,186
Investment earnings	187,955	177,182	117,147	116,351	598,635
Contributions				35,718	35,718
Miscellaneous	562,277	62,393		806,871	1,431,541
Total revenues	48,540,008	13,887,799	1,973,072	16,941,591	81,342,470
Expenditures:					
Current:					
General government	25,207,273			2,837,243	28,044,516
Public safety	13,522,971		857,822	3,387,376	17,768,169
Highways and streets		11,916,280		36,068	11,952,348
Health and welfare	3,332,307			4,438,940	7,771,247
Culture and recreation				900,142	900,142
Education and economic opportunity	330,197			4,015,531	4,345,728
Environmental and conservation				361,453	361,453
Debt service:					
Principal	2,187			1,326,607	1,328,794
Interest and other charges	377			387,636	388,013
Capital outlay	364,226	860,268	10,833	378,543	1,613,870
Total expenditures	42,759,538	12,776,548	868,655	18,069,539	74,474,280
Excess (deficiency) of revenues over expenditures	5,780,470	1,111,251	1,104,417	(1,127,948)	6,868,190
Other financing sources (uses):					
Sale of capital assets	50,848	37,000			87,848
Transfers in	1,727,663			1,286,218	3,013,881
Transfers out	(211,393)	(1,018,275)	(1,050,000)	(734,213)	(3,013,881)
Total other financing sources and uses	1,567,118	(981,275)	(1,050,000)	552,005	87,848
Net change in fund balances	7,347,588	129,976	54,417	(575,943)	6,956,038
Fund balances, July 1, 2018	13,234,999	10,982,526	6,425,528	9,470,381	40,113,434
Changes in nonspendable resources:					
Increase in reserve for inventories		334,417			334,417
Fund balances, June 30, 2019	$ 20,582,587	$ 11,446,919	$ 6,479,945	$ 8,894,438	$ 47,403,889

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, 2019

Net change in fund balances—total governmental funds		$ 6,956,038
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	$ 1,613,870	
Depreciation expense	(4,761,568)	(3,147,698)
In the statement of activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.		(6,548)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Capital contributions	197,369	
Property taxes	5,434	
Intergovernmental revenues	52,478	255,281
Collection of revenues in the governmental funds exceeded revenues reported in the statement of activities		
Special assessments	(75,562)	
Intergovernmental revenues	(788,346)	(863,908)
County pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB liability is measured a year before the County's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the statement of activities.		
County pension/OPEB contributions	4,946,533	
Pension/OPEB expense	5,147,168	10,093,701
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.		
Principal repaid		1,328,794
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 IBNR healthcare claim costs	155,414	
Increase in compensated absences	(581,119)	
Decrease in claims and judgments	70,812	
Decrease in landfill closure and post-closure care costs	1,150	(353,743)
Some cash outlays, such as purchases of inventories, are reported as expenditures in the governmental funds when purchased. In the statement of activities, however, they are reported as expenses when consumed.		
Increase in inventories		334,417
Change in net position of governmental activities		$ 14,596,334

See accompanying notes to financial statements.

Navajo County
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Investment Trust Funds	Agency Funds
Assets		
Cash and investments	$ 192,834,063	$ 3,064,048
Interest receivable	1,226,723	
Total assets	$ 194,060,786	$ 3,064,048
Liabilities		
Due to other governments		$ 769,975
Deposits held for others		2,294,073
Total liabilities		$ 3,064,048
Net Position		
Held in trust for investment trust participants	$ 194,060,786	

See accompanying notes to financial statements.

Navajo County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2019

	Investment Trust Funds
Additions:	
Contributions from participants	$ 263,363,233
Net investment income	6,113,783
Total additions	269,477,016
Deductions:	
Distributions to participants	255,549,745
Change in net position	13,927,271
Net position, July 1, 2018	180,133,515
Net position, June 30, 2019	$ 194,060,786

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, 2019, the County implemented the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. GASB statement No. 88 establishes standards to improve the information disclosed in the notes to the governmental financial statements related to debt, including direct borrowings and direct placements.

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

Component Unit	Description; Criteria for Inclusion	Reporting Method	For Separate Financial Statements
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.

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/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, 2019.

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.

N. Miscellaneous Disclosures

Pursuant to A.R.S. §35-391(B), the County shall disclose in its annual financial report the amount of any reward, discount, incentive, or other financial consideration received by the governmental entity resulting from credit card payments. The County received $34,568 in credit card rebates during fiscal year 2019.

Note 2 - Correction of Misstatement—Prior Period Adjustment

Net position as of July 1, 2018, on the Statement of Activities has been restated for the correction of the following accounting error.

Government-wide Financial Statements

	Governmental Activities
Net position as of June 30, 2018, as previously reported	$25,683,300
Correction of Capital assets:	
Construction in progress	(3,850,899)
Net position as of July 1, 2018, as restated	$21,832,401

Note 3 - Stewardship, Compliance, and Accountability

Deficit fund balance—At June 30, 2019, the following nonmajor fund reported deficit in fund balance:

Governmental fund	
Debt Service – General Government Fund	$373,210

Note 4 - Deposits and Investments

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

Credit risk
Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top 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, 2019, the carrying amount of the County's deposits was $12,367,394, and the bank balance was $14,504,063. 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, 2019, 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	$ 62,151,552	$62,151,552	
U.S. agency securities	142,254,750		$142,254,750
Government money market mutual funds	20,306,348	20,306,348	
	$224,712,650	$82,457,900	$142,254,750

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, 2019, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
U.S. agency securities	Aaa	Moody's	$142,254,750
Government money market mutual funds	Unrated	Moody's	20,306,348
Total			$162,561,098

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, 2019, 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, 2019, of 5 percent or more in Federal Farm Credit Banks, Federal Home Loan Bank, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation securities. These investments were 25.68 percent, 18.45 percent, 15.68 percent, and 5.53 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, 2019, the County had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity (In Years)
U.S. agency securities	$142,254,750	1.088
U.S. Treasury securities	62,151,552	1.250
Government money market mutual funds	20,306,348	0.082
	$224,712,650	

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	12,367,394
Amount of investments	224,712,650
Total	$237,090,213

	Governmental Activities	Investment Trust Funds	Agency Funds	Total
Statement of Net Position				
Cash and investments	$41,192,102	$192,834,063	$3,064,048	$237,090,213

Note 5 - Due From Other Governments

Amounts due from other governments at June 30, 2019, are shown as follows:

	General Fund	Public Works/ HURF Fund	Other Governmental Funds	Total
State-shared sales tax	$2,286,671			$2,286,671
County sales tax	1,431,211			1,431,211
State-shared vehicle license tax	112,414	$ 122,936		235,350
Highway user revenue		881,349		881,349
Grants and contributions from local, state and federal governments	440,022	44,549	$1,027,981	1,512,552
Reimbursements for services provided for governmental units	13,768	12,409	217,164	243,341
Miscellaneous reimbursements	1,580	2,203	2,663	6,446
	$4,285,666	$1,063,446	$1,247,808	$6,596,920

Note 6 - Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018, as restated	Increases	Decreases	Balance June 30, 2019
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 5,705,786	$ 14,000		$ 5,719,786
Construction in progress	133,221			133,221
Total capital assets not being depreciated	5,839,007	14,000		5,853,007
Capital assets being depreciated:				
Buildings and improvements	50,199,926	320,495		50,520,421
Infrastructure	77,673,614		$ 3,634	77,669,980
Machinery and equipment	34,066,134	1,476,745	783,939	34,758,940
Total	161,939,674	1,797,240	787,573	162,949,341
Less accumulated depreciation for:				
Buildings and improvements	23,331,919	1,007,529		24,339,448
Infrastructure	46,677,085	2,154,410	2,559	48,828,936
Machinery and equipment	29,383,500	1,599,629	778,466	30,204,663
Total	99,392,504	4,761,568	781,025	103,373,047
Total capital assets being depreciated, net	62,547,170	(2,964,328)	6,548	59,576,294
Governmental activities capital assets, net	$ 68,386,177	$(2,950,328)	$ 6,548	$ 65,429,301

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 803,797
Public safety	893,087
Highways and streets	2,824,239
Health and welfare	140,138
Culture and recreation	730
Education and economic opportunity	99,577
Total governmental activities depreciation expense	$4,761,568

Note 7 - Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2019:

Governmental activities	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due within 1 year
Pledged revenue obligations payable	$13,460,000		$ 1,230,000	$12,230,000	$1,255,000
Special assessment debt with governmental commitment	67,000		67,000		
Capital leases payable	6,343		1,026	5,317	1,186
Installment purchase contracts payable	127,931		30,768	97,163	32,227
Net pension and other postemployment benefits liability	75,069,424	$ 368,215	18,018,260	57,419,379	36,122
Landfill closure and post-closure care costs payable	244,501		1,150	243,351	1,150
Compensated absences payable	1,655,963	1,406,337	825,218	2,237,082	1,187,859
Incurred but not reported healthcare claims payable	1,183,688	3,787,332	3,942,746	1,028,274	1,022,992
Claims and judgments payable	193,938	63,910	134,722	123,126	85,531
Total	$92,008,788	$5,625,794	$24,250,890	$73,383,692	$3,622,067

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, 2019, 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	2020 – 2024	2.17%	$ 4,500,000
Navajo County Pledged Revenue Refunding Obligations, Series 2012A	4,100,000	2020 – 2027	3.24%	3,330,000
Navajo County Pledged Revenue Obligations, Series 2012B	4,400,000	2020 – 2032	3.24%	4,400,000
		Total		$12,230,000

The following schedule details debt service requirements to maturity for the County's pledged revenue obligations payable at June 30, 2019:

	Governmental Activities	
	Principal	Interest
Year ending June 30		
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	190,000	224,046
2025-2029	4,095,000	777,843
2030-2032	2,725,000	134,217
Total	$12,230,000	$2,339,283

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, 2019. At June 30, 2019, future pledged revenues through final maturity at July 1, 2031 totaled $14,569,283, consisting of $12,230,000 for principal and $2,339,283 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 $1,603,679 and $21,138,475, respectively.

Compensated absences—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2019, the County paid for compensated absences as follows: 65 percent from the General Fund, 13 percent from the Public Works/HURF Fund, and 22 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 8. 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, 2018 and 2019 were as follows:

	2018	2019
IBNR healthcare claims payable beginning of year	$1,233,536	$1,183,688
Current-year claims and changes in estimates	5,323,369	3,787,332
Claim payments	5,373,217	3,942,746
IBNR healthcare claims payable, end of year	$1,183,688	$1,028,274

Net pension and other postemployment benefits liability—During fiscal year 2019, the County paid for pension and other postemployment benefits from various funds as described in Note 11.

Line of Credit—At June 30, 2019, the County had an unused line of credit in the amount of $5,000,000.

Note 8 - 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, 2019, is actuarial valued and disclosed in Note 7.

