



NAVAJO COUNTY
Arizona



COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2015

We are
Navajo County

Navajo County Board of Supervisors



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District 2**

Navajo County, Arizona
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2015



Prepared by Navajo County Finance Department

County Manager

James G. Jayne

Assistant County Manager

Homero Vela

Finance Team

James Menlove, Finance Director

Paige Peterson, Accounting Manager



INTRODUCTORY SECTION

Navajo County
 Comprehensive Annual Financial Report
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NAVAJO COUNTY ADMINISTRATION

James G. Jayne
County Manager

W. James Menlove, CPA
Finance Director

December 16, 2015

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 2015. 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 2015 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 2015 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 2014 population of the County was estimated to be 109,185. The principal industries are tourism, coal mining, manufacturing, timber production, and ranching.

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

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

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

The Board of Supervisors and the County Manager use the financial policies, budget management policies and strategic plan 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.

<u>Communities</u>	<u>2000</u>	<u>2010</u>	<u>% Change</u>
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 and hydroponic vegetable production, Snowflake, Fort Apache Timber Company (timber processing), White River, and tourism related business, Kayenta (Monument Valley), Hondah, Show Low, Pinetop/Lakeside, and Heber/Overgaard.

Because of the rural nature of Navajo County, the local economy continues to be impacted by the stagnant, slowly recovering state and national economies. The County's unemployment rate (10.5 percent for July 2015) has been significantly higher than the State's (6.1 percent for July 2015). To address the economic challenges, Navajo County has reduced expenses through reductions in workforce, position vacancies from attrition, decreased benefits, and reductions in operating expenses while maintaining excellent customer service.

Expenditure Limitation – In November 2006, Navajo County voters approved Proposition 400, which restated the base year expenditure limitation. The expenditure limit is a constraint on the County's annual spending that was added to the Arizona Constitution in 1980. The limit is based on the County's actual 1980 expenditures and is adjusted each year for population growth and inflation. Basically, the service levels provided in 1980, the base year, is the benchmark for spending on today's essential services. Navajo County elected officials agreed that the expenditure limit, based on 1980 service levels, was not sufficient to meet the current demand for basic public services.

Proposition 400 allowed the County to restate the base year expenditure limit, which allowed for the allocation of resources to:

- Public Safety–Increased law enforcement coverage and availability.
- Transportation–Additional investment in transportation infrastructure.
- Access to Services–Improvement of facilities and satellite office to provide more accessible government services.
- Quality Work Force–Focus on retention of staff, which reduced training and operating costs as employee turnover was reduced.

The Board of Supervisors' proactive decision making has allowed Navajo County to better plan for the County's long-term financial sustainability. Sound fiscal and budget management policies allow the County to better respond to the economic challenges that we face currently and in the future.

The recession of 2008-2009 continues to have a significant negative impact on the County. At the worst point of the recession the County saw monthly revenues from state shared sales tax, county sales tax, and vehicle license tax drop by as much as 27 percent, 38 percent, and 26 percent, respectively. As a rural county the negative effects of the recession have been severe and long-lasting. Beginning in February 2011, nearly two years after the recession officially ended, the county began to see a modest economic recovery through nominal increases in sales tax revenues; however, these revenues are still below amounts received by the County in 2007. In addition, assessed property values continue to decline with a corresponding negative impact on property tax revenues. It is anticipated that property values will continue to drop through fiscal year 2016.

Impact of State Economic Conditions – The downturn in the local economy corresponded to economic declines at the state and national levels. As the State of Arizona struggled to balance its budget and reduce expenses counties have been significantly impacted by the shifting of revenues away from counties while mandating that counties pay for state programs. The uncertainty of these impacts from year to year requires Navajo County to budget conservatively to allow for these cost shifts, reductions in program funding, and reduced revenue allocations.

Navajo County continues to work with state legislators, County Supervisors Association, and the Arizona City/County Managers Association to find solutions to the state budget crisis with the least impact to counties.

Additionally, Navajo County continues to seek alternate funding sources to increase revenues. Cost analysis is ongoing, and the County is seeking to find additional ways to further reduce spending while continuing to provide for mandated functions with excellent customer service.

Economic Outlook – Though the recession formally ended on a national level in June 2009, state and local revenues continue to be repressed. Economists continue to predict that the economic recovery will be modest for years to come. Arizona was among the states hardest hit by the economic downturn; consequently, the state’s recovery has lagged behind the recovery on a national level. The weakness in the economy and the uncertainty of the state budget requires continual monitoring, evaluation and planning for Navajo County. We will continue to address these challenges through the strategic budget planning process in coordination with our elected officials and department directors.

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.

The policies have been developed to:

- Provide accountability to the citizens and the Board of Supervisors.
- Provide guidelines for long-term financial stability, enhancing the County’s ability to withstand fiscal fluctuations at the national, state, and local levels.
- Provide an overall financial picture of the County as a whole.
- Provide a basis for incorporating long-term policies into day-to-day operations.

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, 2014. This was the fifth 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.

The GFOA presented the Distinguished Budget Presentation Award to Navajo County for its annual budget for the fiscal year beginning July 1, 2014. This was the sixth consecutive year that Navajo County has received this prestigious award. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as a financial plan, an operations guide, and as a communications device.

A Certificate of Achievement and the Distinguished Budget Presentation Awards are valid for a period of one year only. We believe that our current comprehensive annual financial report and budget book continue to meet the Certificate of Achievement Program and Budget Presentation Award requirements and we are submitting them to the GFOA to determine their eligibility for another certificate and award, respectively.

ACKNOWLEDGMENTS

Preparation of this report could be accomplished only through the coordinated efforts of the finance department, the cooperative and willing assistance provided by our 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.

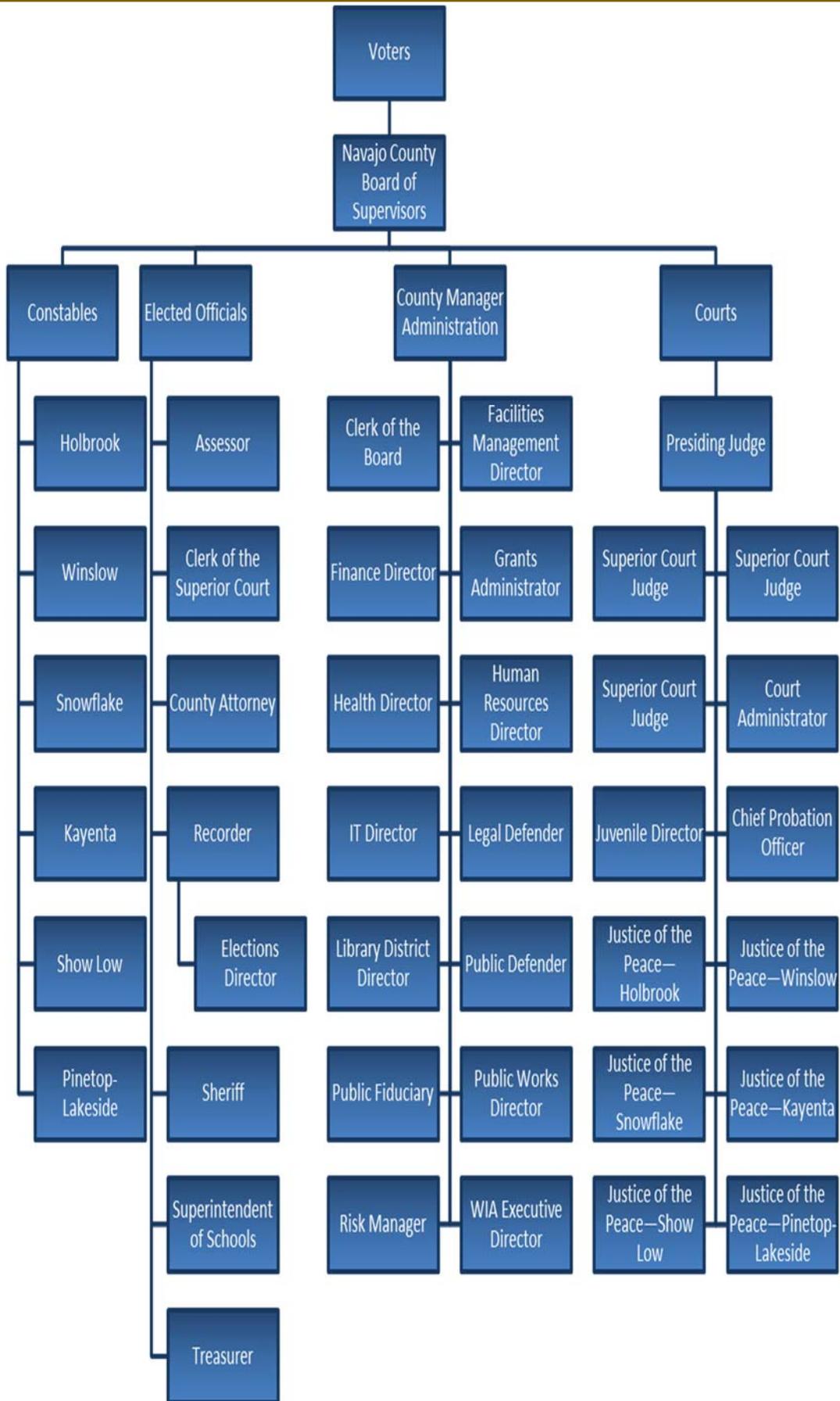
We wish to thank the Navajo County Board of Supervisors for their leadership and commitment to Navajo County and our citizens.

Respectfully submitted,

James G. Jayne
County Manager

James Menlove
Finance Director

Organizational Chart





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, 2014

Executive Director/CEO



FINANCIAL SECTION



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of Navajo County as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 2 to the financial statements, for the year ended June 30, 2015, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Accordingly, the County restated beginning net position balances of its financial statements for this change in accounting principle. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 5 through 12, Budgetary Comparison Schedules on pages 62 through 67, Schedule of the County's Proportionate Share of the Net Pension Liability—Cost-Sharing Pension Plans on page 68, Schedule of Changes in the County's Net Pension Liability and Related Ratios—Agent Pension Plans on pages 69 through 71, Schedule of County Pension Contributions on pages 72 through 73, and Schedule of Agent OPEB Plans' Funding Progress on page 75. 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 the responsibility of management 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 use highway user revenue fund monies received by the County pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the County solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Debbie Davenport
Auditor General

December 16, 2015



Navajo County Management's Discussion and Analysis June 30, 2015

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, 2015. We encourage readers to consider the information presented here in conjunction with the financial statements.