Note 9 - Operating Lease

The County leases 25 percent of a new 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 will allow 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 $45,000 of rental expenditures in fiscal year 2019. The remaining $815,625 is reported in the General Fund as prepaid items at June 30, 2019. 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 10 - Fund Balance Classifications of the Governmental Funds

The fund balance classifications of the governmental funds as of June 30, 2019, were as follows:

	General Fund	Public Works/ HURF Fund	Flood Control District Fund	Other Governmental Funds	Total
Fund balances:					
Nonspendable:					
Prepaid items	$ 851,503	$ 15,511		$ 22,416	$ 889,430
Inventories		1,151,589			1,151,589
Total nonspendable	851,503	1,167,100		22,416	2,041,019

	General Fund	Public Works/ HURF Fund	Flood Control District Fund	Other Governmental Funds	Total
Restricted for:					
Highways and streets		$10,279,819		$ 676,643	$10,956,462
Flood control projects			$6,479,945		6,479,945
Health				1,221,637	1,221,637
Judicial activities	$ 9,000			3,378,816	3,387,816
Law enforcement				1,188,569	1,188,569
Education				1,075,481	1,075,481
Environmental and conservation				684,670	684,670
Social services				88,191	88,191
Library				42,981	42,981
Public safety				119,617	119,617
Recreation				128,931	128,931
Debt service				113,487	113,487
Road projects				199,822	199,822
Capital projects				287,879	287,879
Health insurance trust	2,758,749				2,758,749
Total restricted	2,767,749	10,279,819	6,479,945	9,206,724	28,734,237
Assigned to:					
Health insurance reserve	$ 1,068,740				$ 1,068,740
Economic stabilization and development	10,316			$ 77,193	87,509
Judicial activities				11,428	11,428
Law enforcement	1,130,613			80,995	1,211,608
Education				861,107	861,107
Other capital projects	29			63,230	63,259
Other purposes	700,986			26,104	727,090
Total assigned	2,910,684			1,120,057	4,030,741
Unassigned	14,052,651			(1,454,759)	12,597,892
Total fund balances	$20,582,587	$11,446,919	$6,479,945	$ 8,894,438	$47,403,889

Note 11 - Pensions and Other Postemployment Benefits (OPEB)

The County contributes to the plans described below. The plans are component units of the State of Arizona. The County also contributes to various other postemployment benefits (OPEB) plans. At June 30, 2019, the County reported the following aggregate amounts related to pension and OPEB for all plans to which it contributes:

Statement of Net Position and Statement of Activities	**Governmental Activities**
Net OPEB asset	$ 986,162
Net pension and OPEB liability	57,419,379
Deferred outflows of resources related to pension and OPEB	9,833,521
Deferred inflows of resources related to pension and OPEB	14,604,911
Negative pension and OPEB expense	5,147,168

The County's accrued payroll and employee benefits includes $47,331 of outstanding pension and OPEB contribution amounts payable to all pension plans for the year ended June 30, 2019. Also, the County reported $4,946,533 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

The pension plans are described below and the OPEB plans are not further disclosed because of their relative insignificance to the County's financial statements.

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 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. 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, 2019, statute required active ASRS members to contribute at the actuarially determined rate of 11.64 percent for retirement of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 11.18 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 10.41 percent for retirement 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, 2019, were $2,052,532.

During fiscal year 2019, the County paid for ASRS pension and OPEB contributions as follows: 54 percent from the General Fund, 17 percent from the Public Works/HURF Fund, and 29 percent from other governmental funds.

Pension liability—At June 30, 2019, the County reported a net pension liability of $26,385,347 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2018. 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, 2017, to the measurement date of June 30, 2018. The total pension liability as of June 30, 2018, reflects a change in actuarial assumption based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the discount rate from 8 percent to 7.5 percent, changing the projected salary increases from 3–6.75 percent to 2.7–7.2 percent, decreasing the inflation rate from 3 percent to 2.3 percent, and changing the mortality rates.

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, 2018. The County's proportion measured as of June 30, 2018, was 0.189190 percent, which was a decrease of 0.013500 from its proportion measured as of June 30, 2017.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2019, the County recognized negative pension expense for ASRS of $748,591. At June 30, 2019, 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	$ 726,895	$ 145,458
Changes of assumptions or other inputs	698,204	2,339,424
Net difference between projected and actual earnings on pension plan investments		634,505
Changes in proportion and differences between county contributions and proportionate share of contributions	761,947	2,576,716
County contributions subsequent to the measurement date	2,052,532	
Total	$4,239,578	$5,696,103

The $2,052,532 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, 2020. 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	
2020	$ (834,626)
2021	(1,427,383)
2022	(962,497)
2023	(284,551)

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

ASRS	
Actuarial valuation date	June 30, 2017
Actuarial roll forward date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

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 ASRS pension plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

ASRS Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	5.50%
Fixed income	30%	3.83%
Real estate	20%	5.85%
Total	100%	

Discount Rate—At June 30, 2018, the discount rate used to measure the ASRS total pension liability was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the ASRS net pension liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County's proportionate share of the net pension liability	$37,612,919	$26,385,347	$17,004,892

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) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017,

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

County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP) or PSPDCRP. The CORP administers an agent multiple-employer defined benefit pension plan for county detention officers (agent plans), which was closed to new members as of July 1, 2018, and a cost-sharing multiple-employer defined benefit pension plan for AOC officers (cost-sharing plans). Employees who were CORP members before July 1, 2018, participate in CORP, and AOC probation and surveillance officers who became members on or after July 1, 2018, participate in CORP or PSPDCRP. Detention officers and juvenile detention officers who became members on or after July 1, 2018, participate in PSPDCRP. The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS and CORP plans. The report is available on the PSPRS website at www.psprs.com.

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

PSPRS	**Initial membership date:**	
	Before January 1, 2012	**On or after January 1, 2012 and before July 1, 2017**
Retirement and Disability		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of 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	

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

CORP	**Initial membership date:**	
	Before January 1, 2012	**On or after January 1, 2012 and before July 1, 2018**
Retirement and Disability		
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years, any age 10 years, age 62	25 years, age 52.5 10 years, age 62
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal Retirement	2.0% to 2.5% per year of credited service, not to exceed 80%	
Accidental Disability Retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service
Total and Permanent Disability Retirement	50% or normal retirement if more than 25 years of credited service	
Ordinary Disability Retirement	2.5% per year of credited service	
Survivor Benefit		
Retired Members	80% of retired member's pension benefit	

CORP	**Initial membership date:**	
	Before January 1, 2012	**On or after January 1, 2012 and before July 1, 2018**
Active Members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.	

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

Employees covered by benefit terms—At June 30, 2019, 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	33	1	11
Inactive employees entitled to but not yet receiving benefits	28		33
Active employees	40	-	59
Total	101	1	103

Contributions—State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2019, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member—pension	**County—pension**
PSPRS Sheriff	7.65 – 11.65%	49.14%
CORP	8.41	12.63
CORP AOC	8.41	32.43

Also, statute required the County to contribute to the PSPRS Sheriff pension plan at the actuarially determined rate of 37.48 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 $37,238 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 to the PSPRS Sheriff pension plan at the actuarially determined rate of 37.48 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, 2019, were:

PSPRS Sheriff	$1,187,010
CORP	182,970
CORP AOC	417,492

During fiscal year 2019, the County paid for PSPRS and CORP pension and OPEB contributions as follows: 78 percent from the General Fund and 22 percent from the other governmental funds.

Pension liability—At June 30, 2019, the County reported the following net pension liabilities:

	Net Pension Liability
PSPRS Sheriff	$12,254,553
PSPRS Attorney Investigators	468,984
CORP	1,238,367
CORP AOC (County's proportionate share)	4,207,648

The net pension liabilities were measured as of June 30, 2018, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total CORP pension liabilities as of June 30, 2018, reflect statutory changes in benefit terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustments was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

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, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.4%
Wage inflation	3.5%
Price inflation	2.5%
Cost-of-living adjustment	Included
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience

Actuarial assumptions used in the June 30, 2018, 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 Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Short term investments	2%	0.25%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTS	12%	3.96%
Private credit	16%	6.75%
Real estate	10%	3.75%
Private equity	12%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	16%	7.60%
Total	100%	

Pension discount rate—At June 30, 2018, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.4 percent, which was the same as the discount rate used as of June 30, 2017. 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, 2018	$17,843,901	$ 5,932,062	$11,911,839
Changes for the year:			
Service cost	383,988		383,988
Interest on the total pension liability	1,289,848		1,289,848
Differences between expected and actual experience in the measurement of the pension liability	(19,932)		(19,932)
Contributions—employer		785,358	(785,359)
Contributions—employee		215,008	(215,008)
Net investment income		381,885	(381,885)
Benefit payments, including refunds of employee contributions	(1,211,042)	(1,211,042)	
Administrative expense		(6,512)	6,512
Other changes		(64,550)	64,550
Net changes	442,862	100,148	342,714
Balances at June 30, 2019	$18,286,763	$ 6,032,210	$12,254,553

PSPRS Attorney Investigators	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2018	$564,309	$ 62,668	$501,641
Changes for the year:			
Interest on the total pension liability	40,340		40,340
Differences between expected and actual experience in the measurement of the pension liability	4,599		4,599
Contributions—employer		72,028	(72,028)
Net investment income		6,364	(6,364)
Benefit payments, including refunds of employee contributions	(38,355)	(38,355)	
Administrative expense		(797)	797
Other changes		1	(1)
Net changes	6,584	39,241	(32,657)
Balances at June 30, 2019	$570,893	$101,909	$468,984

CORP	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2018	$5,284,292	$3,698,754	$1,585,538
Changes for the year:			
Service cost	288,583		288,583
Interest on the total pension liability	388,051		388,051
Changes of benefit terms	(221,437)		(221,437)
Differences between expected and actual experience in the measurement of the pension liability	(259,089)		(259,089)
Contributions—employer		147,102	(147,102)
Contributions—employee		134,290	(134,290)
Net investment income		253,700	(253,700)
Benefit payments, including refunds of employee contributions	(369,299)	(369,299)	
Administrative expense		(4,538)	4,538
Other changes		12,725	(12,725)
Net changes	(173,191)	173,980	(347,171)
Balances at June 30, 2019	$5,111,101	$3,872,734	$1,238,367

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, 2018. The County's proportion measured as of June 30, 2018, was 1.168878 percent, which was a decrease of 0.453102 from its proportion measured as of June 30, 2017.

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	$14,477,494	$12,254,553	$10,429,979
PSPRS Attorney Investigators			
Net pension liability	$544,497	$468,984	$407,505
CORP			
Net pension liability	$2,037,445	$1,238,367	$603,384
CORP AOC			
County's proportionate share of the net pension liability	$5,504,609	$4,207,648	$3,155,245

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, 2019, the County recognized the following pension expense:

	Pension Expense
PSPRS Sheriff	$1,333,322
PSPRS Attorney Investigators	331
CORP	(13,132)
CORP AOC (County's proportionate share)	(340,294)

Pension deferred outflows/inflows of resources—At June 30, 2019, 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		$947,987
Changes of assumptions or other inputs	$ 752,084	
Net difference between projected and actual earnings on pension plan investments	100,670	
County contributions subsequent to the measurement date	1,187,010	
Total	$2,039,764	$947,987

PSPRS Attorney Investigators	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Net difference between projected and actual earnings on pension plan investments		$1,973
County contributions subsequent to the measurement date	$37,238	
Total	$37,238	$1,973

CORP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$314,669
Changes of assumptions or other inputs	$137,205	
Net difference between projected and actual earnings on pension plan investments	48,626	
County contributions subsequent to the measurement date	182,970	
Total	$368,801	$314,669

CORP AOC	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,757	$ 216,426
Changes of assumptions or other inputs	279,081	
Net difference between projected and actual earnings on pension plan investments	76,114	
Changes in proportion and differences between county contributions and proportionate share of contributions	39,926	1,507,852
County contributions subsequent to the measurement date	417,492	
Total	$828,370	$1,724,278

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, 2020. 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				
2020	$ 24,171	$ (264)	$ (1,406)	$(248,147)
2021	(32,631)	(561)	(6,836)	(330,301)
2022	(75,892)	(1,046)	(74,693)	(409,669)
2023	(10,881)	(102)	(45,903)	(325,283)

PSPDCRP plan—County sheriff employees, County attorney investigators, County detention officers, and AOC probation, surveillance, and juvenile detention officers who are not members of PSPRS or CORP participate in the PSPDCRP. The PSPDCRP is a

defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2019, active PSPDCRP members were required by statute to contribute at least 9 percent (County sheriff employees and County attorney investigators) or 5 percent (County detention officers, and AOC probation, surveillance, and juvenile detention officers) of the members' annual covered payroll, and the County was required by statute to contribute 9 percent or 5 percent, respectively, of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the County's contributions each year as set forth in statute. The plan retains nonvested County contributions when forfeited because of employment terminations. For the year ended June 30, 2019, the County recognized pension expense of $13,484

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 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 10 years, age 62 5 years, age 65 5 years, any age* any years and age if disabled	10 years, age 62 5 years, age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal Retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%

EORP	**Initial membership date:**	
	Before January 1, 2012	**On or after January 1, 2012**
Disability Retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
Survivor Benefit		
Retired Members	75% of retired member's benefit	50% of retired member's benefit
Active Members and Other Inactive Members	75% of disability retirement benefit	50% of disability retirement benefit

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

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

Contributions—State statutes establish active member and employer contribution requirements. Statute also appropriates $5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2019, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the County to contribute at the actuarially determined rate of 61.5 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 49.86 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 55.5 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, 2019, were $915,902.