For the year ended June 30, 2015, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these GASB Statements had a significant effect on the financial statement amounts. Net position as of July 1, 2014, has been restated from \$93.6 million as previously reported in the fiscal year 2014 CAFR to \$42.2 million for the prior period adjustments of the beginning net pension liability and County pension contributions made in FY 2014. Other financial areas that were significantly affected are explained below.

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 million (net position). Of this amount, \$63.7 million is the net investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, infrastructure and construction in progress); \$23.5 million is restricted for specific purposes (restricted net position); and \$(51.2) million is the unrestricted net position deficit balance that is primarily a result of the implementation of GASB 68.
- At June 30, 2015, total assets were \$116.8 million, a decrease of \$3.3 million or 2.8 percent in comparison with the prior fiscal year's balance of \$120.1 million.
- At June 30, 2015, total liabilities were \$84.9 million, an increase of \$58.3 million or 219.7 percent in comparison with the prior fiscal year's balance of \$26.6 million.
- At June 30, 2015, the County reported total deferred outflows of resources related to pensions of \$11.7 million and deferred inflows of resources related to pensions of \$7.5 million.
- At June 30, 2015, the governmental funds reported combined fund balances of \$31.6 million, a decrease of \$4.7 million or 13.1 percent in comparison with the prior year's combined fund balances of \$36.3 million.
- At June 30, 2015, \$23.3 million or 73.9 percent of governmental fund balances were restricted, \$5.4 million or 17.1 percent were assigned, \$1.9 million or 5.9 percent were unassigned, and \$992 thousand or 3.1 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 and prepaid items.

Navajo County
Management's Discussion and Analysis
June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

This report also contains other required supplementary information in addition to the basic financial statements.

Government-wide financial statements

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

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

The *Statement of Net Position* presents information on all of the County's assets, deferred outflows and inflows of resources, and liabilities, with the difference between assets and deferred outflows and liabilities and deferred inflows reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. In addition to this change, other nonfinancial factors will need to be considered.

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

All of the County's basic services are considered to be governmental activities, including general government, public safety, highways and streets, health and welfare, culture and recreation, education, environmental and conservation, and urban redevelopment and housing. Sales taxes, property taxes, intergovernmental revenues, and user fees finance most of these activities. *The government-wide financial statements can be found on pages 14 and 15 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

Navajo County
Management's Discussion and Analysis
June 30, 2015

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 16 through 19 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 20 and 21 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 22 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, 2015, compared to the prior year.

Navajo County
Management's Discussion and Analysis
June 30, 2015

	Governmental Activities	
	2015	2014
Current and other assets	\$ 35,819,587	\$ 41,103,155
Capital assets	<u>80,975,142</u>	<u>79,019,986</u>
Total assets	<u>116,794,729</u>	<u>120,123,141</u>
Deferred outflows of resources		
Total deferred outflows of resources	<u>11,664,841</u>	<u>-</u>
Other liabilities	3,453,978	3,880,859
Long-term liabilities outstanding	<u>81,431,785</u>	<u>22,671,985</u>
Total liabilities	<u>84,885,763</u>	<u>26,552,844</u>
Deferred inflows of resources		
Total deferred inflows of resources	<u>7,531,749</u>	<u>-</u>
Net Position:		
Net investment in capital assets	63,750,745	65,059,354
Restricted	23,521,625	24,056,612
Unrestricted (deficit)	<u>(51,230,312)</u>	<u>4,454,331</u>
Total net position	<u>\$ 36,042,058</u>	<u>\$ 93,570,297</u>

The County's current and other assets and capital assets at the end of the current fiscal year were \$35.8 million and \$81 million, respectively. The current and other assets decreased by \$5.3 million mostly due to a decrease in the cash and investments held by trustee balance for the construction and improvements of the Holbrook Jail Complex and Public Works Complex. The capital assets increased by \$2 million mainly attributed to a net increase of \$6.7 million in capital additions and \$4.7 million in depreciation expense incurred in the current fiscal year.

As a result of the County's implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, the County reported the deferred outflows of resources of \$11.7 million and deferred inflows of resources of \$7.5 million related to pensions.

The other liabilities and long-term liabilities outstanding at the end of the fiscal year were \$3.5 million and \$81.4 million, respectively. The other liabilities slightly decreased by \$427 thousand primarily due to a total decrease of \$712 thousand in accounts payable, accrued payroll and employee benefits and due to other governments and a total increase of \$285 thousand in pledged revenue obligations principal and interest payable. The increase of \$58.7 million in long-term liabilities was largely due to the additions of \$60.4 million in net pension liability as a result of the County's implementation of GASB Statement Nos. 68 and 71, and \$760 thousand in incurred but not reported healthcare claims liability as a result of the newly created County's self-insured health benefits program. The remaining difference was due to an increase of \$222 thousand in compensated absences and \$123 thousand in claims and judgments payable and a decrease of \$2.7 million in regularly scheduled debt service payments.

A large portion of the County's net position, \$63.8 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 \$23.5 million is subject to external restrictions on how they may be used.

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The County's deficit of \$51.2 million was a decrease of \$55.7 million from the prior year's unrestricted net position of \$4.5 million due largely to the County's implementation of GASB Statement Nos. 68 and 71, as mentioned above.

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 2015 compared to the prior year.

	Governmental Activities	
	2015	2014
Program revenues:		
Charges for services	\$ 6,844,292	\$ 5,040,051
Operating grants and contributions	15,319,641	15,825,951
Capital grants and contributions	11,431,446	9,565,055
Total program revenues	<u>33,595,379</u>	<u>30,431,057</u>
General revenues:		
Property taxes	12,536,351	11,704,948
Special assessments	507,456	542,526
Sales taxes	6,674,867	6,667,433
State shared revenues	12,964,950	12,773,729
Payment in lieu of taxes	1,406,936	1,538,954
Investment earnings	195,437	453,017
Gain on disposal of capital assets	35,974	96,640
Miscellaneous	1,072,052	1,455,607
Total general revenues	<u>35,394,023</u>	<u>35,232,854</u>
Total revenues	<u>68,989,402</u>	<u>65,663,911</u>
Program expenses:		
General government	\$31,968,411	\$22,213,348
Public safety	16,655,632	16,995,243
Highways and streets	11,190,411	9,534,493
Health and welfare	7,956,284	8,039,343
Culture and recreation	665,292	694,108
Education and economic opportunity	5,669,487	6,190,399
Environmental and conservation	211,478	329,829
Urban redevelopment and housing	73,852	365,994
Interest on long-term debt	802,936	487,808
Total program expenses	<u>75,193,783</u>	<u>64,850,565</u>
Change in net position	<u>(6,204,381)</u>	<u>813,346</u>
Net position as restated, beginning	<u>42,246,439</u>	<u>92,756,951</u>
Net position, ending	<u>\$36,042,058</u>	<u>\$93,570,297</u>

Overall revenues increased by \$3.3 million or 5.1 percent and program expenses increased by \$10.3 million or 16 percent in the current fiscal year. The following summarizes the significant changes in revenues and expenses compared to the prior year.

- Charges for services increased by \$1.8 million or 35.8 percent in the current year largely due to two

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Management's Discussion and Analysis
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new revenue sources, \$1.2 million of employee healthcare insurance premiums collected for the County's new self-insured health benefits program and \$556 thousand of fines and forfeits received in RICO seized monies.

- Capital grants and contributions increased by \$1.9 million or 19.5 percent in the current year mainly due to additional funding received from federal, state and local governments in the Public Works/HURF Fund for various road projects.
- General government expense increased by \$9.8 million or 43.9 percent in the current fiscal year. The increase is largely due to the additions of \$4.7 million of net pension-related expense as a result of the County's implementation of GASB Statement Nos. 68 and 71, and \$4.6 million of net healthcare benefit expense incurred in the newly created County's self-insured health benefits program. The remaining increase of \$517 thousand was attributed to immaterial increases in the following expense categories: compensated absences, claims and judgments, and capital asset depreciation.
- Highways and streets expenses increased by \$1.7 million or 17.4 percent in the current fiscal year mainly due to increase in road repair and maintenance projects as a result of additional funding received from federal, state and local governments in the Public Works/HURF Fund.
- Education and economic opportunity expenses decreased by \$521 thousand or 8.4 percent in the current fiscal year, primarily due to the County School Superintendent's Office received less operating grants and contributions from the federal and state governments.

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 \$31.6 million, which is a decrease of \$4.7 million or a change of 13.1 percent. Of the total, \$7.2 million constitutes unrestricted fund balances.

For governmental funds, overall revenues increased \$7.5 million or 11.5 percent and expenditures increased \$6.5 million or 9.1 percent. Governmental fund expenditures exceeded revenues by \$4.7 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 \$7.7 million. Fund balances represent 18.9 percent of total General Fund expenditures. This ratio indicates a strong fund balance position in comparison to expenditures.

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

General Fund

- Cash and investments increased by \$2.8 million or 66% in the current year largely due to reserves for the County's medical self-insurance fund and a contract to house federal inmates in the County jail.

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- Accounts payable decreased by \$157,945 or 28% in the current year largely due to a general reduction of purchases near fiscal year end.
- Accrued payroll and employee benefits decreased by \$110,821 or 11% in the current year largely due to a reduction in allowable annual leave hours an employee can carry-over at fiscal year-end.
- General government expenditures increased by \$6.5 million or 36% in the current year largely due to the implementation of the County's medical self-insurance plan in the current fiscal year.

Public Works/HURF Fund

- Inventories decreased by \$111,109 or 10% in the current year largely due to the use of materials in the current fiscal year that had previously been stockpiled for road projects.
- Accounts payable decreased by \$218,142 or 38% in the current year largely due to a general reduction of purchases near fiscal year end.

GENERAL FUND BUDGETARY HIGHLIGHTS

For the General Fund, actual revenues were more than the original and final budget amounts by \$1.7 million, while the actual expenditures were \$10.5 million less than the amount budgeted. The budget variance for revenues was due to the receipt of payment in lieu of taxes (PILT) from the federal government which was not budgeted due to the uncertainty of PILT appropriations. The budget variance for expenditures was primarily due to conservative budgeting practices and minimal spending due to continued poor economic conditions. The County held approximately 70 General Fund positions vacant during fiscal year 2015.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets as of June 30, 2015, totaled \$81 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:

- Buildings increased by \$12.6 million primarily due to the completion of the County Jail addition and remodel and the Holbrook Public Works complex.
- The construction in progress for the Winslow Levee flood control project incurred additional costs of \$658 thousand.
- Machinery and equipment increased \$896 thousand of new additions.
- Accumulated depreciation increased \$4.7 million of annual depreciation expense.

Additional information on capital assets can be found in Notes 5 and 6 on page 32 of this report.

Navajo County
Management's Discussion and Analysis
June 30, 2015

Debt Administration

At the end of the current fiscal year, the County had total long-term liabilities outstanding of \$81.4 million and consists of the following:

- \$60.4 million is net pension liability which was recognized as a result of the County's implementation of GASB Statement Nos. 68 and 71.
- \$16.8 million in revenue obligations that financed the acquisition, construction, and improvements of county buildings and facilities and financed the construction of new facilities and the remodel of existing facilities at the Navajo County jail.
- \$2.2 million for the future payment of compensated absences for unused employee vacation and sick leave.
- \$760 thousand of incurred but not reported healthcare claims payable which was recorded as a result of the newly created County's self-insured health benefits program.
- \$574 thousand of special assessment debt with governmental commitment.
- The remaining balance included \$326 thousand of capital leases payable, \$248 thousand of estimated landfill closure and post-closure care costs payable and \$123 thousand of claims and judgments payable.

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 33 through 35 of this report.*

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The significant downturn in the national and state economies that began the latter part of 2008 continued to affect the County in fiscal year 2015. The U.S. and State economies continued to experience a moderate recovery during 2015 and continued minimal improvement is expected in fiscal year 2016. The local economy in the County remains mainly flat. The County closely monitors revenues, expenditures and applicable economic indicators to ensure that the County remains fiscally strong. The County continues to budget conservatively for revenue estimates and other factors affecting the County.

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
Year Ended June 30, 2015

	Governmental Activities
Assets	
Cash and investments	\$ 29,939,915
Receivables (net of allowance for uncollectibles):	
Property taxes	543,613
Accounts receivable	148,577
Special assessments	134,778
Due from other governments	4,007,832
Cash and investments held by trustee - restricted	53,209
Inventories	981,163
Prepaid items	10,500
Capital assets, not being depreciated	8,829,443
Capital assets, being depreciated, net	72,145,699
Total assets	<u>\$ 116,794,729</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	\$ 11,664,841
Total deferred outflows of resources	<u>\$ 11,664,841</u>
Liabilities	
Accounts payable	\$ 1,378,840
Accrued payroll and employee benefits	1,519,010
Due to other governments	270,777
Pledged revenue obligations payable	150,000
Interest payable	135,351
Noncurrent liabilities	
Due within 1 year	2,554,619
Due in more than 1 year	78,877,166
Total liabilities	<u>\$ 84,885,763</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	\$ 7,531,749
Total deferred inflows of resources	<u>\$ 7,531,749</u>
Net Position	
Net investment in capital assets	\$ 63,857,163
Restricted for:	
General government	1,534,010
Highways and streets	7,931,114
Public safety	7,774,699
Judicial activities	3,104,984
Education and economic opportunity	402,287
Law enforcement	1,055,713
Environment, library, and community services	288,739
Health and welfare	926,649
Debt service	236,717
Capital projects	160,295
Unrestricted	
(Deficit)	<u>(51,230,312)</u>
Total net position	<u><u>\$ 36,042,058</u></u>

See accompanying notes to financial statements.

Navajo County
Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 31,968,411	\$ 5,079,224	\$ 3,613,033	\$ (23,276,154)
Public safety	16,655,632	1,390,048	3,715,424	(11,550,160)
Highways and streets	11,190,411	100,758		341,793
Health and welfare	7,956,284	274,262	2,898,998	(4,783,024)
Culture and recreation	665,292		128,945	(536,347)
Education and economic opportunity	5,669,487		4,488,394	(1,181,093)
Environmental and conservation	211,478		411,987	200,509
Urban redevelopment and housing	73,852		62,860	(10,992)
Interest on long-term debt	802,936			(802,936)
Total governmental activities	<u>\$ 75,193,783</u>	<u>\$ 6,844,292</u>	<u>\$ 15,319,641</u>	<u>\$ (41,598,404)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purpose				\$ 7,806,394
Property taxes, levied for flood control				1,845,674
Property taxes, levied for public health district				2,043,163
Property taxes, levied for library district				841,120
Special assessments, levied for special districts				345,608
Special assessments, levied for recreation district				161,848
General county sales tax				6,674,867
Shared revenues - state sales tax				10,891,962
Shared revenues - state vehicle license tax				2,072,988
Payments in lieu of taxes				1,406,936
Investment earnings				195,437
Gain on disposal of capital assets				35,974
Miscellaneous				<u>1,072,052</u>
Total general revenues				<u>35,394,023</u>
Change in net position				<u>(6,204,381)</u>
Net position as restated, July 1, 2014				<u>42,246,439</u>
Net position, June 30, 2015				<u><u>\$ 36,042,058</u></u>

See accompanying notes to financial statements.

Navajo County
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Public Works/ HURF Fund	Flood Control District Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 7,080,649	\$ 6,629,054	\$ 7,705,829	\$ 8,524,383	\$ 29,939,915
Receivables (net of allowance for uncollectibles):					
Property taxes	277,105		97,869	168,639	543,613
Accounts receivable	91,380	6,871		50,326	148,577
Special assessments				134,778	134,778
Due from:					
Other funds	207,540			115,162	322,702
Other governments	1,637,914	918,631		1,451,287	4,007,832
Cash and investments held by trustee—restricted				53,209	53,209
Inventories		981,163			981,163
Prepaid items				10,500	10,500
Total assets	<u>\$ 9,294,588</u>	<u>\$ 8,535,719</u>	<u>\$ 7,803,698</u>	<u>\$ 10,508,284</u>	<u>\$ 36,142,289</u>
Liabilities					
Accounts payable	\$ 412,230	\$ 350,582	\$ 406	\$ 615,622	\$ 1,378,840
Accrued payroll and employee benefits	931,873	184,879	2,634	399,624	1,519,010
Due to:					
Other funds	444	28,371	246	293,641	322,702
Other governments	94,089	34,174	15,304	127,210	270,777
Pledged revenue obligations payable				150,000	150,000
Interest payable				135,351	135,351
Total liabilities	<u>1,438,636</u>	<u>598,006</u>	<u>18,590</u>	<u>1,721,448</u>	<u>3,776,680</u>
Deferred Inflows of Resources					
Unavailable revenue—property taxes	194,284		67,363	81,359	343,006
Unavailable revenue—special assessments				162,474	162,474
Unavailable revenue—intergovernmental	6,715			285,404	292,119
Total deferred inflows of resources	<u>200,999</u>		<u>67,363</u>	<u>529,237</u>	<u>797,599</u>
Fund balances:					
Nonspendable		981,163		10,500	991,663
Restricted	1,273,833	6,964,286	7,717,745	7,373,550	23,329,414
Assigned	2,836,408			2,552,485	5,388,893
Unassigned	3,544,712	(7,736)		(1,678,936)	1,858,040
Total fund balances	<u>7,654,953</u>	<u>7,937,713</u>	<u>7,717,745</u>	<u>8,257,599</u>	<u>31,568,010</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,294,588</u>	<u>\$ 8,535,719</u>	<u>\$ 7,803,698</u>	<u>\$ 10,508,284</u>	<u>\$ 36,142,289</u>

See accompanying notes to financial statements.

Navajo County
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2015

Fund balances—total governmental funds	\$ 31,568,010
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.	80,975,142
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.	797,599
Long-term liabilities, such as net pension liabilities and pledged revenue obligations payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(81,431,785)
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	<u>4,133,092</u>
Net position of governmental activities	<u><u>\$ 36,042,058</u></u>

See accompanying notes to financial statements.

Navajo County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	General Fund	Public Works/ HURF Fund	Flood Control District Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 7,816,586		\$ 1,861,197	\$ 2,887,506	\$ 12,565,289
County sales taxes	6,674,867				6,674,867
Special assessments				491,734	491,734
Licenses and permits	418,597			104,322	522,919
Fines and forfeits	863,371			926,622	1,789,993
Intergovernmental	16,109,417	\$ 11,431,446	21	12,504,864	40,045,748
Charges for services	7,672,018	100,758		1,925,883	9,698,659
Investment earnings	46,693	43,170	54,007	51,567	195,437
Contributions				43,061	43,061
Miscellaneous	525,931	55,187		490,934	1,072,052
Total revenues	<u>40,127,480</u>	<u>11,630,561</u>	<u>1,915,225</u>	<u>19,426,493</u>	<u>73,099,759</u>
Expenditures:					
Current:					
General government	24,295,342			2,933,450	27,228,792
Public safety	11,097,449		1,220,974	4,444,288	16,762,711
Highways and streets		10,229,232		16,557	10,245,789
Health and welfare	3,732,518			4,591,078	8,323,596
Culture and recreation				702,563	702,563
Education and economic opportunity	322,289			5,169,034	5,491,323
Environmental and conservation				223,528	223,528
Urban redevelopment and housing				73,852	73,852
Debt service:					
Principal	120,264			2,617,550	2,737,814
Interest and other charges	10,578			792,358	802,936
Capital outlay	855,330			4,352,486	5,207,816
Total expenditures	<u>40,433,770</u>	<u>10,229,232</u>	<u>1,220,974</u>	<u>25,916,744</u>	<u>77,800,720</u>
Excess (deficiency) of revenues over expenditures	<u>(306,290)</u>	<u>1,401,329</u>	<u>694,251</u>	<u>(6,490,251)</u>	<u>(4,700,961)</u>
Other financing sources (uses):					
Sale of capital assets	43,760			21,185	64,945
Transfers in	3,278,442			2,346,567	5,625,009
Transfers out	(1,612,584)	(1,302,258)	(1,010,057)	(1,700,110)	(5,625,009)
Total other financing sources and uses	<u>1,709,618</u>	<u>(1,302,258)</u>	<u>(1,010,057)</u>	<u>667,642</u>	<u>64,945</u>
Net change in fund balances	<u>1,403,328</u>	<u>99,071</u>	<u>(315,806)</u>	<u>(5,822,609)</u>	<u>(4,636,016)</u>
Fund balances, July 1, 2014	6,251,625	7,949,751	8,033,551	14,092,208	36,327,135
Changes in nonspendable resources:					
Decrease in reserve for inventories		(111,109)			(111,109)
Decrease in prepaid items				(12,000)	(12,000)
Fund balances, June 30, 2015	<u>\$ 7,654,953</u>	<u>\$ 7,937,713</u>	<u>\$ 7,717,745</u>	<u>\$ 8,257,599</u>	<u>\$ 31,568,010</u>

See accompanying notes to financial statements.