During fiscal year 2019, the County paid for EORP pension contributions as follows: 100 percent from the General Fund.

Pension liability—At June 30, 2019, the County reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the County's proportionate share of the State's appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	$12,680,743
State's proportionate share of the EORP net pension liability associated with the County	2,172,763
Total	$14,853,506

The net pension liability was measured as of June 30, 2018, 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, 2018, reflects statutory changes in benefit terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustments was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent. The County's proportion of the net pension liability was based on the County's required contributions to the plan relative to the total of all participating employers' required contributions for the year ended June 30, 2018. The County's proportion measured as of June 30, 2018, was 2.012376 percent, which was an increase of 0.143660 from its proportion measured as of June 30, 2017.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2019, the County recognized negative pension expense for EORP of $5,384,297 and negative revenue of $617,769 for the County's proportionate share of the State's appropriation to EORP and the designated court fees. At June 30, 2019, 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		$ 197,775
Changes of assumptions or other inputs	$ 79,011	5,279,090
Net difference between projected and actual earnings on pension plan investments	110,039	
Changes in proportion and differences between county contributions and proportionate share of contributions	874,720	818
County contributions subsequent to the measurement date	915,902	
Total	$1,979,672	$5,477,683

The $915,902 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, 2020. 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	
2020	$(4,081,532)
2021	(287,525)
2022	(46,682)
2023	1,826

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

EORP	
Actuarial valuation date	June 30, 2018
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, 2018, 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		
Asset Class	**Target Allocation**	**Long-Term Expected Geometric Real Rate of Return**
Short term investments	2%	0.25%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTS	12%	3.96%
Private credit	16%	6.75%
Real estate	10%	3.75%
Private equity	12%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	16%	7.60%
Total	100%	

Discount rate—At June 30 2018, the discount rate used to measure the EORP total pension liability was 7.4 percent, which was an increase of 3.49 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the EORP net pension liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.4 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 (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate:

EORP	**1% Decrease (6.4%)**	**Current Discount Rate (7.4%)**	**1% Increase (8.4%)**
County's proportionate share of the net pension liability	$14,560,439	$12,680,743	$11,082,943

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 that 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, Articles 3.1. Benefit terms, including contribution requirements, are established by state statute.

For the year ended June 30, 2019, 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, 2019, the County recognized pension expense of $16,548.

Note 12 - Interfund Balances and Activity

Interfund receivables and payables—Interfund balances at June 30, 2019, were as follows:

	Payable to		
	General Fund	Governmental Funds	Total
Payable from			
General Fund		$29,633	$ 29,633
Public Works/HURF Fund	$ 893,213		893,213
Flood Control District Fund	1,392,427		1,392,427
Other Governmental Funds	371,156	69,556	440,712
Total	$2,656,796	$99,189	$2,755,985

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, 2019, were as follows:

	Transfers to		
	General Fund	Other Governmental Funds	Total
Transfers from			
General Fund		$ 211,393	$ 211,393
Public Works/HURF Fund		1,018,275	1,018,275
Flood Control District Fund	$1,050,000		1,050,000
Other Governmental Funds	677,663	56,550	734,213
Total	$1,727,663	$1,286,218	$3,013,881

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 13- 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 $870,101 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 4 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	$141,500,000	1.00% - 3.00%	07/19 – 09/21	$142,254,750
U.S. Treasury securities	61,800,000	1.00% - 2.75%	07/19 – 08/21	62,151,552
Government money market funds	20,306,348	N/A	N/A	20,306,348

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

Statement of Net Position	
Assets	$237,436,667
Liabilities	2,333,853
Net position	$235,102,814
Net position held in trust for:	
Internal participants	$ 41,042,028
External participants	194,060,786
Total net position held in trust	$235,102,814
Statement of Changes in Net Position	
Total additions	$342,245,272
Total deductions	321,973,608
Net decrease	20,271,664
Net position held in trust:	
July 1, 2018	214,831,150
June 30, 2019	$235,102,814

Note 14- Subsequent Event

In August 2019, the voters of Navajo County authorized a Jail District excise (sales) tax of up to 1/3 of a cent per dollar ($0.0033) for 20 years to be used only for acquiring, constructing, operating, maintaining and financing county jails and jail systems. The Jail District excise tax will begin on January 1, 2020. The future revenue needs of the Jail District, including Navajo County's maintenance of effort (MOE) obligation, is estimated to be an average of $5,300,000 per year. The approval of this tax will provide a dedicated revenue stream to support the existing jail and relieve the general fund of the burden of supporting the entire cost of the jail. The new excise (sales) tax will make up for property tax and sales tax revenues Navajo County is losing in the energy sector and allow the County to maintain services currently provided to its citizens at existing levels.

Other Required Supplementary Information

Navajo County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	$ 8,239,020	$8,312,937	$ 73,917
County sales taxes	7,154,586	7,792,310	637,724
Licenses and permits	610,482	503,394	(107,088)
Fines and forfeits	667,500	555,993	(111,507)
Intergovernmental	20,037,145	21,018,331	981,186
Charges for services	9,818,509	9,606,811	(211,698)
Investment earnings	47,442	187,955	140,513
Miscellaneous	465,053	562,277	97,224
Total revenues	47,039,737	48,540,008	1,500,271
Expenditures:			
General government			
Board of Supervisors/Administration	2,919,496	2,107,990	811,506
Facilities Management	1,932,801	1,712,999	219,802
Elections	709,148	589,892	119,256
Contract	1,239,100	1,621,885	(382,785)
State Cost Shifts	470,579	454,288	16,291
Planning and Zoning	446,557	363,457	83,100
Recorder	306,627	273,378	33,249
Voter Registration	229,242	167,020	62,222
Assessor	1,374,675	1,212,109	162,566
Information Technology	978,678	935,303	43,375
Treasurer	522,415	496,428	25,987
Personnel Commission	9,800	4,791	5,009
Fleet Management	50,000	11,540	38,460
County-wide	11,775,753	7,871,625	3,904,128
Legal Defender	277,969	262,032	15,937
County Attorney	2,771,327	2,836,709	(65,382)
Superior Court	1,684,960	1,836,545	(151,585)
Public Defender	643,402	542,982	100,420
Clerk of Court	1,422,986	1,265,910	157,076
Holbrook Justice Court	403,352	398,873	4,479
Winslow Justice Court	364,050	344,212	19,838
Snowflake Justice Court	426,553	410,598	15,955
Show Low Justice Court	311,470	314,549	(3,079)

(Continued)

See accompanying note to budgetary comparison schedules.

Navajo County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2019
(Continued)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Pinetop Justice Court	$ 402,271	$ 402,142	$ 129
Kayenta Justice Court	142,335	142,864	(529)
Kayenta Constable	40,180	35,962	4,218
Pinetop Constable	79,340	78,653	687
Snowflake Constable	66,927	67,075	(148)
Holbrook Constable	62,294	59,105	3,189
Winslow Constable	68,712	61,556	7,156
Show Low Constable	79,230	78,971	259
Total general government	32,212,229	26,961,443	5,250,786
Public safety			
Juvenile Detention	619,154	782,176	(163,022)
Probation	1,010,130	823,746	186,384
Jail Operations	7,962,176	5,722,842	2,239,334
Sheriff	6,889,758	6,484,227	405,531
Total public safety	16,481,218	13,812,991	2,668,227
Health and welfare			
Public Fiduciary	447,963	421,763	26,200
Indigent Health	2,910,550	2,910,544	6
Total health and welfare	3,358,513	3,332,307	26,206
Education			
School Superintendent	367,253	330,197	37,056
Capital outlay	33,796	54,102	(20,306)
Contingency	4,727,131	-	4,727,131
Total expenditures	57,180,140	44,491,040	12,689,100

(Continued)

See accompanying note to budgetary comparison schedules.

Navajo County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2019
(Continued)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Excess (deficiency) of revenues over expenditures	$ (10,140,403)	$ 4,048,968	$ 14,189,371
Other financing sources (uses):			
Sale of capital assets		50,848	50,848
Transfers in	3,423,568	3,459,165	35,597
Transfers out	(1,550,284)	(211,393)	1,338,891
Total other financing sources and uses	1,873,284	3,298,620	1,425,336
Net change in fund balances	(8,267,119)	7,347,588	15,614,707
Fund balances, July 1, 2018	8,267,119	13,234,999	4,967,880
Fund balances, June 30, 2019	$ -	$ 20,582,587	$ 20,582,587

See accompanying note to budgetary comparison schedules.

Navajo County
Required Supplementary Information
Budgetary Comparison Schedule
Public Works/HURF Fund
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	$ 12,200,128	$ 13,648,124	$ 1,447,996
Charges for services		100	100
Investment earnings	87,961	177,182	89,221
Miscellaneous	6,532	62,393	55,861
Total revenues	12,294,621	13,887,799	1,593,178
Expenditures:			
Highways and streets	18,574,582	11,945,853	6,628,729
Total expenditures	18,574,582	11,945,853	6,628,729
Excess (deficiency) of revenues over expenditures	(6,279,961)	1,941,946	8,221,907
Other financing sources (uses):			
Sale of capital assets		37,000	37,000
Transfers out	(1,337,450)	(1,848,970)	(511,520)
Total other financing sources and uses	(1,337,450)	(1,811,970)	(474,520)
Net change in fund balances	(7,617,411)	129,976	7,747,387
Fund balances, July 1, 2018	7,617,411	10,982,526	3,365,115
Increase in reserve for inventories		334,417	334,417
Fund balances, June 30, 2019	$ -	$ 11,446,919	$ 11,446,919

See accompanying note to budgetary comparison schedules.

Navajo County
Required Supplementary Information
Budgetary Comparison Schedule
Flood Control District Fund
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	$ 1,861,084	$ 1,855,921	$ (5,163)
Intergovernmental		4	4
Investment earnings	53,717	117,147	63,430
Total revenues	1,914,801	1,973,072	58,271
Expenditures:			
Public safety	7,180,574	527,655	6,652,919
Total expenditures	7,180,574	527,655	6,652,919
Excess (deficiency) of revenues over expenditures	(5,265,773)	1,445,417	6,711,190
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	(6,656,773)	54,417	6,711,190
Fund balances, July 1, 2018	6,656,773	6,425,528	(231,245)
Fund balances, June 30, 2019	$ -	$ 6,479,945	$ 6,479,945

See accompanying note to budgetary comparison schedules.

Navajo County
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2019

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.

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 in Fund Balances	$ 5,780,470	$1,111,251	$1,104,417
Indirect costs budgeted in transfers in/(out)	(1,731,502)	830,695	341,000
Excess of revenues over expenditures from the Budgetary comparison schedules	$ 4,048,968	$1,941,946	$1,445,417

Note 3 – Expenditures in Excess of Appropriations

For the year ended June 30, 2019, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

Department/Fund	Excess
Contracts – General Fund	$382,785
County Attorney – General Fund	65,382
Superior Court – General Fund	151,585
Show Low Justice Court – General Fund	3,079
Kayenta Justice Court – General Fund	529
Snowflake Constable – General Fund	148
Juvenile Detention – General Fund	163,022
Capital Outlay – General Fund	20,306
Debt Service – General Government Fund	3,483

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, Superior Court and Juvenile Detention. The Contracts Department is primarily public defense contracts for cases that are assigned to outside legal counsel when there is a conflict in the Public Defender and Legal Defender's Offices. We experienced a higher than average number of cases that required outside public defense legal counsel which resulted in the Contracts Department exceeding its approved budget. 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 prior year's averages which increased the overall housing, transportation and overtime costs. Further, due to an internal error, two employees were paid from the Superior Court budget instead of the Jail budget which caused the Superior Court budget to exceed their approved budget.