Navajo County
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
Governmental Funds
Year Ended June 30, 2015

Net change in fund balances—total governmental funds		\$ (4,636,016)
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	6,661,622	
Depreciation expense	<u>(4,677,495)</u>	1,984,127
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.		
		(28,971)
Some revenues reported in the Statement of Activities do not represent the collection of current financial resources and, therefore, are not reported as revenues on the governmental funds		
Intergovernmental revenues	1,034,163	
Special assessments	<u>15,722</u>	1,049,885
Collection of revenues in the governmental funds exceeded revenues reported in the Statement of Activities		
Property taxes		(28,938)
County pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the County's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
County pension contributions	3,700,293	
Pension expense	<u>(9,766,311)</u>	(6,066,018)
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		2,737,814
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.		
Increase in IBNR healthcare claim costs	(759,809)	
Increase in compensated absences	(221,520)	
Increase in claims and judgments	(122,625)	
Decrease in landfill closure and post-closure care costs	<u>10,799</u>	(1,093,155)
Some cash outlays, such as purchases of inventories, are reported as expenditures in the governmental funds when purchased. In the Statement of Activities, however, they are reported as expenses when consumed.		
Decrease in inventories	(111,109)	
Decrease in prepaid items	<u>(12,000)</u>	(123,109)
Change in net position of governmental activities		<u><u>\$ (6,204,381)</u></u>

See accompanying notes to financial statements.

Navajo County
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Investment Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 149,482,736	\$ 2,967,759
Total assets	\$ 149,482,736	\$ 2,967,759
Liabilities		
Due to other governments		\$ 777,724
Deposits held for others		2,190,035
Total liabilities		\$ 2,967,759
Net Position		
Held in trust for investment trust participants	\$ 149,482,736	

See accompanying notes to financial statements.

Navajo County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2015

	Investment Trust Funds
Additions:	
Contributions from participants	\$ 224,141,882
Net investment income	992,580
Total additions	225,134,462
 Deductions:	
Distributions to participants	211,321,652
 Change in net position	13,812,810
 Net position, July 1, 2014	135,669,926
 Net position, June 30, 2015	\$ 149,482,736

See accompanying notes to financial statements.

Navajo County
Notes to Financial Statements
June 30, 2015

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, 2015, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 69, *Government Combinations and Disposals of Governmental Operations*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension (assets and) liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB Statement No. 69 had no impact on the County's fiscal year 2015 financial statements, and the implementation of GASB Statement Nos. 68 and 71 had a significant effect on the financial statement amounts.

A. Reporting Entity

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

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

The following table describes the County's component units:

Component Unit	Description; Criteria for Inclusion	Reporting Method	For Separate Financial Statements
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	Blended	Not available

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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	Blended	Not available
Navajo County Health District	A tax-levying district that provides health services for the County's residents; the County's Board of Supervisors serves as the board of directors	Blended	Not available
White Mountain Lake Recreation District	A tax-levying district that provides recreational services for the White Mountain Lake Community; the County's Board of Supervisors serves as the board of directors	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	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 activities. Governmental activities generally are financed through taxes and intergovernmental revenues.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County allocates indirect expenses to the Public Works/HURF Fund, Flood Control District Fund, and special revenue funds reported as part of the Other Governmental Funds. Program revenues include:

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

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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

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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 net position 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

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of 1 year or less at the time of purchase are stated at amortized cost. All other investments are stated at cost, which approximates 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.

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F. 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.

G. Capital Assets

Capital assets are reported at actual cost or estimated historical cost if historical records are not available. Donated assets are reported at estimated fair value at the time received.

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	3-7 years
Infrastructure	10,000	Straight-line	35 years

H. 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.

I. Pensions

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

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J. Fund Balance Classifications

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

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

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

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

K. Investment Earnings

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

L. 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

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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 280 hours plus 75 percent of vacation hours earned in the employee's final year of employment. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but employees forfeit them upon terminating employment. However, upon retirement or death, employees who have accumulated at least 500 hours of sick leave and at least 5 continuous service years receive some benefit payments. Benefit payments vary based on the number of continuous service years but cannot exceed \$5,000. Accordingly, sick leave benefits do vest and, therefore, are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee retirements and deaths by fiscal year-end.

Note 2 - Change in Accounting Principle

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

	Governmental Activities
Net Position as previously reported at June 30, 2014	\$93,570,297
Prior period adjustment—implementation of GASB 68:	
Net pension liability (measurement date as of June 30, 2013)	54,836,809
Deferred outflows—county contributions made during fiscal year 2014	<u>(3,512,951)</u>
Total prior period adjustment	<u>51,323,858</u>
Net position as restated, July 1, 2014	<u>\$42,246,439</u>

Note 3 - Deposits and Investments

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are

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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. 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, 2015, the carrying amount of the County's deposits was \$54,871,947, and the bank balance was \$57,875,519. The County's formal policy is to follow collateralization requirements set forth in A.R.S. §35-323 as described above. Of the bank balance, \$57,187,657 was uninsured with collateral held by the pledging financial institution.

Investments—The County's investments at June 30, 2015, were as follows:

Investment	Amount
U.S. agency securities	\$105,498,195
U.S. Treasury securities	22,000,000
U.S. Treasury money market funds	63,208
	<u>\$127,561,403</u>

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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, 2015, credit risk for the County’s investments was as follows:

Investment Type	Rating	Rating Agency	Amount
U.S. agency securities	AAA	Moody’s	\$105,498,195
U.S. Treasury money market funds	Unrated	N/A	<u>63,208</u>
Total			<u>\$105,561,403</u>

Custodial credit risk—For an investment, custodial credit risk is the risk that, in the event of the counterparty’s failure, the County will not be able to recover the value of its investments or collateral securities that are in 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, 2015, the County had \$63,208 of U.S. Treasury money market funds that were uninsured, not registered in the County’s name and held by the counterparty’s trust department or agent but not in the County’s name.

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, 2015, of 5 percent or more in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, U.S. Treasury, Federal Farm Credit Banks, and Federal National Mortgage Association securities. These investments were 30.96 percent, 25.87 percent, 17.25 percent, 14.11 percent, and 11.76 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, 2015, the County had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity (In Years)
U.S. agency securities	\$105,498,195	1.995
U.S. Treasury securities	22,000,000	0.333
U.S. Treasury money market funds	<u>63,208</u>	0.003
	<u>\$127,561,403</u>	

At June 30, 2015, \$15,500,000 of the investments were in U.S. agency step-up securities and considered to be highly sensitive to interest rate changes. On specified dates, the issuer can call the security. If the security is not called, the interest rate is increased by a specified amount. Prevailing interest rates may increase faster than the increase in the coupon interest rate.

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A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Position follows:

Cash, deposits, and investments:

Cash on hand	\$ 10,269
Amount of deposits	54,871,947
Amount of investments	<u>127,561,403</u>
Total	<u>\$182,443,619</u>

	Governmental Activities	Investment Trust Funds	Agency Funds	Total
Statement of Net Position				
Cash and investments	\$29,939,915	\$149,482,736	\$2,967,759	\$182,390,410
Cash and investments held by trustee—restricted	<u>53,209</u>	<u> </u>	<u> </u>	<u>53,209</u>
Total	<u>\$29,993,124</u>	<u>\$149,482,736</u>	<u>\$2,967,759</u>	<u>\$182,443,619</u>

Note 4 - Due from Other Governments

Amounts due from other governments at June 30, 2015, are shown as follows:

	General Fund	Public Works/HURF Fund	Other Governmental Funds	Total
State-shared sales tax	\$ 747,946			\$ 747,946
County sales tax	607,129			607,129
State-shared vehicle license tax	97,464	\$102,318		199,782
Highway user revenue		725,639		725,639
Grants and contributions from state and federal governments	153,262	88,329	\$1,196,172	1,437,763
Reimbursements for services provided for governmental units	<u>32,113</u>	<u>2,345</u>	<u>255,115</u>	<u>289,573</u>
	<u>\$1,637,914</u>	<u>\$918,631</u>	<u>\$1,451,287</u>	<u>\$4,007,832</u>

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Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,601,070	\$ 60,216		\$ 5,661,286
Construction in progress	<u>10,106,492</u>	<u>5,557,375</u>	<u>\$12,495,710</u>	<u>3,168,157</u>
Total capital assets not being depreciated	<u>15,707,562</u>	<u>5,617,591</u>	<u>\$12,495,710</u>	<u>8,829,443</u>
Capital assets being depreciated:				
Buildings and improvements	37,459,871	12,586,162		50,046,033
Infrastructure	77,518,295	57,730		77,576,025
Machinery and equipment	<u>29,446,720</u>	<u>895,849</u>	<u>499,205</u>	<u>29,843,364</u>
Total	<u>144,424,886</u>	<u>13,539,741</u>	<u>499,205</u>	<u>157,465,422</u>
Less accumulated depreciation for:				
Buildings and improvements	18,050,064	1,180,320		19,230,384
Infrastructure	38,064,329	2,152,111		40,216,440
Machinery and equipment	<u>24,998,069</u>	<u>1,345,064</u>	<u>470,234</u>	<u>25,872,899</u>
Total	<u>81,112,462</u>	<u>4,677,495</u>	<u>470,234</u>	<u>85,319,723</u>
Total capital assets being depreciated, net	<u>63,312,424</u>	<u>8,862,246</u>	<u>28,971</u>	<u>72,145,699</u>
Governmental activities capital assets, net	<u>\$ 79,019,986</u>	<u>\$14,479,837</u>	<u>\$12,524,681</u>	<u>\$ 80,975,142</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 840,692
Public safety	1,053,087
Highways and streets	2,442,788
Health and welfare	192,922
Culture and recreation	2,226
Education	<u>145,780</u>
Total governmental activities depreciation expense	<u>\$4,677,495</u>

Note 6 - Construction and Other Significant Commitments

The County had major contractual commitments at June 30, 2015, for the construction of the Winslow Levee and rehabilitation of Woodruff/Snowflake Bridge. As of June 30, 2015, the County had spent \$3,168,157 on these projects and had remaining contractual commitments with contractors of \$3,543,520. These projects are being financed primarily through the Flood Control District Fund and Public Works/HURF Fund, respectively.

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Note 7 - Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2015:

Governmental activities	Balance July 1, 2014, as restated	Additions	Reductions	Balance June 30, 2015	Due within 1 year
Pledged revenue obligations payable	\$19,125,000		\$2,280,000	\$16,845,000	
Special assessment debt with governmental commitment	786,508		212,966	573,542	\$ 220,967
Capital leases payable	571,035		244,847	326,188	153,366
Net pension liability	54,836,809	\$10,116,995	4,549,346	60,404,458	35,878
Landfill closure and post-closure care costs payable	258,750		10,799	247,951	10,799
Compensated absences payable	1,930,692	1,567,532	1,346,012	2,152,212	1,373,800
Incurred but not reported healthcare claims payable		759,809		759,809	759,809
Claims and judgments payable		122,625		122,625	
Total	<u>\$77,508,794</u>	<u>\$12,566,961</u>	<u>\$8,643,970</u>	<u>\$81,431,785</u>	<u>\$2,554,619</u>

Pledged revenue and revenue refunding obligations—The County has issued pledged revenue obligations that are generally callable with interest payable semiannually. The Series 2013 pledged revenue and revenue refunding obligations of \$10,625,000 were issued for construction projects and refunding the Series 2008 Navajo County pledged revenue obligations. The obligations of \$10,625,000 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 of \$4,100,000 were issued 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 of \$4,400,000 were issued to construct and remodel jail facilities.

Pledged revenue and revenue refunding obligations outstanding at June 30, 2015, were as follows:

Description	Original Amount Issued	Maturity Ranges	Interest Rates	Outstanding Principal
Navajo County Pledged Revenue and Revenue Refunding Obligations, Series 2013	\$10,625,000	2016 – 2024	2.17%	\$ 8,640,000
Navajo County Pledged Revenue Refunding Obligations, Series 2012A	4,100,000	2016 – 2027	3.24%	3,805,000
Navajo County Pledged Revenue Obligations, Series 2012B	4,400,000	2016 – 2032	3.24%	<u>4,400,000</u>
Total				<u>\$16,845,000</u>

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Notes to Financial Statements
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The following schedule details debt service requirements to maturity for the County's pledged revenue obligations payable at June 30, 2015:

Year ending June 30	Governmental Activities	
	Principal	Interest
2016		\$ 226,665
2017	\$ 1,155,000	439,996
2018	1,185,000	412,975
2019	1,215,000	385,196
2020	1,230,000	356,849
2021-25	6,025,000	1,338,953
2026-30	4,190,000	643,626
2031-32	1,845,000	60,183
Total	<u>\$16,845,000</u>	<u>\$3,864,443</u>

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, 2015. At June 30, 2015, future pledged revenues through final maturity at July 1, 2031 totaled \$20,709,443, consisting of \$16,845,000 for principal and \$3,864,443 for interest. Future principal and interest payments are expected to require less than 7 percent of pledged sales tax revenues. Principal and interest paid for the current year and total current year revenues were \$3,014,997 and \$17,566,829, respectively.

Special assessment debt with governmental commitment—Special assessment debt is payable from assessments collected from property owners benefited by the respective improvements. The special assessment districts pledged these assessments to repay the principal amount of \$2,103,874 in special assessment debt. The proceeds were used to finance the construction or improvement of roads, water and wastewater systems, and community facilities. At June 30, 2015, future pledged revenues through final maturity at July 1, 2019, totaled \$636,075 consisting of \$573,542 for principal and \$62,533 for interest. Future principal and interest payments are expected to require 100 percent of pledged special assessment revenues. Principal and interest paid for the current year and total current year special assessment revenues were \$256,319 and \$231,966, respectively. While there is no legal obligation for the County to further secure the special assessment debt of the districts below, the County has made a moral commitment to take steps necessary to prevent default.

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

Description	Original Amount Issued	Maturity Ranges	Interest Rates	Outstanding Principal
Shumway Road	\$1,150,000	2016-2017	5.40%	\$285,000
Bucking Horse	524,000	2016-2019	5.75%	245,000
Scott's Pine Tract A	184,124	2016-2017	6.17%	27,236
Sutter Drive	245,750	2016	5.50%	16,306
Total	<u>\$2,103,874</u>			<u>\$573,542</u>

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

Year ending June 30	Governmental Activities	
	Principal	Interest
2016	\$220,967	\$31,606
2017	222,575	19,600
2018	63,000	7,475
2019	<u>67,000</u>	<u>3,852</u>
Total	<u>\$573,542</u>	<u>\$62,533</u>

Compensated absences—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2015, the County paid for compensated absences as follows: 67 percent from the General Fund, 11 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 2015 actuarial report. Accrued actuarial liabilities at June 30, 2015, for each insurable area are as follows:

	Amount
Medical	\$709,701
Dental	26,747
Pharmacy	<u>23,361</u>
Total	<u>\$759,809</u>

Claims and judgments payable—Claims and judgments are generally paid from the fund that accounts for the activity that gave rise to the claim. At June 30, 2015, the claims and judgments payable totally \$122,625 represents the deductible reserves on reported claims.

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

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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 11 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.

On July 1, 2014, Navajo County implemented a self-insured health benefits program in partnership with Summit Healthcare and the Aetna Network. The program offers three different comprehensive medical plans. The uninsured risk of loss per individual is \$250,000 per plan year. In addition, the County established an onsite health care facility named High Desert Health Care clinic in the County's Holbrook complex. 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 expenses are recorded in 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 eliminated at the government-wide level of the financial statements. The liability for incurred but not reported healthcare claims payable at June 30, 2015, is actuarial valued and disclosed in Note 7 for each insurable area.

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Note 9 - Fund Balance Classifications of the Governmental Funds

The fund balance classifications of the governmental funds as of June 30, 2015, were as follows:

	General Fund	Public Works/ HURF Fund	Flood Control District Fund	Other Governmental Funds	Total
Fund balances:					
Nonspendable:					
Inventories		\$ 981,163			\$ 981,163
Prepaid items				\$ 10,500	10,500
Total nonspendable		<u>981,163</u>		<u>10,500</u>	<u>991,663</u>
Restricted for:					
General government	\$1,273,833			1,044,986	2,318,819
Highways and streets		6,964,286		552,290	7,516,576
Public safety			\$7,717,745	70,001	7,787,746
Judicial activities				3,102,784	3,102,784
Social services				95,963	95,963
Library				13,838	13,838
Law enforcement				1,003,461	1,003,461
Health				636,573	636,573
Recreation				112,722	112,722
Education				402,287	402,287
Debt service				178,350	178,350
Capital projects				160,295	160,295
Total restricted	<u>1,273,833</u>	<u>6,964,286</u>	<u>\$7,717,745</u>	<u>7,373,550</u>	<u>23,329,414</u>
Assigned to:					
General government	2,567,772			100,000	2,667,772
Judicial activities	9,000				9,000
Law enforcement	259,636			40,524	300,160
Education				1,631,383	1,631,383
Debt service				780,578	780,578
Total assigned	<u>2,836,408</u>			<u>2,552,485</u>	<u>5,388,893</u>
Unassigned	<u>3,544,712</u>	<u>(7,736)</u>		<u>(1,678,936)</u>	<u>1,858,040</u>
Total fund balances	<u>\$7,654,953</u>	<u>\$7,937,713</u>	<u>\$7,717,745</u>	<u>\$ 8,257,599</u>	<u>\$31,568,010</u>

Note 10 - Pensions and Other Postemployment Benefits

The County contributes to the plans described below. The plans are component units of the State of Arizona.

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At June 30, 2015, the County reported the following aggregate amounts related to pensions for all plans to which it contributes:

	Governmental Activities
Statement of Net Position and Statement of Activities	
Net pension liabilities	\$60,404,458
Deferred outflows of resources	11,664,841
Deferred inflows of resources	7,531,749
Pension expense	9,766,311

The County's accrued payroll and employee benefits includes \$120,697 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2015. Also, the County reported \$3,700,293 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

A. Arizona State Retirement System

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

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

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

* With actuarially reduced benefits.

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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 survivor benefit is determined by the retirement benefit option chosen. 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, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the County was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.31 percent for retirement, 0.20 percent for health insurance premium benefit and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the County in positions that would typically be filled by an employee who contributes to the ASRS. The County's contributions to the pension plan for the year ended June 30, 2015, were \$2,098,505. The County's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

ASRS	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ended June 30		
2015	\$113,693	\$23,124
2014	100,058	40,023
2013	107,705	39,768

During fiscal year 2015, the County paid for ASRS pension and OPEB contributions as follows: 50 percent from the General Fund, 16 percent from the Public Works Fund, and 34 percent from other governmental funds.

Pension liability—At June 30, 2015, the County reported a liability of \$30,957,928 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. 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, 2013, to the measurement date of June 30, 2014. The County's proportion of the net pension liability was based on the

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County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2014, was 0.209224 percent, which was a decrease of 0.003195 from its proportion measured as of June 30, 2013.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2015, the County recognized pension expense for ASRS of \$1,875,287. At June 30, 2015, 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	\$1,573,372	
Net difference between projected and actual earnings on pension plan investments		\$5,413,586
Changes in proportion and differences between county contributions and proportionate share of contributions	53,739	426,125
County contributions subsequent to the measurement date	<u>2,098,505</u>	
Total	<u>\$3,725,616</u>	<u>\$5,839,711</u>

The \$2,098,505 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, 2016. 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	
2016	\$ (831,228)
2017	(831,228)
2018	(1,196,746)
2019	(1,353,398)

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

ASRS	
Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3–6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

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Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ASRS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	63%	7.03%
Fixed income	25%	3.20%
Real estate	8%	4.75%
Commodities	<u>4%</u>	4.50%
Total	<u>100%</u>	

Discount Rate—The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

ASRS	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
County’s proportionate share of the net pension liability	\$39,129,233	\$30,957,928	\$26,524,585

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

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

Plan descriptions—County sheriff employees and county attorney investigators who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP). The CORP administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan for county detention officers and dispatchers (agent plans), and a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for AOC officers (cost-sharing plans). The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS and CORP issue publicly available financial reports that include their financial statements and required supplementary information. The reports are available on the PSPRS Web site at www.psprs.com.