Navajo County
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability
Cost-Sharing Pension Plans
June 30, 2019

Arizona State Retirement System	Reporting Fiscal Year* (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
County's proportion of the net pension liability	0.19%	0.20%	0.21%	0.21%	0.21%
County's proportionate share of the net pension liability	$26,385,347	$31,575,151	$33,707,260	$32,861,924	$30,957,928
County's covered payroll	$18,654,163	$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	141.44%	156.86%	173.49%	169.39%	164.85%
Plan fiduciary net position as a percentage of the total pension liability	73.40%	69.92%	67.06%	68.35%	69.49%

Corrections Officer Retirement Plan—Administrative Office of the Courts	Reporting Fiscal Year* (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
County's proportion of the net pension liability	1.17%	1.62%	1.74%	1.69%	1.74%
County's proportionate share of the net pension liability	$ 4,207,648	$ 6,507,694	$ 4,896,487	$ 4,108,278	$ 3,902,859
County's covered payroll	$ 1,378,621	$ 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	305.21%	335.20%	258.91%	218.58%	210.51%
Plan fiduciary net position as a percentage of the total pension liability	53.72%	49.21%	54.81%	57.89%	58.59%

Elected Officials Retirement Plan	Reporting Fiscal Year* (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
County's proportion of the net pension liability	2.01%	1.87%	1.87%	1.82%	1.84%
County's proportionate share of the net pension liability	$12,680,743	$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	2,172,763	4,726,116	3,647,430	4,435,153	3,773,504
Total	$14,853,506	$27,497,637	$21,312,750	$18,661,404	$16,080,710
County's covered payroll	$ 1,840,513	$ 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	688.98%	1365.08%	1152.95%	917.01%	722.11%
Plan fiduciary net position as a percentage of the total pension liability	30.36%	19.66%	23.42%	28.32%	31.91%

* Information is not available for fiscal years 2010 through 2014.

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, 2019

PSPRS Sheriff

	Reporting Fiscal Year* (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Total pension liability					
Service cost	$ 383,988	$ 499,570	$ 468,580	$ 397,350	$ 426,843
Interest on the total pension liability	1,289,848	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	(19,932)	(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	(1,211,042)	(1,170,410)	(1,161,727)	(1,109,711)	(1,167,336)
Net change in total pension liability	442,862	706,656	(117,122)	219,746	2,742,791
Total pension liability—beginning	17,843,901	17,137,245	17,254,367	17,034,621	14,291,830
Total pension liability—ending (a)	$ 18,286,763	$ 17,843,901	$ 17,137,245	$ 17,254,367	$ 17,034,621
Plan fiduciary net position					
Contributions—employer	$ 785,359	$ 1,047,332	$ 1,205,254	$ 790,385	$ 691,037
Contributions—employee	215,008	262,773	295,080	261,993	233,105
Net investment income	381,885	633,913	31,020	191,904	675,189
Benefit payments, including refunds of employee contributions	(1,211,042)	(1,170,410)	(1,161,727)	(1,109,711)	(1,167,336)
Administrative expense	(6,512)	(6,009)	(4,864)	(5,044)	(5,438)
Other changes	(64,550)	(324,969)	(215,557)	(114,224)	(8,622)
Net change in plan fiduciary net position	100,148	442,630	149,206	15,303	417,935
Plan fiduciary net position—beginning	5,932,062	5,489,432	5,340,226	5,324,923	4,906,988
Plan fiduciary net position—ending (b)	$ 6,032,210	$ 5,932,062	$ 5,489,432	$ 5,340,226	$ 5,324,923
County's net pension liability—ending (a)-(b)	$ 12,254,553	$ 11,911,839	$ 11,647,813	$ 11,914,141	$ 11,709,698
Plan fiduciary net position as a percentage of the total pension liability	32.99%	33.24%	32.03%	30.95%	31.26%
Covered payroll	$ 2,402,346	$ 2,475,549	$ 2,464,986	$ 2,365,037	$ 2,242,753
County's net pension liability as a percentage of covered payroll	510.11%	481.18%	472.53%	503.76%	522.11%

* Information is not available for fiscal years 2010 through 2014.

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, 2019

PSPRS Attorney Investigators

	Reporting Fiscal Year* (Measurement Date)				
	2018 (2017)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Total pension liability					
Service cost	$ -	$ -	$ -	$ -	$ -
Interest on the total pension liability	40,340	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	4,599	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	(38,355)	(35,451)	(35,451)	(35,451)	(34,741)
Net change in total pension liability	6,584	30,943	(57,109)	(380,769)	561,461
Total pension liability—beginning	564,309	533,366	590,475	971,244	409,783
Total pension liability—ending (a)	$ 570,893	$ 564,309	$ 533,366	$ 590,475	$ 971,244
Plan fiduciary net position					
Contributions—employer	$ 72,028	$ 38,721	$ 65,456	$ 20,181	
Net investment income	6,364	8,673	390	744	$ 6,765
Benefit payments, including refunds of employee contributions	(38,355)	(35,451)	(35,451)	(35,451)	(34,741)
Administrative expense	(797)	(477)	(456)	(308)	(54)
Other changes	1	1	(1)	(37)	-
Net change in plan fiduciary net position	39,241	11,467	29,938	(14,871)	(28,030)
Plan fiduciary net position—beginning	62,668	51,201	21,263	36,134	64,164
Plan fiduciary net position—ending (b)	$ 101,909	$ 62,668	$ 51,201	$ 21,263	$ 36,134
County's net pension liability—ending (a)-(b)	$ 468,984	$ 501,641	$ 482,165	$ 569,212	$ 935,110
Plan fiduciary net position as a percentage of the total pension liability	17.85%	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%	0.00%

* Information is not available for fiscal years 2010 through 2014.

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, 2019

CORP

	Reporting Fiscal Year* (Measurement Date)				
	2018 (2017)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Total pension liability					
Service cost	$ 288,583	$ 243,603	$ 226,516	$ 229,853	$ 262,381
Interest on the total pension liability	388,051	321,690	307,215	301,883	298,329
Changes of benefit terms	(221,437)	693,192	9,571		35,245
Differences between expected and actual experience in the measurement of the pension liability	(259,089)	(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	(369,299)	(318,158)	(290,765)	(445,789)	(275,163)
Net change in total pension liability	(173,191)	957,821	380,781	(7,923)	146,855
Total pension liability—beginning	5,284,292	4,326,471	3,945,690	3,953,613	3,806,758
Total pension liability—ending (a)	$ 5,111,101	$ 5,284,292	$ 4,326,471	$ 3,945,690	$ 3,953,613
Plan fiduciary net position					
Contributions—employer	$ 147,102	$ 139,477	$ 137,367	$ 123,062	$ 142,344
Contributions—employee	134,290	139,124	130,513	137,233	141,818
Net investment income	253,700	392,801	19,994	120,952	417,329
Benefit payments, including refunds of employee contributions	(369,299)	(318,158)	(290,765)	(445,789)	(275,163)
Administrative expense	(4,538)	(3,836)	(3,227)	(3,354)	(3,281)
Other changes	12,725	62,915	(10,869)	9,359	(82,179)
Net change in plan fiduciary net position	173,980	412,323	(16,987)	(58,537)	340,868
Plan fiduciary net position—beginning	3,698,754	3,286,431	3,303,418	3,361,955	3,021,087
Plan fiduciary net position—ending (b)	$ 3,872,734	$ 3,698,754	$ 3,286,431	$ 3,303,418	$ 3,361,955
County's net pension liability—ending (a)-(b)	$ 1,238,367	$ 1,585,538	$ 1,040,040	$ 642,272	$ 591,658
Plan fiduciary net position as a percentage of the total pension liability	75.77%	70.00%	75.96%	83.72%	85.04%
Covered payroll	$ 1,508,678	$ 1,668,947	$ 1,572,955	$ 1,632,100	$ 1,726,328
County's net pension liability as a percentage of covered payroll	82.08%	95.00%	66.12%	39.35%	34.27%

* Information is not available for fiscal years 2010 through 2014.

See accompanying notes to pension plan schedules.

Navajo County
Required Supplementary Information
Schedule of County Pension Contributions
June 30, 2019

Arizona State Retirement System

	Reporting Fiscal Year*					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Statutorily required contribution	$ 2,052,532	$ 2,028,064	$ 2,171,922	$ 2,128,972	$ 2,098,505	$ 2,009,012
County's contributions in relation to the statutorily required contribution	2,052,532	2,028,064	2,171,922	2,128,972	2,098,505	2,009,012
County's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$ 18,383,928	$ 18,654,163	$ 20,130,088	$ 19,429,032	$ 19,400,464	$ 18,778,977
County's contributions as a percentage of covered payroll	11.16%	10.87%	10.79%	10.96%	10.82%	10.70%

Corrections Officer Retirement Plan—Administrative Office of the Courts

	Reporting Fiscal Year*					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Statutorily required contribution	$ 417,492	$ 294,854	$ 379,356	$ 367,198	$ 279,677	$ 267,905
County's contributions in relation to the statutorily required contribution	417,492	294,854	379,356	367,198	279,677	267,905
County's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$ 1,287,617	$ 1,378,621	$ 1,941,447	$ 1,891,207	$ 1,879,552	$ 1,854,011
County's contributions as a percentage of covered payroll	32.42%	21.39%	19.54%	19.42%	14.88%	14.45%

Elected Officials Retirement Plan

	Reporting Fiscal Year*					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Statutorily required contribution	$ 1,012,544	$ 370,491	$ 363,340	$ 355,627	$ 364,573	$ 394,725
County's contributions in relation to the statutorily required contribution	915,902	34,325	363,340	355,627	364,573	394,725
County's contribution deficiency (excess)	$ 96,642	$ 336,166	$ -	$ -	$ -	$ -
County's covered payroll	$ 1,757,585	$ 1,840,513	$ 1,668,147	$ 1,532,182	$ 1,551,376	$ 1,704,339
County's contributions as a percentage of covered payroll	52.11%	1.86%	21.78%	23.21%	23.50%	23.16%

* Information is not available for fiscal years 2010 through 2013.

See accompanying notes to pension plan schedules.

Navajo County
Required Supplementary Information
Schedule of County Pension Contributions
June 30, 2019

PSPRS Sheriff

	Reporting Fiscal Year*					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contribution	$1,187,010	$1,039,891	$1,091,146	$1,214,475	$ 784,719	$ 692,113
County's contributions in relation to the actuarially determined contribution	1,187,010	780,780	1,091,146	1,214,475	784,719	692,113
County's contribution deficiency (excess)	$ -	$ 259,111	$ -	$ -	$ -	$ -
County's covered payroll	$2,542,322	$2,402,346	$2,475,549	$2,464,986	$2,365,037	$2,242,753
County's contributions as a percentage of covered payroll	46.69%	32.50%	44.08%	49.27%	33.18%	30.86%

PSPRS Attorney Investigators

	Reporting Fiscal Year*					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contribution	$ 37,238	$ 33,307	$ 38,721	$ 35,878	$ 49,759	$ -
County's contributions in relation to the actuarially determined contribution	37,238	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%	0.00%

CORP

	Reporting Fiscal Year*					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contribution	$ 182,970	$ 151,162	$ 144,735	$ 138,748	$ 123,060	$ 146,738
County's contributions in relation to the actuarially determined contribution	182,970	151,162	144,735	138,748	123,060	146,738
County's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$1,532,926	$1,508,678	$1,668,947	$1,572,955	$1,632,100	$1,726,328
County's contributions as a percentage of covered payroll	11.94%	10.02%	8.67%	8.82%	7.54%	8.50%

* Information is not available for fiscal years 2010 through 2013.

See accompanying notes to pension plan schedules.

Navajo County
Required Supplementary Information
Notes to Pension Plan Schedules
June 30, 2019

Note 1 - Actuarially Determined Contribution Rates

Actuarial determined contribution rates for PSPRS and CORP are calculated as of June 30 2 years prior to the end of the fiscal year in which contributions are 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 2017 actuarial valuation	20 years
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%–8.0% to 3.5%–7.5% for PSPRS and from 4.0%–7.25% to 3.5%–6.5% for CORP. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS and from 4.5%–7.75% to 4.0%–7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS and from 5.0%–8.25% to 4.5%–7.75% for CORP.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS and CORP. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

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 increased the PSPRS-, CORP-, and CORP–AOC-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. EORP-required contributions are not based on actuarial valuations, and therefore, these changes did not affect them. Also, the County refunded excess employee contributions to PSPRS and EORP members. PSPRS and EORP allowed the County to reduce its actual employer contributions for the refund amounts. As a result, the County's pension contributions were less than the actuarially or statutorily determined contributions for 2018 for both PSPRS and EORP and 2019 for only EORP.

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

Supplementary Information

Navajo County
Nonmajor Governmental Funds
June 30, 2019

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 Innovation and Opportunity Act (WIOA) 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, 2019

	Special Revenue			
	Administration	County Attorney	Courts	Environmental and Conservation
Assets				
Cash and investments	$ 585,786	$ 1,129,072	$ 1,353,439	$ 675,858
Receivables (net of allowance for uncollectibles):				
Property taxes				
Accounts receivable	808	49,290		
Special assessments				
Due from:				
Other funds		97,614		
Other governments	132,355	132,482	18,413	12,000
Prepaid items		10,495		
Total assets	$ 718,949	$ 1,418,953	$ 1,371,852	$ 687,858
Liabilities				
Accounts payable	$ 24,351	$ 11,266	$ 2,001	$ 291
Accrued payroll and employee benefits	2,644			1,827
Due to:				
Other funds	13,193	12,817	82,104	1,016
Other governments	255	5,666	16,949	54
Pledged revenue obligations payable				
Interest payable				
Total liabilities	40,443	29,749	101,054	3,188
Deferred Inflows of Resources				
Unavailable revenue–property taxes				
Unavailable revenue–special assessments				
Unavailable revenue–intergovernmental	21,815			
Total deferred inflows of resources	21,815			
Fund balances				
Nonspendable		10,495		
Restricted	607,318	1,697,511	1,470,616	684,670
Assigned	103,297	11,428	63,230	
Unassigned	(53,924)	(330,230)	(263,048)	
Total fund balances(deficits)	656,691	1,389,204	1,270,798	684,670
Total liabilities, deferred inflows of resources and fund balances	$ 718,949	$ 1,418,953	$ 1,371,852	$ 687,858

(continued)

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue			
	Library District	Probation	Public Defense	Public Health
Assets				
Cash and investments		$ 522,917	$ 212,781	$ 951,614
Receivables (net of allowance for uncollectibles):				
Property taxes	$ 32,797			83,402
Accounts receivable	616			78,297
Special assessments				
Due from:				
Other funds	36			
Other governments	50,000			238,416
Prepaid items				
Total assets	$ 83,449	$ 522,917	$ 212,781	$ 1,351,729
Liabilities				
Accounts payable	$ 4,467	$ 7,174	$ 381	$ 4,088
Accrued payroll and employee benefits	1,822		250	
Due to:				
Other funds	15,383	25,490	1,446	36,415
Other governments	375	30,756	15	18,278
Pledged revenue obligations payable				
Interest payable				
Total liabilities	22,047	63,420	2,092	58,781
Deferred Inflows of Resources				
Unavailable revenue–property taxes	25,256			64,380
Unavailable revenue–special assessments				
Unavailable revenue–intergovernmental				111,593
Total deferred inflows of resources	25,256			175,973
Fund balances				
Nonspendable				
Restricted	42,981	482,904	210,689	1,221,637
Assigned				
Unassigned	(6,835)	(23,407)		(104,662)
Total fund balances(deficits)	36,146	459,497	210,689	1,116,975
Total liabilities, deferred inflows of resources and fund balances	$ 83,449	$ 522,917	$ 212,781	$ 1,351,729

(continued)

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue			
	Recreation District	Sheriff's Office	Special Districts	Superintendent of Schools
Assets				
Cash and investments	$ 130,959	$ 567,080	$ 676,764	$ 1,599,589
Receivables (net of allowance for uncollectibles):				
Property taxes				
Accounts receivable	250	2,815		42,317
Special assessments	33,106		6,072	
Due from:				
Other funds		1,539		
Other governments		218,459		216,533
Prepaid items		11,921		
	$ 164,315	$ 801,814	$ 682,836	$ 1,858,439
Liabilities				
Accounts payable	$ 6,893	$ 1,456	$ 874	$ 82,591
Accrued payroll and employee benefits	112	4,969		1,060
Due to:				
Other funds	65	3,187		
Other governments	3	39,760		
Pledged revenue obligations payable				
Interest payable				
Total liabilities	7,073	49,372	874	83,651
Deferred Inflows of Resources				
Unavailable revenue–property taxes				
Unavailable revenue–special assessments	28,311		5,319	
Unavailable revenue–intergovernmental		45,249		
Total deferred inflows of resources	28,311	45,249	5,319	
Fund balances				
Nonspendable		11,921		
Restricted	128,931	705,665	676,643	1,075,481
Assigned		80,995		861,107
Unassigned		(91,388)		(161,800)
Total fund balances(deficits)	128,931	707,193	676,643	1,774,788
Total liabilities, deferred inflows of resources and fund balances	$ 164,315	$ 801,814	$ 682,836	$ 1,858,439

(continued)

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue	Capital Projects
	Workforce Innovation & Opportunity Act	Other
Assets		
Cash and investments		
Receivables (net of allowance for uncollectibles):		
Property taxes		
Accounts receivable		
Special assessments		
Due from:		
Other funds		
Other governments	$ 229,150	
Prepaid items		
Total assets	$ 229,150	$ -
Liabilities		
Accounts payable	$ 3,344	
Accrued payroll and employee benefits		
Due to:		
Other funds	171,611	$ 1
Other governments	12,258	
Pledged revenue obligations payable		
Interest payable		
Total liabilities	187,213	1
Deferred Inflows of Resources		
Unavailable revenue–property taxes		
Unavailable revenue–special assessments		
Unavailable revenue–intergovernmental		
Total deferred inflows of resources		
Fund balances		
Nonspendable		
Restricted	88,191	
Assigned		
Unassigned	(46,254)	(1)
Total fund balances(deficits)	41,937	(1)
Total liabilities, deferred inflows of resources and fund balances	$ 229,150	$ -

(continued)

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Debt Service		Total Nonmajor Governmental Funds
	General Government	Special Districts	
Assets			
Cash and investments	$ -	$ 113,106	$ 8,518,965
Receivables (net of allowance for uncollectibles):			
Property taxes			116,199
Accounts receivable			174,393
Special assessments		1,737	40,915
Due from:			
Other funds			99,189
Other governments			1,247,808
Prepaid items			22,416
Total assets	$ -	$ 114,843	$ 10,219,885
Liabilities			
Accounts payable			149,177
Accrued payroll and employee benefits			12,684
Due to:			
Other funds	77,984		440,712
Other governments			124,369
Pledged revenue obligations payable	170,000		170,000
Interest payable	125,226		125,226
Total liabilities	373,210		1,022,168
Deferred Inflows of Resources			
Unavailable revenue–property taxes			89,636
Unavailable revenue–special assessments		$ 1,356	34,986
Unavailable revenue–intergovernmental			178,657
Total deferred inflows of resources		1,356	303,279
Fund balances			
Nonspendable			22,416
Restricted		113,487	9,206,724
Assigned			1,120,057
Unassigned	(373,210)		(1,454,759)
Total fund balances(deficits)	(373,210)	113,487	8,894,438
Total liabilities, deferred inflows of resources and fund balances	$ -	$ 114,843	$ 10,219,885

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2019

	Special Revenue			
	Administration	County Attorney	Courts	Environmental and Conservation
Revenues:				
Property taxes				
Special assessments				
Licenses and permits				
Fines and forfeits		$ 425,666	$ 47,338	
Intergovernmental	$ 647,775	1,051,985	535,987	$ 352,000
Charges for services	120,405	136,928	610,022	
Investment earnings (loss)	10,868	13,284	22,005	9,288
Contributions		13,545		
Miscellaneous	104,861	8,300	7,436	
Total revenues	883,909	1,649,708	1,222,788	361,288
Expenditures:				
Current:				
General government	113,792	1,477,598	1,107,509	
Public safety	308,034			
Highways and streets				
Health and welfare	237,895			
Culture and recreation				
Education and economic opportunity	64,384			
Environmental and conservation	68,243			293,210
Debt Service:				
Principal				
Interest and other charges				
Capital outlay	26,635	19,401	54,137	
Total expenditures	818,983	1,496,999	1,161,646	293,210
Excess (deficiency) of revenues over expenditures	64,926	152,709	61,142	68,078
Other financing sources (uses):				
Transfers in	853			
Transfers out	(25,350)	(2,069)	(31,791)	
Total other financing sources and uses	(24,497)	(2,069)	(31,791)	
Net change in fund balances	40,429	150,640	29,351	68,078
Fund balances, July 1, 2018	616,262	1,238,564	1,241,447	616,592
Fund balances, June 30, 2019	$ 656,691	$ 1,389,204	$ 1,270,798	$ 684,670

(continued)

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2019

	Special Revenue			
	Library District	Probation	Public Defense	Public Health
Revenues:				
Property taxes	$ 824,315			$ 2,062,461
Special assessments				
Licenses and permits				146,269
Fines and forfeits				1,077
Intergovernmental	96,516	$ 1,844,769	$ 20,035	1,493,160
Charges for services		307,259		47,454
Investment earnings (loss)	4,856	10,289	3,967	3,750
Contributions				22,173
Miscellaneous	3,291	33	69,250	133,194
Total revenues	928,978	2,162,350	93,252	3,909,538
Expenditures:				
Current:				
General government			138,344	
Public safety		2,335,931		
Highways and streets				
Health and welfare				4,201,045
Culture and recreation	738,060			
Education and economic opportunity				
Environmental and conservation				
Debt Service:				
Principal			1,026	10,223
Interest and other charges			321	1,892
Capital outlay	148,000			10,417
Total expenditures	886,060	2,335,931	139,691	4,223,577
Excess (deficiency) of revenues over expenditures	42,918	(173,581)	(46,439)	(314,039)
Other financing sources (uses):				
Transfers in		3,125	31,791	257,521
Transfers out	(200,000)		(1)	
Total other financing sources and uses	(200,000)	3,125	31,790	257,521
Net change in fund balances	(157,082)	(170,456)	(14,649)	(56,518)
Fund balances, July 1, 2018	193,228	629,953	225,338	1,173,493
Fund balances, June 30, 2019	$ 36,146	$ 459,497	$ 210,689	$ 1,116,975

(continued)

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2019

	Special Revenue			
	Recreation District	Sheriff's Office	Special Districts	Superintendent of Schools
Revenues:				
Property taxes				
Special assessments	$ 165,897		$ 93,051	
Licenses and permits				
Fines and forfeits		$ 213,500		
Intergovernmental		637,451		$ 2,673,549
Charges for services		578,207		
Investment earnings (loss)		9,643	3,659	23,888
Contributions				
Miscellaneous	5,287	85,828		389,391
Total revenues	171,184	1,524,629	96,710	3,086,828
Expenditures:				
Current:				
General government				
Public safety		743,411		
Highways and streets			36,068	
Health and welfare				
Culture and recreation	162,082			
Education and economic opportunity				3,244,663
Environmental and conservation				
Debt Service:				
Principal		18,358		
Interest and other charges		3,707		
Capital outlay		42,190		
Total expenditures	162,082	807,666	36,068	3,244,663
Excess (deficiency) of revenues over expenditures	9,102	716,963	60,642	(157,835)
Other financing sources (uses):				
Transfers in		50		
Transfers out		(450,000)		
Total other financing sources and uses		(449,950)	-	
Net change in fund balances	9,102	267,013	60,642	(157,835)
Fund balances, July 1, 2018	119,829	440,180	616,001	1,932,623
Fund balances, June 30, 2019	$ 128,931	$ 707,193	$ 676,643	$ 1,774,788

(continued)

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2019

	Special Revenue	Capital Projects
	Workforce Innovation & Opportunity Act	Other
Revenues:		
Property taxes		
Special assessments		
Licenses and permits		
Fines and forfeits		
Intergovernmental	$ 767,337	
Charges for services		
Investment earnings (loss)	(7)	$ (7)
Contributions		
Miscellaneous		
Total revenues	767,330	(7)
Expenditures:		
Current:		
General government		
Public safety		
Highways and streets		
Health and welfare		
Culture and recreation		
Education and economic opportunity	706,484	
Environmental and conservation		
Debt Service:		
Principal		
Interest and other charges		
Capital outlay	77,763	
Total expenditures	784,247	-
Excess (deficiency) of revenues over expenditures	(16,917)	(7)
Other financing sources (uses):		
Transfers in	6	10
Transfers out	(25,000)	
Total other financing sources and uses	(24,994)	10
Net change in fund balances	(41,911)	3
Fund balances (deficits), July 1, 2018	83,848	(4)
Fund balances (deficits), June 30, 2019	$ 41,937	$ (1)