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

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

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PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	
CORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years any age 10 years age 62	25 years age 52.5 10 years age 62
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal Retirement	2.0% to 2.5% per year of credited service, not to exceed 80%	
Accidental Disability Retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service

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CORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
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 or normal retirement, whichever is greater	
Survivor Benefit		
Retired Members	80% of retired member's pension benefit	
Active Members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. 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, 2015, 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	30	1	8
Inactive employees entitled to but not yet receiving benefits	17		20
Active employees	<u>46</u>	-	<u>50</u>
Total	<u>93</u>	<u>1</u>	<u>78</u>

Contributions and annual OPEB cost—State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

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	PSPRS Sheriff	CORP	CORP AOC
Active members—Pension	11.05%	8.41%	8.41%
County			
Pension	33.18%	7.54%	14.88%
Health insurance premium benefit	1.33%	0.89%	1.24%

The County was required to contribute \$49,759 for the PSPRS Attorney Investigators Pension Plan based on the estimated actuarially required contribution for an inactive member.

In addition, the County was required by statute to contribute at the actuarially determined rate of 19.65 percent for the PSPRS of annual covered payroll of a retired member who worked for the County in a position that would typically be filled by an employee who contributes to the PSPRS.

For the agent plans, the County's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2015, were:

	PSPRS Sheriff	PSPRS Attorney Investigators	CORP Detention
Pension			
Contributions made	\$784,719	\$49,759	\$123,060
Health Insurance Premium Benefit			
Annual OPEB cost	\$31,455	\$0	\$14,526
Contributions made	\$31,455	\$0	\$14,526

Contributions to the CORP AOC pension plan for the year ended June 30, 2015, were \$279,677. The County's contributions for the current and 2 preceding years for the CORP AOC OPEB, all of which were equal to the required contributions, were as follows:

CORP AOC

	Health Insurance Fund
Year ended June 30	
2015	\$23,306
2014	20,950
2013	24,408

During fiscal year 2015, the County paid for PSPRS and CORP pension and OPEB contributions as follows: 80.31 percent from the General Fund and 19.69 percent from other governmental funds.

Pension liability—At June 30, 2015, the County reported the following net pension liabilities:

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	Net Pension Liability
PSPRS Sheriff	\$11,709,698
PSPRS Attorney Investigators	935,110
CORP	591,658
CORP AOC (County's proportionate share)	3,902,859

The net pension liabilities were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2014, reflect the following changes of benefit terms and actuarial assumptions.

- In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the plans changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.
- The wage growth actuarial assumption was decreased from 4.5 percent to 4.0 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, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%
Projected salary increases	4.0%–8.0% for PSPRS and 4.0%–7.25% for CORP
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.85 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:

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PSPRS and CORP		Target	Long-Term
Asset Class	Allocation	Allocation	Expected Real
			Rate of Return
Short term investments	2%	2%	3.25%
Absolute return	4%	4%	6.75%
Risk parity	4%	4%	6.04%
Fixed income	7%	7%	4.75%
Real assets	8%	8%	5.96%
GTAA	10%	10%	5.73%
Private equity	11%	11%	9.50%
Real estate	11%	11%	6.50%
Credit opportunities	13%	13%	8.00%
Non-U.S. equity	14%	14%	8.63%
U.S. equity	<u>16%</u>	<u>16%</u>	7.60%
Total	<u>100%</u>	<u>100%</u>	

Pension discount rates—The following discount rates were used to measure the total pension liabilities:

	PSPRS	PSPRS	CORP	CORP
	Sheriff	Attorney	CORP	AOC
Discount rates	7.85%	4.29%	7.85%	7.85%

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 PSPRS Sheriff, CORP Detention, and CORP AOC 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 for these plans to determine the total pension liability. However, based on the above assumptions, the PSPRS Attorney Investigators plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, to determine the total pension liability for this plan, the long-term expected rate of return on pension plan investments of 7.85 percent was applied to periods of projected benefit payments through the year ended June 30, 2015. A municipal bond rate of 4.29 percent obtained from the Federal Reserve statistical release (H.15) as of June 30, 2014, was applied to periods of projected benefit payments after June 30, 2015.

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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, 2014	<u>\$14,291,830</u>	<u>\$ 4,906,988</u>	<u>\$ 9,384,842</u>
Changes for the year:			
Service cost	426,843		426,843
Interest on the total pension liability	1,092,844		1,092,844
Changes of benefit terms	586,447		586,447
Differences between expected and actual experience in the measurement of the pension liability	(668,752)		(668,752)
Changes of assumptions or other inputs	2,472,745		2,472,745
Contributions—employer		691,037	(691,037)
Contributions—employee		233,105	(233,105)
Net investment income		675,189	(675,189)
Benefit payments, including refunds of employee contributions	(1,167,336)	(1,167,336)	
Administrative expense		(5,438)	5,438
Other changes		(8,622)	8,622
Net changes	<u>2,742,791</u>	<u>417,935</u>	<u>2,324,856</u>
Balances at June 30, 2015	<u>\$17,034,621</u>	<u>\$ 5,324,923</u>	<u>\$11,709,698</u>

PSPRS Attorney Investigators

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2014	<u>\$409,783</u>	<u>\$ 64,164</u>	<u>\$345,619</u>
Changes for the year:			
Service cost			
Interest on the total pension liability	30,804		30,804
Changes of benefit terms	28,416		28,416
Differences between expected and actual experience in the measurement of the pension liability	1,839		1,839
Changes of assumptions or other inputs	535,143		535,143
Contributions—employer			
Contributions—employee			
Net investment income		6,765	(6,765)
Benefit payments, including refunds of employee contributions	(34,741)	(34,741)	
Administrative expense		(54)	54
Other changes			
Net changes	<u>561,461</u>	<u>(28,030)</u>	<u>589,491</u>
Balances at June 30, 2015	<u>\$971,244</u>	<u>\$ 36,134</u>	<u>\$935,110</u>

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CORP	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
	<u>\$3,806,758</u>	<u>\$3,021,087</u>	<u>\$ 785,671</u>
Balances at June 30, 2014	<u>\$3,806,758</u>	<u>\$3,021,087</u>	<u>\$ 785,671</u>
Changes for the year:			
Service cost	262,381		262,381
Interest on the total pension liability	298,329		298,329
Changes of benefit terms	35,245		35,245
Differences between expected and actual experience in the measurement of the pension liability	(414,141)		(414,141)
Changes of assumptions or other inputs	240,204		240,204
Contributions—employer		142,344	(142,344)
Contributions—employee		141,818	(141,818)
Net investment income		417,329	(417,329)
Benefit payments, including refunds of employee contributions	(275,163)	(275,163)	
Administrative expense		(3,281)	3,281
Other changes		(82,179)	82,179
Net changes	<u>146,855</u>	<u>340,868</u>	<u>(194,013)</u>
Balances at June 30, 2015	<u>\$3,953,613</u>	<u>\$3,361,955</u>	<u>\$ 591,658</u>

The County's proportion of the CORP AOC net pension liability as of June 30, 2013 and 2014, 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, 2014. The County's proportion measured as of June 30, 2013 and 2014, was 1.739296 percent.

Sensitivity of the County's net pension liability to changes in the discount rate—

The following table presents the County's net pension liabilities calculated using the discount rates noted above, 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 or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
PSPRS Sheriff			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$13,641,272	\$11,709,698	\$10,097,351
PSPRS Attorney Investigators			
Rate	3.29%	4.29%	5.29%
Net pension liability	\$1,122,517	\$935,110	\$790,219
CORP			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$1,115,198	\$591,658	\$159,873
CORP AOC			
Rate	6.85%	7.85%	8.85%
County's proportionate share of the net pension liability	\$5,153,634	\$3,902,859	\$2,863,632

Navajo County
Notes to Financial Statements
June 30, 2015

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, 2015, the County recognized the following pension expense:

	Pension Expense
PSPRS Sheriff	\$1,782,545
PSPRS Attorney Investigators	591,747
CORP	227,973
CORP AOC (County's proportionate share)	522,250

Pension deferred outflows/inflows of resources—At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS Sheriff		
Differences between expected and actual experience		\$540,693
Changes of assumptions or other inputs	\$1,999,239	
Net difference between projected and actual earnings on pension plan investments		225,198
County contributions subsequent to the measurement date	<u>784,719</u>	
Total	<u>\$2,783,958</u>	<u>\$765,891</u>
PSPRS Attorney Investigators		
Net difference between projected and actual earnings on pension plan investments		\$2,256
County contributions subsequent to the measurement date	<u>\$49,759</u>	
Total	<u>\$49,759</u>	<u>\$2,256</u>

Navajo County
Notes to Financial Statements
June 30, 2015

CORP Detention	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$335,948
Changes of assumptions or other inputs	\$194,852	
Net difference between projected and actual earnings on pension plan investments		138,546
County contributions subsequent to the measurement date	<u>123,060</u>	
Total	<u>\$317,912</u>	<u>\$474,494</u>
CORP AOC	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 185,258	
Changes of assumptions or other inputs	573,393	
Net difference between projected and actual earnings on pension plan investments		\$216,062
County contributions subsequent to the measurement date	<u>279,677</u>	
Total	<u>\$1,038,328</u>	<u>\$216,062</u>

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, 2016. 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 Detention	CORP AOC
Year ending June 30				
2016	\$289,147	\$(564)	\$(67,477)	\$111,643
2017	289,147	(564)	(67,477)	111,643
2018	289,147	(564)	(67,477)	111,643
2019	289,147	(564)	(67,477)	111,643
2020	76,758	-	(9,733)	96,017

Agent plan OPEB actuarial assumptions—The health insurance premium benefit contribution requirements for the year ended June 30, 2015, were established by the June 30, 2013, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Navajo County
Notes to Financial Statements
June 30, 2015

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

Projections of benefits are based on (1) the plans as the County and plans' members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS and CORP plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2015 contribution requirements:

PSPRS and CORP—OPEB Contribution Requirements

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.5%–8.5% for PSPRS and 4.5%–7.75% for CORP
Wage growth	4.5% for PSPRS and CORP

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

Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS Sheriff			
2015	\$31,455	100%	\$ 0
2014	24,895	100	0
2013	27,468	30.6	(19,053)

Navajo County
Notes to Financial Statements
June 30, 2015

Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS Attorney Investigators			
2015	\$ 0	0%	\$ 0
2014	0	0	0
2013	0	0	0
CORP Detention			
2015	\$14,526	100%	\$ 0
2014	14,501	100	0
2013	17,622	0	(17,622)

Agent plan OPEB funded status—The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2015, along with the actuarial assumptions and methods used in those valuations follow.