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2019

	Debt Service		Total Nonmajor Governmental Funds
	General Government	Special Districts	
Revenues:			
Property taxes			$ 2,886,776
Special assessments		$ 82,238	341,186
Licenses and permits			146,269
Fines and forfeits			687,581
Intergovernmental			10,120,564
Charges for services			1,800,275
Investment earnings (loss)	$ (1,609)	2,477	116,351
Contributions			35,718
Miscellaneous			806,871
Total revenues	(1,609)	84,715	16,941,591
Expenditures:			
Current:			
General government			2,837,243
Public safety			3,387,376
Highways and streets			36,068
Health and welfare			4,438,940
Culture and recreation			900,142
Education and economic opportunity			4,015,531
Environmental and conservation			361,453
Debt Service:			
Principal	1,230,000	67,000	1,326,607
Interest and other charges	373,679	8,037	387,636
Capital outlay			378,543
Total expenditures	1,603,679	75,037	18,069,539
Excess (deficiency) of revenues over expenditures	(1,605,288)	9,678	(1,127,948)
Other financing sources (uses):			
Transfers in	992,862		1,286,218
Transfers out		(2)	(734,213)
Total other financing sources and uses	992,862	(2)	552,005
Net change in fund balances	(612,426)	9,676	(575,943)
Fund balances, July 1, 2018	239,216	103,811	9,470,381
Fund balances (deficits), June 30, 2019	$ (373,210)	$ 113,487	$ 8,894,438

Navajo County
Budgetary Comparison Schedule
Special Revenue - Administration
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	$ 1,954,637	$ 647,775	$ (1,306,862)
Charges for services	137,700	120,405	(17,295)
Investment earnings	3,575	10,868	7,293
Miscellaneous	600,000	104,861	(495,139)
Total revenues	2,695,912	883,909	(1,812,003)
Expenditures:			
General government	1,194,015	140,427	1,053,588
Public safety	2,136,062	308,034	1,828,028
Health and welfare	250,209	237,895	12,314
Education and economic opportunity	318,650	64,384	254,266
Environmental and conservation	331,250	68,243	263,007
Total expenditures	4,230,186	818,983	3,411,203
Excess (deficiency) of revenues over expenditures	(1,534,274)	64,926	1,599,200
Other financing sources (uses):			
Transfers in	199,543	853	(198,690)
Transfers out		(25,350)	(25,350)
Total other financing sources and uses	199,543	(24,497)	(224,040)
Net change in fund balances	(1,334,731)	40,429	1,375,160
Fund balances (Deficits), July 1, 2018	2,109,731	616,262	(1,493,469)
Fund balances, June 30, 2019	$ 775,000	$ 656,691	$ (118,309)

Navajo County
Budgetary Comparison Schedule
Special Revenue - County Attorney
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	$ 192,575	$ 425,666	$ 233,091
Intergovernmental	2,186,361	1,051,985	(1,134,376)
Charges for services	65,770	136,928	71,158
Investment earnings	37,692	13,284	(24,408)
Contributions	12,500	13,545	1,045
Miscellaneous	260,000	8,300	(251,700)
Total revenues	2,754,898	1,649,708	(1,105,190)
Expenditures:			
General government	3,886,450	1,496,999	2,389,451
Total expenditures	3,886,450	1,496,999	2,389,451
Excess (deficiency) of revenues over expenditures	(1,131,552)	152,709	1,284,261
Other financing sources (uses):			
Transfers in	80,626	-	(80,626)
Transfers out		(2,069)	(2,069)
Total other financing sources and uses	80,626	(2,069)	(82,695)
Net change in fund balances	(1,050,926)	150,640	1,201,566
Fund balances, July 1, 2018	1,050,926	1,238,564	187,638
Fund balances, June 30, 2019	$ -	$ 1,389,204	$ 1,389,204

Navajo County
Budgetary Comparison Schedule
Special Revenue - Courts
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	$ 50,400	$ 47,338	$ (3,062)
Intergovernmental	437,177	535,987	98,810
Charges for services	831,759	610,022	(221,737)
Investment earnings	3,634	22,005	18,371
Miscellaneous		7,436	7,436
Total revenues	1,322,970	1,222,788	(100,182)
Expenditures:			
General government	2,354,177	1,161,646	1,192,531
Total expenditures	2,354,177	1,161,646	1,192,531
Excess (deficiency) of revenues over expenditures	(1,031,207)	61,142	1,092,349
Other financing uses:			
Transfers out	(98,185)	(31,791)	66,394
Total other financing uses	(98,185)	(31,791)	66,394
Net change in fund balances	(1,129,392)	29,351	1,158,743
Fund balances, July 1, 2018	1,129,392	1,241,447	112,055
Fund balances, June 30, 2019	$ -	$ 1,270,798	$ 1,270,798

Navajo County
Budgetary Comparison Schedule
Special Revenue - Environmental and Conservation
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	$ 286,000	$ 352,000	$ 66,000
Investment earnings	2,050	9,288	7,238
Total revenues	288,050	361,288	73,238
Expenditures:			
Environmental and conservation	883,081	293,210	589,871
Total expenditures	883,081	293,210	589,871
Excess (deficiency) of revenues over expenditures	(595,031)	68,078	663,109
Fund balances, July 1, 2018	595,031	616,592	21,561
Fund balances, June 30, 2019	$ -	$ 684,670	$ 684,670

Navajo County
Budgetary Comparison Schedule
Special Revenue - Library District
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	$ 824,704	$ 824,315	$ (389)
Intergovernmental	55,881	96,516	40,635
Investment earnings	1,400	4,856	3,456
Miscellaneous	1,000	3,291	2,291
Total revenues	882,985	928,978	45,993
Expenditures:			
Culture and recreation	678,263	886,060	(207,797)
Total expenditures	678,263	886,060	(207,797)
Excess (deficiency) of revenues over expenditures	204,722	42,918	(161,804)
Other financing uses:			
Transfers out	(430,873)	(200,000)	230,873
Total other financing uses	(430,873)	(200,000)	230,873
Net change in fund balances	(226,151)	(157,082)	69,069
Fund balances (Deficits), July 1, 2018	226,151	193,228	(32,923)
Fund balances, June 30, 2019	$ -	$ 36,146	$ 36,146

Navajo County
Budgetary Comparison Schedule
Special Revenue - Probation
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	$ 2,063,677	$ 1,844,769	$ (218,908)
Charges for services	333,000	307,259	(25,741)
Investment earnings	2,727	10,289	7,562
Miscellaneous		33	33
Total revenues	2,399,404	2,162,350	(237,054)
Expenditures:			
Public safety	3,072,845	2,335,931	736,914
Total expenditures	3,072,845	2,335,931	736,914
Excess (deficiency) of revenues over expenditures	(673,441)	(173,581)	499,860
Other financing sources:			
Transfers in	3,125	3,125	-
Total other financing sources	3,125	3,125	-
Net change in fund balances	(670,316)	(170,456)	499,860
Fund balances (Deficits), July 1, 2018	(104,684)	629,953	734,637
Fund balances, June 30, 2019	$ (775,000)	$ 459,497	$ 1,234,497

Navajo County
Budgetary Comparison Schedule
Special Revenue - Public Defense
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	$ 21,000	$ 20,035	$ (965)
Investment earnings	1,025	3,967	2,942
Miscellaneous	49,472	69,250	19,778
Total revenues	$71,497	$93,252	21,755
Expenditures:			
General government	334,956	139,691	195,265
Total expenditures	334,956	139,691	195,265
Excess (deficiency) of revenues over expenditures	(263,459)	(46,439)	217,020
Other financing sources (uses):			
Transfers in	60,559	31,791	(28,768)
Transfers out		(1)	(1)
Total other financing sources and uses	60,559	31,790	(28,769)
Net change in fund balances	(202,900)	(14,649)	188,251
Fund balances, July 1, 2018	202,900	225,338	22,438
Fund balances, June 30, 2019	$ -	$ 210,689	$ 210,689

Navajo County
Budgetary Comparison Schedule
Special Revenue - Public Health
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	$ 2,063,003	$ 2,062,461	$ (542)
Licenses and permits	178,019	146,269	(31,750)
Fines and forfeits		1,077	1,077
Intergovernmental	2,702,789	1,493,160	(1,209,629)
Charges for services	18,238	47,454	29,216
Investment earnings	24,965	3,750	(21,215)
Contributions	30,650	22,173	(8,477)
Miscellaneous	199,000	133,194	(65,806)
Total revenues	5,216,664	3,909,538	(1,307,126)
Expenditures:			
Health and welfare	5,623,359	4,223,577	1,399,782
Total expenditures	5,623,359	4,223,577	1,399,782
Excess (deficiency) of revenues over expenditures	(406,695)	(314,039)	92,656
Other financing sources (uses):			
Transfers in	211,175	257,521	46,346
Transfers out	(321,000)	-	321,000
Total other financing sources and uses	(109,825)	257,521	367,346
Net change in fund balances	(516,520)	(56,518)	460,002
Fund balances, July 1, 2018	516,520	1,173,493	656,973
Fund balances, June 30, 2019	$ -	$ 1,116,975	$ 1,116,975

Navajo County
Budgetary Comparison Schedule
Special Revenue - Recreation District
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Special assessments	$ 174,049	$ 165,897	$ (8,152)
Miscellaneous		5,287	5,287
Total revenues	174,049	171,184	(2,865)
Expenditures:			
Culture and recreation	309,049	162,082	146,967
Total expenditures	309,049	162,082	146,967
Excess (deficiency) of revenues over expenditures	(135,000)	9,102	144,102
Fund balances (Deficits), July 1, 2018	135,000	119,829	(15,171)
Fund balances, June 30, 2019	$ -	$ 128,931	$ 128,931

Navajo County
Budgetary Comparison Schedule
Special Revenue - Sheriff's Office
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	$ 25,000	$ 213,500	$ 188,500
Intergovernmental	821,582	637,451	(184,131)
Charges for services	633,388	578,207	(55,181)
Investment earnings	2,160	9,643	7,483
Miscellaneous	2,621	85,828	83,207
Total revenues	1,484,751	1,524,629	39,878
Expenditures:			
Public safety	1,346,653	807,666	538,987
Total expenditures	1,346,653	807,666	538,987
Excess (deficiency) of revenues over expenditures	138,098	716,963	578,865
Other financing sources (uses):			
Transfers in		50	50
Transfers out	(450,000)	(450,000)	-
Total other financing sources and uses	(450,000)	(449,950)	50
Net change in fund balances	(311,902)	267,013	578,915
Fund balances, July 1, 2018	311,902	440,180	128,278
Fund balances, June 30, 2019	$ -	$ 707,193	$ 707,193

Navajo County
Budgetary Comparison Schedule
Special Revenue - Special Districts
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Special assessments	$ 94,885	$ 93,051	$ (1,834)
Investment earnings	500	3,659	3,159
Total revenues	95,385	96,710	1,325
Expenditures:			
Highways and streets	669,163	36,068	633,095
Total expenditures	669,163	36,068	633,095
Excess (deficiency) of revenues over expenditures	(573,778)	$60,642	634,420
Fund balances, July 1, 2018	573,778	616,001	42,223
Fund balances, June 30, 2019	$ -	$ 676,643	$ 676,643

Navajo County
Budgetary Comparison Schedule
Special Revenue - Workforce Innovation and Opportunity Act (WIOA)
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	$ 2,274,802	$ 767,337	$ (1,507,465)
Investment earnings (loss)		(7)	(7)
Total revenues	2,274,802	767,330	(1,507,472)
Expenditures:			
Education and economic opportunity	2,213,334	784,247	1,429,087
Total expenditures	2,213,334	784,247	1,429,087
Excess (deficiency) of revenues over expenditures	61,468	(16,917)	(78,385)
Other financing sources (uses):			
Transfers in		6	6
Transfers out		(25,000)	(25,000)
Total other financing sources and uses	-	(24,994)	(24,994)
Net change in fund balances	61,468	(41,911)	(103,379)
Fund balances (Deficits), July 1, 2018	(61,468)	83,848	145,316
Fund balances, June 30, 2019	$ -	$ 41,937	$ 41,937