	PSPRS Sheriff	PSPRS Attorney Investigators	CORP Detention
Actuarial value of assets (a)	\$ 602,123	\$ 7,274	\$ 329,954
Actuarial accrued liability (b)	351,023	18,907	129,078
Unfunded actuarial accrued liability (funding excess) (b) – (a)	(251,100)	11,633	(200,876)
Funded ratio (a)/(b)	171.53%	38.47%	255.62%
Annual covered payroll (c)	2,324,267	0	1,493,854
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) – (a) / (c)	0%	0%	0%

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

PSPRS and CORP—OPEB Funded Status

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

Navajo County
Notes to Financial Statements
June 30, 2015

C. Elected Officials Retirement Plan

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

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

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

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

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning.

Navajo County
Notes to Financial Statements
June 30, 2015

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, 2015, active EORP members were required by statute to contribute 13 percent of the members’ annual covered payroll, and the County was required to contribute 23.5 percent of active EORP members’ annual covered payroll. In addition, the County was required by statute to contribute 23.5 percent of annual covered payroll of retired members who worked for the County in positions that would typically be filled by an employee who contributes to the EORP. The County’s contributions to the pension plan for the year ended June 30, 2015, were \$364,573. No OPEB contributions were required or made for the year ended June 30, 2015. The County’s OPEB contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

EORP	Health Insurance Fund
Year ended June 30	
2015	\$ 0
2014	26,588
2013	30,016

During fiscal year 2015, the County paid for EORP pension contributions as follows: 100 percent from the General Fund.

Pension liability—At June 30, 2015, 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	\$12,307,206
State’s proportionate share of the EORP net pension liability associated with the County	<u>3,773,504</u>
Total	<u>\$16,080,710</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, for the June 30, 2014, actuarial valuation, the plan changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.

Navajo County
Notes to Financial Statements
June 30, 2015

The County's proportion of the net pension liability as of June 30, 2013 and 2014, was based on the County's actual contributions to the plan relative to the total of all participating employers' actual contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2013 and 2014, was 1.8353296 percent.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2015, the County recognized pension expense for EORP of \$4,766,509 and revenue of \$1,118,510 for the County's proportionate share of the State's appropriation to EORP. At June 30, 2015, 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	\$ 54,078	
Changes of assumptions or other inputs	3,330,617	
Net difference between projected and actual earnings on pension plan investments		\$233,335
County contributions subsequent to the measurement date	<u>364,573</u>	
Total	<u>\$3,749,268</u>	<u>\$233,335</u>

The \$364,573 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, 2016. 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	
2016	\$1,890,926
2017	1,377,101
2018	(58,334)
2019	(58,334)

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

EORP	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	7.85%
Projected salary increases	4.25%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table projected to 2025 with projection scale AA

Navajo County
Notes to Financial Statements
June 30, 2015

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.85 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 Real Rate of Return
Short term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	<u>16%</u>	7.60%
Total	<u>100%</u>	

Discount rate—At June 30 2014, the discount rate used to measure the EORP total pension liability was 5.67 percent, which was a decrease of 2.18 from the discount rate used as of June 30, 2013. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the statutorily set rates, and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, to determine the total pension liability for the plan, the long-term expected rate of return on pension plan investments of 7.85 percent was applied to periods of projected benefit payments through the year ended June 30, 2030. A municipal bond rate of 4.29 percent obtained from the 20-year Bond Buyer Index, as published by the Federal Reserve as of June 30, 2014, was applied to periods of projected benefit payments after June 30, 2030.

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 5.67 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 (4.67 percent) or 1 percentage point higher (6.67 percent) than the current rate:

Navajo County
Notes to Financial Statements
June 30, 2015

EORP	1% Decrease (4.67%)	Current Discount Rate (5.67%)	1% Increase (6.67%)
County's proportionate share of the net pension liability	\$14,367,636	\$12,307,206	\$10,567,500

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

Note 11 - Interfund Balances and Activity

Interfund receivables and payables—Interfund balances at June 30, 2015, were as follows:

Payable from	Payable To		
	General Fund	Other Governmental Funds	Total
General Fund		\$ 444	\$ 444
Public Works/HURF Fund	\$ 28,371		28,371
Flood Control District Fund	246		246
Other Governmental Funds	<u>178,923</u>	<u>114,718</u>	<u>293,641</u>
Total	<u>\$207,540</u>	<u>\$115,162</u>	<u>\$322,702</u>

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, 2015, were as follows:

Transfer from	Transfers To		
	General Fund	Other Governmental Funds	Total
General Fund		\$1,612,584	\$1,612,584
Public Works/HURF Fund	\$ 792,745	509,513	1,302,258
Flood Control District Fund	1,010,057		1,010,057
Other Governmental Funds	<u>1,475,640</u>	<u>224,470</u>	<u>1,700,110</u>
Total	<u>\$3,278,442</u>	<u>\$2,346,567</u>	<u>\$5,625,009</u>

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

Navajo County
Notes to Financial Statements
June 30, 2015

General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 12 - County Treasurer's Investment Pool

Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The Treasurer has a fiduciary responsibility to administer those and the County's monies under his 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 \$897,668 in deposits and \$53,209 of cash and investments held by trustee. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks. See Note 3 for disclosure of the County's deposit and investment risks.

Details of each major investment classification follow:

Investment Type	Principal	Interest Rates	Maturities	Amount
U.S. agency securities	\$105,498,195	.5 % - 1.40%	09/16 – 11/19	\$105,498,195
U.S. Treasury securities	22,000,000	.50% - .88%	12/16 – 08/17	22,000,000
U.S. Treasury money market funds	10,000	.02%	N/A	10,000

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

Statement of Net Position	
Assets	\$181,482,473
Liabilities	<u>2,116,070</u>
Net position	<u>\$179,366,403</u>
Net position held in trust for:	
Internal participants	\$ 29,883,667
External participants	<u>149,482,736</u>
Total net position held in trust	<u>\$179,366,403</u>

Navajo County
Notes to Financial Statements
June 30, 2015

Statement of Changes in Net Position

Total additions	\$298,637,827
Total deductions	<u>282,630,483</u>
Net increase	<u>16,007,344</u>
Net position held in trust:	
July 1, 2014	<u>163,359,059</u>
June 30, 2015	<u>\$179,366,403</u>



OTHER REQUIRED SUPPLEMENTARY INFORMATION

Navajo County
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 7,666,474	\$ 7,816,586	\$ 150,112
County sales tax	6,816,000	6,674,867	(141,133)
Licenses and permits	475,928	418,597	(57,331)
Fines and forfeits	798,250	863,371	65,121
Intergovernmental	15,360,092	16,109,417	749,325
Charges for services	6,724,134	7,672,018	947,884
Investment earnings	46,470	46,693	223
Miscellaneous	576,126	525,931	(50,195)
Total revenues	<u>38,463,474</u>	<u>40,127,480</u>	<u>1,664,006</u>
Expenditures:			
General government			
Board of Supervisors/Administration	3,007,440	2,150,765	856,675
Buildings and Grounds	2,000,490	1,842,859	157,631
Elections	803,148	407,914	395,234
Planning and Zoning	402,436	313,423	89,013
Recorder	285,563	242,355	43,208
Voter Registration	224,738	154,173	70,565
Assessor	1,371,624	1,185,498	186,126
Information Technology	977,574	854,134	123,440
Treasurer	465,815	477,004	(11,189)
Personnel Commission	12,000	7,023	4,977
Fleet Management	50,000	8,531	41,469
County-wide	7,591,766	7,189,615	402,151
Legal Defender	364,941	385,094	(20,153)
County Attorney	2,406,703	2,342,684	64,019
Superior Court	2,866,194	2,903,123	(36,929)
Public Defender	1,043,566	730,364	313,202
Clerk of Court	1,367,171	1,147,465	219,706
Holbrook Justice Court	351,503	351,698	(195)
Winslow Justice Court	338,552	342,441	(3,889)
Snowflake Justice Court	386,157	387,550	(1,393)
Show Low Justice Court	298,128	262,966	35,162
Pinetop Justice Court	350,121	342,228	7,893

(Continued)

See accompanying note to budgetary comparison schedules.

Navajo County
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2015
 (Continued)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Kayenta Justice Court	\$ 106,567	\$ 103,180	\$ 3,387
Kayenta Constable	30,174	34,197	(4,023)
Pinetop Constable	72,671	65,044	7,627
Snowflake Constable	59,397	54,454	4,943
Holbrook Constable	41,859	34,041	7,818
Winslow Constable	40,372	43,530	(3,158)
Show Low Constable	66,884	62,831	4,053
Total general government	<u>27,383,554</u>	<u>24,426,184</u>	<u>2,957,370</u>
Public safety			
Juvenile Detention	1,317,081	1,003,679	313,402
Juvenile Probation	473,332	399,333	73,999
Adult Probation	589,957	558,269	31,688
Jail Operations	5,071,226	3,875,081	1,196,145
Sheriff	5,836,887	5,261,087	575,800
Total public safety	<u>13,288,483</u>	<u>11,097,449</u>	<u>2,191,034</u>
Health and welfare			
Public Fiduciary	463,919	430,855	33,064
Indigent Health	3,416,000	3,301,663	114,337
Total health and welfare	<u>3,879,919</u>	<u>3,732,518</u>	<u>147,401</u>
Education			
School Superintendent	<u>329,954</u>	<u>322,289</u>	<u>7,665</u>
Capital outlay	<u>1,702,500</u>	<u>855,330</u>	<u>847,170</u>
Contingency	<u>4,300,000</u>	<u>-</u>	<u>4,300,000</u>
Total expenditures	<u>50,884,410</u>	<u>40,433,770</u>	<u>10,450,640</u>
Excess (deficiency) of revenues over expenditures	<u>(12,420,936)</u>	<u>(306,290)</u>	<u>12,114,646</u>

(Continued)

See accompanying note to budgetary comparison schedules.