Navajo County
Budgetary Comparison Schedule
Capital Projects - Other
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment earnings (loss)	$ -	$ (7)	$ (7)
Total revenues	-	(7)	(7)
Expenditures:			
Capital outlay	2,035,657	-	2,035,657
Total expenditures	2,035,657	-	2,035,657
Excess (deficiency) of revenues over expenditures	(2,035,657)	(7)	2,035,650
Other financing sources:			
Pledged revenue obligations issued	1,830,000		(1,830,000)
Transfers in		10	10
Total other financing sources	1,830,000	10	(1,829,990)
Net change in fund balances	(205,657)	3	205,660
Fund balances (Deficits), July 1, 2018	205,657	(4)	(205,661)
Fund balances (Deficits), June 30, 2019	$ -	$ (1)	$ (1)

Navajo County
Budgetary Comparison Schedule
Debt Service - General Government
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment earnings	$ -	$ (1,609)	$ (1,609)
Total revenues		(1,609)	(1,609)
Expenditures:			
Debt Service			
General government	$1,600,196	1,603,679	(3,483)
Total expenditures	1,600,196	1,603,679	(3,483)
Excess (deficiency) of revenues over expenditures	(1,600,196)	(1,605,288)	(5,092)
Other financing sources:			
Transfers in	1,600,196	992,862	(607,334)
Total other financing sources	1,600,196	992,862	(607,334)
Net change in fund balances	-	(612,426)	(612,426)
Fund balances, July 1, 2018	-	239,216	239,216
Fund balances (Deficits), June 30, 2019	$ -	$ (373,210)	$ (373,210)

Navajo County
Budgetary Comparison Schedule
Debt Service - Special Districts
Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Special assessments	$ 39,439	$ 82,238	$ 42,799
Investments earnings		2,477	2,477
Total revenues	39,439	84,715	45,276
Expenditures:			
Debt Service			
Highways and streets	136,151	75,037	61,114
Total expenditures	136,151	75,037	61,114
Excess (deficiency) of revenues over expenditures	(96,712)	9,678	106,390
Other financing uses:			
Transfers out		(2)	(2)
Total other financing uses		(2)	(2)
Net change in fund balances	(96,712)	9,676	106,388
Fund balances (Deficits), July 1, 2018	96,712	103,811	7,099
Fund balances, June 30, 2019	$ -	$ 113,487	$ 113,487

Agency Fund Statement of Changes in Assets and Liabilities

Navajo County
Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Assets				
Cash and investments	$ 2,667,684	$ 15,602,435	$ 15,206,071	$ 3,064,048
Total Assets	$2,667,684	$ 15,602,435	$ 15,206,071	$ 3,064,048
Liabilities				
Due to other governments	$ 703,299	$ 13,948,361	$ 13,881,685	$ 769,975
Deposits held for other parties	1,964,385	1,654,074	1,324,386	2,294,073
Total Liabilities	$2,667,684	$ 15,602,435	$ 15,206,071	$ 3,064,048

Statistical Section

Navajo County
Listing of Statistical Information

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental activities:					
Net investment in capital assets	$ 64,867,518	$ 68,992,938	$ 62,767,056	$ 56,759,014	$ 62,616,821
Restricted	23,034,928	27,364,617	25,830,803	25,924,806	24,056,612
Unrestricted	16,207,016	6,481,167	7,151,635	8,028,698	4,454,331
Total governmental activities net position	$ 104,109,462	$ 102,838,722	$ 95,749,494	$ 90,712,518	$ 91,127,764

	Fiscal Year				
	2015	2016	2017	2018	2019
Governmental activities:					
Net investment in capital assets	$ 60,649,846	$ 59,210,246	$ 56,729,385	$ 55,036,226	$ 53,322,786
Restricted	23,521,625	24,226,548	27,519,091	29,179,272	31,085,279
Unrestricted (deficit)	(51,230,312)	(53,540,230)	(57,988,587)	(62,383,097)	(47,979,330)
Total governmental activities net position	$ 32,941,159	$ 29,896,564	$ 26,259,889	$ 21,832,401	$ 36,428,735

* 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.

* Capital assets were restated for reclassification of capitalized feasibiliy study costs on Winslow Levee to non-capitalized expenses.

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

	Fiscal Year			
	2010	2011	2012	2013
Expenses:				
General government	$ 22,647,297	$ 22,396,786	$ 21,607,586	$ 20,944,578
Public safety (Note 2)	17,943,886	16,291,987	18,406,003	19,728,986
Highways and streets	13,057,318	14,480,464	8,023,409	10,935,566
Health and welfare	9,366,578	7,129,008	5,909,936	7,734,191
Culture and recreation	747,065	814,786	966,000	788,127
Education and economic opportunity	6,307,885	5,710,417	6,164,792	5,498,285
Environmental and conservation	237,032	196,504	16,352	303,402
Urban redevelopment and housing	307,208	35,558	784	42,701
Interest on long-term debt	677,253	625,962	721,020	527,044
Total governmental activities expenses	71,291,522	67,681,472	61,815,882	66,502,880
Program Revenues:				
Charges for services:				
General government	3,531,064	3,465,053	3,326,109	3,649,106
Public Safety	517,702	672,441	982,588	1,146,080
Highway and streets	39,249	98,695	334,513	12,171
Health and welfare	215,494	194,090	163,957	243,393
Culture and recreation			155,895	
Operating grants and contributions:				
General government	1,735,327	2,584,222	2,215,242	1,966,176
Public Safety	3,290,457	2,916,270	3,252,479	4,500,832
Highway and streets				
Health and welfare	1,803,890	2,280,437	1,819,214	2,500,943
Culture and recreation	122,207	137,643	152,083	129,282
Education and economic opportunity	6,086,494	3,665,344	4,654,668	4,327,485
Environmental and conservation	195,574	429,653	59,097	301,660
Urban redevelopment and housing	305,647	63,162		40,823
Capital grants and contributions:				
General government			220,229	
Public Safety			5,000	
Highway and streets	15,637,667	13,170,789	9,578,324	9,690,517
Total governmental activities program revenues	33,480,772	29,677,799	26,919,398	28,508,468
Net (Expense) Revenue	$ (37,810,750)	$ (38,003,673)	$ (34,896,484)	$ (37,994,412)
General Revenues:				
Property taxes	$ 12,494,737	$ 12,866,253	$ 12,087,700	$ 11,924,765
Special assessments (see Note 1)				502,434
General county sales tax	5,480,598	5,889,027	6,246,077	6,239,089
State shared revenues	10,728,725	11,405,376	11,475,113	12,024,496
Payment in lieu of taxes				1,430,914
Grants and contributions not restricted to specific programs	4,902,289	4,489,096	3,175,428	
Investment earnings	322,748	254,483	202,500	(109,711)
Capital contributions				
Gain on disposal of capital assets	115,237	5,957	13,116	52,473
Miscellaneous	1,273,310	1,822,741	1,170,658	892,976
Transfers	(380,236)	-	-	
Total general revenues and transfers	34,937,408	36,732,933	34,370,592	32,957,436
Change in net position - governmental activities	$ (2,873,342)	$ (1,270,740)	$ (525,892)	$ (5,036,976)

Note 1: The County reclassified special assessments revenue from general revenue to program revenue beginning in FY 2016.
Note 2: The County reclassified capitalized feasibiliy study costs on Winslow Levee to non-capitalized expenses.

(Continued)

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

Fiscal Year					
2014	2015	2016	2017	2018	2019
$ 22,213,348	$ 31,968,411	$ 29,716,664	$ 32,717,374	$ 33,836,072	$ 19,039,794
17,393,343	17,313,998	17,562,220	18,067,230	19,657,838	15,006,970
9,534,493	11,190,411	12,008,267	10,710,700	11,773,357	13,019,136
8,039,343	7,956,284	8,350,410	8,362,293	8,079,274	6,998,047
694,108	665,292	798,683	790,379	781,287	834,993
6,190,399	5,669,487	5,479,786	4,297,521	5,042,013	3,896,117
329,829	211,478	247,622	303,270	417,465	330,778
365,994	73,852	16,887	165,114	-	-
487,808	802,936	503,684	461,083	426,770	388,013
65,248,665	75,852,149	74,684,223	75,874,964	80,014,076	59,513,848
3,537,721	5,079,224	5,400,182	4,780,321	4,848,807	4,842,304
919,746	1,390,048	1,549,821	1,285,569	1,261,016	1,422,243
252,982	100,758	432,421	330,585	206,020	107,296
329,602	274,262	333,306	319,505	224,395	190,212
		166,881	151,137	156,091	158,428
2,700,852	3,613,033	3,945,966	3,794,242	4,230,956	$2,782,852
3,976,671	3,715,424	4,911,950	4,571,216	5,433,481	4,269,967
				11,947,902	13,648,124
2,820,717	2,898,998	2,770,719	2,901,048	2,857,321	1,717,238
149,666	128,945	61,754	68,388	22,532	73,000
5,266,695	4,488,394	5,034,340	3,450,856	4,262,294	3,488,160
534,722	411,987	364,692	317,752	430,922	416,520
376,628	62,860	10,000	458,825		
				5,000	10,000
			67,306	34,303	154,479
9,565,055	11,431,446	11,571,167	12,173,466		32,890
30,431,057	33,595,379	36,553,199	34,670,216	35,921,040	33,313,713
$ (34,817,608)	$ (42,256,770)	$ (38,131,024)	$ (41,204,748)	$ (44,093,036)	$ (26,200,135)
$ 11,704,948	$ 12,536,351	$ 12,531,782	$ 12,131,695	$ 13,004,998	$ 13,061,068
542,526	507,456				
6,667,433	6,674,867	6,365,510	6,534,686	7,381,671	7,792,310
12,773,729	12,964,950	13,125,229	13,730,314	15,105,931	16,037,990
1,538,954	1,406,936	1,547,382	1,532,361	1,644,973	1,653,023
453,017	195,437	165,384	164,425	264,616	598,634
		6,980			
96,640	35,974	2,995	9,600	127,321	81,300
1,455,607	1,072,052	1,341,167	1,666,058	1,668,273	1,572,144
35,232,854	35,394,023	35,086,429	35,769,139	39,197,783	40,796,469
$ 415,246	$ (6,862,747)	$ (3,044,595)	$ (5,435,609)	$ (4,895,253)	$ 14,596,334

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

	Fiscal Year			
	2010	2011	2012	2013
General fund				
Reserved	$ 325,096	$	$	$
Unreserved	7,416,990			
Nonspendable*				
Assigned*		3,182,499	2,533,698	2,021,131
Unassigned		3,349,495	3,939,417	3,849,238
Total general fund	$ 7,742,086	$ 6,531,994	$ 6,473,115	$ 5,870,369
All other governmental funds				
Reserved	$ 528,878	$	$	$
Unreserved, reported in:				
Special revenue funds	31,118,113			
Debt service funds	1,924,862			
Capital projects funds	76,332			
Nonspendable*		543,055	920,545	1,034,772
Restricted		28,973,243	25,792,646	26,621,136
Assigned		1,231,112	1,529,453	2,064,946
Unassigned		(270,933)	(39,006)	(13)
Total all other governmental funds	$ 33,648,185	$ 30,476,477	$ 28,203,638	$ 29,720,841

(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 10 for details.

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

Fiscal Year					
2014	2015	2016	2017	2018	2019
$ 437,220	$ 1,273,833	$ 1,612,513		$ 926,206	$ 2,767,749
			$ 900,000	896,025	851,503
2,331,597	2,836,408	2,535,860	2,734,436	3,057,549	2,910,684
3,482,808	3,544,712	3,523,261	4,884,457	8,355,219	14,052,651
$ 6,251,625	$ 7,654,953	$ 7,671,634	$ 8,518,893	$ 13,234,999	$ 20,582,587
$	$	$	$	$	$
1,114,772	991,663	619,596	919,164	817,171	1,189,516
26,720,572	22,055,581	23,119,737	24,928,694	26,123,297	25,966,488
3,288,638	2,552,485	966,610	2,182,636	898,747	1,120,057
(1,048,472)	(1,686,672)	(210,456)	(2,394,741)	(960,780)	(1,454,759)
$ 30,075,510	$ 23,913,057	$ 24,495,487	$ 25,635,753	$ 26,878,435	$ 26,821,302

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

	Fiscal Year			
	2010	2011	2012	2013
Revenues:				
Property taxes	$ 12,294,308	$ 12,612,528	$ 12,092,878	$ 12,058,648
County sales taxes				
Licenses and permits	619,663	529,657	397,490	469,651
Fines and forfeits	1,336,602	1,317,038	1,228,579	1,539,663
Intergovernmental	49,652,453	46,350,655	42,113,926	43,050,561
Charges for services	2,347,245	2,583,583	2,934,743	3,041,435
Investment earnings	322,747	254,483	202,499	(109,710)
Special assessments	133,181	198,817	642,688	502,434
Contributions	31,141	30,333	50,540	64,512
Miscellaneous	1,273,311	1,822,741	1,170,659	892,976
Total revenues	68,010,651	65,699,835	60,834,002	61,510,170
Expenditures:				
General government	21,661,752	21,894,300	20,650,249	20,746,489
Public safety	16,838,127	17,020,246	17,394,177	17,515,389
Highways and streets	10,087,829	15,462,752	9,452,610	9,583,999
Health and welfare	9,306,800	7,138,323	7,507,775	7,987,610
Culture and recreation	740,591	808,312	962,712	785,901
Education and economic opportunity	6,139,063	5,674,996	6,019,533	5,326,169
Environmental and conservation	237,032	196,504	16,352	303,402
Urban redevelopment and housing	307,208	35,558	784	42,701
Debt service:				
Principal	858,416	919,249	946,316	676,779
Interest and other charges	677,253	625,962	721,020	527,044
Bond Issuance Costs				115,290
Capital outlay	81,675	274,573	327,361	1,469,268
Total expenditures	66,935,746	70,050,775	63,998,889	65,080,041
Excess(deficiency) of revenues over expenditures	1,074,905	(4,350,940)	(3,164,887)	(3,569,871)
Other financing sources (uses):				
Revenue bonds issued				8,500,000
Payment to bond refunding escrow agent				(4,345,000)
Capital lease/installment purchase agreements		18,913	354,826	146,994
Special assessment bonds issued				
Sale of capital assets	115,237	5,957	68,446	78,863
Transfers in	8,048,481	6,600,855	10,017,167	10,157,899
Transfers out	(6,789,602)	(6,600,855)	(10,017,167)	(10,157,899)
Total other financing sources and uses	1,374,116	24,870	423,272	4,380,857
Net change in fund balances	$ 2,449,021	$ (4,326,070)	$ (2,741,615)	$ 810,986
Ratio of total debt service expenditures to non-capital expenditures	2.30%	2.21%	2.62%	1.89%

(Continued)

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

Fiscal Year					
2014	2015	2016	2017	2018	2019
$ 11,699,519	$ 12,565,289	$ 12,542,649	$ 12,133,955	$12,959,490	$13,055,634
6,667,433	6,674,867	6,365,510	6,534,686	7,381,671	7,792,310
606,269	522,919	604,525	567,951	379,350	649,663
1,247,497	1,789,993	1,492,927	1,339,324	653,066	1,243,574
39,645,165	40,045,748	42,328,108	41,900,493	910,721	44,787,023
3,241,520	9,698,659	10,369,286	9,280,867	44,123,924	11,407,186
453,017	195,437	165,384	164,425	12,076,377	598,635
518,762	491,734	485,708	488,962	264,616	341,186
42,650	43,061	39,962	38,784	50,624	35,718
1,455,607	1,072,052	1,341,167	1,666,057	1,668,273	1,431,541
65,577,439	73,099,759	75,735,226	74,115,504	80,468,112	81,342,470
21,296,099	27,228,792	27,475,209	29,089,321	28,518,557	28,044,516
17,165,782	16,762,711	18,013,055	17,667,900	16,889,504	17,768,169
8,446,932	10,245,789	9,949,660	9,187,604	10,160,928	11,952,348
7,909,342	8,323,596	8,698,408	8,676,682	8,788,365	7,771,247
691,882	702,563	812,461	803,616	839,205	900,142
6,146,055	5,491,323	5,408,227	4,241,865	5,058,368	4,345,728
347,079	223,528	266,428	322,770	441,264	361,453
365,994	73,852	16,887	165,114		
821,698	2,737,814	1,529,333	1,571,917	1,314,262	1,328,794
461,413	802,936	503,684	461,083	426,770	388,013
75,464					
7,613,324	5,207,816	2,093,691	1,608,272	2,651,159	1,613,870
71,341,064	77,800,720	74,767,043	73,796,144	75,088,382	74,474,280
(5,763,625)	(4,700,961)	968,183	319,360	5,379,730	6,868,190
10,625,000					
(4,806,395)					
488,368			101,341	60,715	
98,822	64,945	2,995	14,218	127,321	87,848
7,753,432	5,625,009	4,218,192	4,699,294	5,882,351	3,013,881
(7,753,432)	(5,625,009)	(4,218,192)	(4,699,294)	(5,882,351)	(3,013,881)
6,405,795	64,945	2,995	115,559	188,036	87,848
$ 642,170	$ (4,636,016)	$ 971,178	$ 434,919	$ 5,567,766	$ 6,956,038
2.13%	4.88%	2.80%	2.82%	2.40%	2.36%

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
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	1.6203	7,391,612,457	11.21%
2019	518,753,473	296,391,993	13,702,667	828,848,133	1.6223	7,660,041,799	10.82%

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
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
2019	0.8951	0.1000	0.0995	0.2788	0.2489	1.6223

	Overlapping rates				
Fiscal Year	School Equalization	School Districts	Cities	Other Special Districts	Community College District
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
2019	0.4741	3.6764-7.3012	1.4123-1.4123	0.1401-3.2500	1.8164

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 Nine Years Ago

	2019			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	$101,575,711	1	12.26%	$ 107,346,606	1	10.75%
PacifiCorp Electric Operations	36,000,000	2	4.34%	31,068,621	2	3.11%
Transwestern Pipeline Co	12,433,250	3	1.50%	16,669,389	3	1.67%
Burlington Northern/Santa Fe Railway	9,149,593	4	1.10%	11,923,788	4	1.19%
Peabody Western Coal Co.	6,883,740	5	0.83%	4,483,725	8	0.45%
Kinder Morgan	7,773,791	6	0.94%	9,163,477	5	0.92%
Navopache Electric Co-Op Inc.	6,547,903	7	0.79%	3,328,331	9	0.33%
Unisource Energy Corporation	6,133,317	8	0.74%	6,231,982	7	0.62%
Wal-Mart Stores, Inc.	4,971,870	9	0.60%	2,821,246	10	0.62%
Smith Bagley, Inc.	4,176,333	10	0.50%	N/A	N/A	N/A
Total Principal Property Taxpayers	$195,645,508		23.60%	$ 193,037,165		19.66%
Total 2019 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 9 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
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%
2019	$ 7,425,867	$ 7,198,951	96.94%	$ 68,033	$ 7,198,951	96.94%

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)
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	0.43	133.91
2018	13,460,000	-	67,000	134,274	13,661,274	0.40	123.69
2019	12,230,000	-	-	102,480	12,332,480	N/A (2)	112.99

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 2019.

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
2019	7,792,310	13,346,165	21,138,475	1,060,000	120,652	17.90

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
2019	7,792,310	13,346,165	21,138,475	170,000	253,206	49.95

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
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	118,940	63,000	7,475	1.69
2019	82,238	67,000	3,853	1.16

Source: Navajo County Finance Department

Navajo County
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2019

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				
	2010	2011	2012	2013	2014
Debt Limit	$ 149,814,683	$ 158,850,728	$ 153,920,569	$ 146,139,257	$ 135,502,778
Total net debt applicable to limit					
Legal debt margin	149,814,683	158,850,728	153,920,569	146,139,257	135,502,778
Total net debt applicable to the limit as a percentage of the debt	0%	0%	0%	0%	0%

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt Limit	$ 126,937,062	$ 126,455,560	$ 126,213,556	$ 124,327,220	$ 124,327,220
Total net debt applicable to limit					
Legal debt margin	126,937,062	126,455,560	126,213,556	124,327,220	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
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	3,472,946	$ 31,213	7.6
2018	110,445	3,400,882	$ 31,213	7.6
2019	109,144	(1)	$ (1)	7.9

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 2019.

Navajo County
Employment by Sector
Current Year and Ten Years Ago

	2019			2010		
Employment Sector (1)	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Government	9,897	1	36.61%	9,819	1	36.40%
Trade, Transportation, Utilities	4,810	2	17.79%	5,195	2	19.26%
Education & Health Servs	4,586	3	16.96%	3,604	3	13.36%
Leisure & Hospitality	3,824	4	14.14%	3,172	4	11.76%
Mining & Construction	1,164	5	4.31%	1,469	5	5.44%
Professional & Business Services	1,094	6	4.05%	938	7	3.48%
Financial Activities	640	7	2.37%	420	10	1.56%
Other Services	595	8	2.20%	693	8	2.57%
Manufacturing	333	9	1.23%	498	9	1.85%
Information	92	10	0.34%	1165	6	4.32%
Total for Employment Sector	27,035		100.00%	26,973		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 employers 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	2010	2011	2012	2013	2014
General government	284	294	295	278	277
Public safety	248	239	243	238	236
Highways and streets	81	81	82	78	83
Health and welfare	63	65	66	73	80
Culture and recreation	5	6	5	8	4
Total	681	685	691	675	680

Function	2015	2016	2017	2018	2019
General government	278	288	266	371	368
Public safety	238	235	229	0	0
Highways and streets	91	96	72	80	82
Health and welfare	81	81	80	54	59
Culture and recreation	5	4	4	0	0
Other				104	106
Total	693	704	651	609	615

Source: Navajo County Budget 2010 - 2019

Navajo County
Operating Indicators by Function
Last Ten Fiscal Years

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

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	2019
85,773	85,752	88,306	88,527	88,363	85,853	88,313
4	3	1	3	3	2	3
57,960	8,569	685	32,969	57,699	6,783	58,821
1,023	970	981	1,009	1,061	1,137	1,157
109	163	160	131	116	73	83
40,306	36,388	33,793	30,408	32,460	33,018	25,765
566	571	828	572	453	329	386
1,313	1,181	1,101	1,086	1,098	1,014	1,040
12	10	9	10	14	49	27
336	355	339	353	276	28	67
122	307	297	151	210	154	191
6,401	5,252	5,093	5,061	4,715	-	3,083
283	382	364	301	268	305	276
59	88	102	444	264	193	97
13	12	30	14	20	32	60
57,742	52,623	47,184	56,331	51,038	67,067	60,282
5,031	5,353	5,341	5,595	6,525	7,137	6,131
2,165	1,096	1,250	1,068	4,076	3,918	2,505
621	483	503	696	632	648	668
425,272	378,584	368,114	361,865	370,800	376,295	359,996
5,054	14,303	13,957	33,223	33,883	11,687	9,658
333,193	334,866	336,617	346,632	330,600	437,610	437,744
28,827	34,214	32,149	33,577	41,422	44,877	49,642
7	6	6	9	4	4	4
630	742	829	789	664	624	563
18,495	17,090	17,575	17,803	16,360	18,014	17,745
13	11	13	14	14	14	14

Navajo County
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
General Government										
Elections										
Voting Machines	158	173	173	173	173	173	60	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	1
Justice Courts	6	6	6	6	6	6	6	6	6	6
Public Safely										
Sheriff										
Inmate beds available	425	426	442	442	441	438	438	438	438	438
Jail Facilities	1	1	2	2	2	2	2	2	2	2
Stations	0	0	0	0	0	0	0	0	0	0
Improvement Districts										
Flood Warning Sites	30	31	31	31	31	26	31	43	43	43
Flood Control District Properties	9	12	12	12	13	13	14	13	13	12
Road Improvement Districts	1	1	0	0	0	0	0	0	0	0
Highways and Streets										
Public Works										
Miles of maintained roads	734.9	733.28	733.65	733.95	733.95	734.66	734.32	731.67	731.67	725.3
Bridges	14	14	15	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	0	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.