Navajo County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2015
(Continued)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Other financing sources (uses):			
Sale of capital assets		\$ 43,760	\$ 43,760
Transfers in	\$ 9,160,214	3,278,442	(5,881,772)
Transfers out	(3,866,138)	(1,612,584)	2,253,554
Total other financing sources and uses	<u>5,294,076</u>	<u>1,709,618</u>	<u>(3,584,458)</u>
Net change in fund balances	(7,126,860)	1,403,328	8,530,188
Fund balances, July 1, 2014	<u>7,126,860</u>	<u>6,251,625</u>	<u>(875,235)</u>
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ 7,654,953</u>	<u>\$ 7,654,953</u>

See accompanying note to budgetary comparison schedules.

Navajo County
Required Supplementary Information
Budgetary Comparison Schedule
Public Works/HURF Fund
Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 10,481,283	\$ 11,431,446	\$ 950,163
Charges for services	521,823	100,758	(421,065)
Investment earnings	47,224	43,170	(4,054)
Miscellaneous	69,654	55,187	(14,467)
Total revenues	<u>11,119,984</u>	<u>11,630,561</u>	<u>510,577</u>
Expenditures:			
Highways and streets	16,560,791	10,229,232	6,331,559
Total expenditures	<u>16,560,791</u>	<u>10,229,232</u>	<u>6,331,559</u>
Excess (deficiency) of revenues over expenditures	<u>(5,440,807)</u>	<u>1,401,329</u>	<u>6,842,136</u>
Other financing sources (uses):			
Transfers out	(1,352,258)	(1,302,258)	50,000
Total other financing sources and uses	<u>(1,352,258)</u>	<u>(1,302,258)</u>	<u>50,000</u>
Net change in fund balances	(6,793,065)	99,071	6,892,136
Fund balances, July 1, 2014	6,793,065	7,949,751	1,156,686
Increase in reserve for inventories		(111,109)	(111,109)
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ 7,937,713</u>	<u>\$ 7,937,713</u>

See accompanying note to budgetary comparison schedules.

Navajo County
Required Supplementary Information
Budgetary Comparison Schedule
Flood Control District Fund
Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 1,837,200	\$ 1,861,197	\$ 23,997
Intergovernmental		21	21
Investment earnings	50,997	54,007	3,010
Miscellaneous	40	-	(40)
Total revenues	<u>1,888,237</u>	<u>1,915,225</u>	<u>26,988</u>
Expenditures:			
Public safety	<u>8,814,072</u>	<u>1,220,974</u>	<u>7,593,098</u>
Total expenditures	<u>8,814,072</u>	<u>1,220,974</u>	<u>7,593,098</u>
Excess (deficiency) of revenues over expenditures	<u>(6,925,835)</u>	<u>694,251</u>	<u>7,620,086</u>
Other financing uses:			
Transfers out	<u>(1,010,057)</u>	<u>(1,010,057)</u>	<u>-</u>
Total other financing uses	<u>(1,010,057)</u>	<u>(1,010,057)</u>	<u>-</u>
Net change in fund balances	(7,935,892)	(315,806)	7,620,086
Fund balances, July 1, 2014	7,935,892	8,033,551	97,659
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ 7,717,745</u>	<u>\$ 7,717,745</u>

See accompanying note to budgetary comparison schedules.

Navajo County
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2015

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.

Navajo County
 Required Supplementary Information
 Schedule of the County's Proportionate Share of the Net Pension Liability
 Cost-Sharing Pension Plans
 June 30, 2015

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Arizona State Retirement System		
County's proportion of the net pension liability	0.21%	Information
County's proportionate share of the net pension liability	\$ 30,957,928	not available
County's covered-employee payroll	\$ 18,860,000	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	164.15%	
Plan fiduciary net position as a percentage of the total pension liability	69.49%	
Corrections Officer Retirement Plan—Administrative Office of the Courts		
Reporting Fiscal Year (Measurement Date)		
	2015 (2014)	2014 through 2006
County's proportion of the net pension liability	1.74%	Information
County's proportionate share of the net pension liability	\$ 3,902,859	not available
County's covered-employee payroll	\$ 1,854,011	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	210.51%	
Plan fiduciary net position as a percentage of the total pension liability	58.59%	
Elected Officials Retirement Plan		
Reporting Fiscal Year (Measurement Date)		
	2015 (2014)	2014 through 2006
County's proportion of the net pension liability	1.84%	Information
County's proportionate share of the net pension liability	\$ 12,307,206	not available
State's proportionate share of the net pension liability associated with the County	3,773,504	
Total	<u>\$ 16,080,710</u>	
County's covered-employee payroll	\$ 1,704,339	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	722.11%	
Plan fiduciary net position as a percentage of the total pension liability	31.91%	

See accompanying notes to pension plan schedules.

Navajo County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension Liability and Related Ratios
Agent Pension Plans
June 30, 2015

PSPRS Sheriff

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Total pension liability		Information not available
Service cost	\$ 426,843	
Interest on the total pension liability	1,092,844	
Changes of benefit terms	586,447	
Differences between expected and actual experience in the measurement of the pension liability	(668,752)	
Changes of assumptions or other inputs	2,472,745	
Benefit payments, including refunds of employee contributions	(1,167,336)	
Net change in total pension liability	2,742,791	
Total pension liability—beginning	14,291,830	
Total pension liability—ending (a)	<u>\$ 17,034,621</u>	
Plan fiduciary net position		
Contributions—employer	\$ 691,037	
Contributions—employee	233,105	
Net investment income	675,189	
Benefit payments, including refunds of employee contributions	(1,167,336)	
Administrative expense	(5,438)	
Other changes	(8,622)	
Net change in plan fiduciary net position	417,935	
Plan fiduciary net position—beginning	4,906,988	
Plan fiduciary net position—ending (b)	<u>\$ 5,324,923</u>	
County's net pension liability—ending (a) – (b)	<u>\$ 11,709,698</u>	
Plan fiduciary net position as a percentage of the total pension liability	31.26%	
Covered-employee payroll	\$ 2,080,278	
County's net pension liability as a percentage of covered- employee payroll	562.89%	

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, 2015

PSPRS Attorney Investigators

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Total pension liability		Information not available
Service cost	\$ -	
Interest on the total pension liability	30,804	
Changes of benefit terms	28,416	
Differences between expected and actual experience in the measurement of the pension liability	1,839	
Changes of assumptions or other inputs	535,143	
Benefit payments, including refunds of employee contributions	(34,741)	
Net change in total pension liability	561,461	
Total pension liability—beginning	409,783	
Total pension liability—ending (a)	<u>\$ 971,244</u>	
Plan fiduciary net position		
Net investment income	\$ 6,765	
Benefit payments, including refunds of employee contributions	(34,741)	
Administrative expense	(54)	
Other changes	-	
Net change in plan fiduciary net position	(28,030)	
Plan fiduciary net position—beginning	64,164	
Plan fiduciary net position—ending (b)	<u>\$ 36,134</u>	
County's net pension liability—ending (a) – (b)	<u>\$ 935,110</u>	
Plan fiduciary net position as a percentage of the total pension liability	3.72%	
Covered-employee payroll	\$ -	
County's net pension liability as a percentage of covered- employee payroll	0.00%	

See accompanying notes to pension plan schedules.

Navajo County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension Liability and Related Ratios
Agent Pension Plans
June 30, 2015

CORP Detention

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Total pension liability		Information
Service cost	\$ 262,381	not available
Interest on the total pension liability	298,329	
Changes of benefit terms	35,245	
Differences between expected and actual experience in the measurement of the pension liability	(414,141)	
Changes of assumptions or other inputs	240,204	
Benefit payments, including refunds of employee contributions	(275,163)	
Net change in total pension liability	146,855	
Total pension liability—beginning	3,806,758	
Total pension liability—ending (a)	<u>\$ 3,953,613</u>	
Plan fiduciary net position		
Contributions—employer	\$ 142,344	
Contributions—employee	141,818	
Net investment income	417,329	
Benefit payments, including refunds of employee contributions	(275,163)	
Administrative expense	(3,281)	
Other changes	(82,179)	
Net change in plan fiduciary net position	340,868	
Plan fiduciary net position—beginning	3,021,087	
Plan fiduciary net position—ending (b)	<u>\$ 3,361,955</u>	
County's net pension liability—ending (a) – (b)	<u>\$ 591,658</u>	
Plan fiduciary net position as a percentage of the total pension liability	85.04%	
Covered-employee payroll	\$ 1,618,689	
County's net pension liability as a percentage of covered- employee payroll	36.55%	

See accompanying notes to pension plan schedules.

Navajo County
 Required Supplementary Information
 Schedule of County Pension Contributions
 June 30, 2015

Arizona State Retirement System

	Reporting Fiscal Year		
	2015	2014	2013-2006
Statutorily required contribution	\$ 2,098,505	\$ 2,018,020	Information not available
County's contributions in relation to the statutorily required contribution	2,098,505	2,018,020	
County's contribution deficiency (excess)	\$ -	\$ -	
County's covered-employee payroll	\$ 19,270,018	\$ 18,860,000	
County's contributions as a percentage of covered-employee payroll	10.89%	10.70%	

Corrections Officer Retirement Plan—Administrative Office of the Courts

	Reporting Fiscal Year		
	2015	2014	2013-2006
Statutorily required contribution	\$ 279,677	\$ 270,489	Information not available
County's contributions in relation to the statutorily required contribution	279,677	270,489	
County's contribution deficiency (excess)	\$ -	\$ -	
County's covered-employee payroll	\$ 1,879,552	\$ 1,871,896	
County's contributions as a percentage of covered-employee payroll	14.88%	14.45%	

Elected Officials Retirement Plan

	Reporting Fiscal Year		
	2015	2014	2013-2006
Statutorily required contribution	\$ 364,573	\$ 391,061	Information not available
County's contributions in relation to the statutorily required contribution	364,573	391,061	
County's contribution deficiency (excess)	\$ -	\$ -	
County's covered-employee payroll	\$ 1,551,376	\$ 1,688,519	
County's contributions as a percentage of covered-employee payroll	23.50%	23.16%	

See accompanying notes to pension plan schedules.

Navajo County
 Required Supplementary Information
 Schedule of County Pension Contributions
 June 30, 2015

PSPRS Sheriff

	Reporting Fiscal Year		
	2015	2014	2013-2006
Actuarially determined contribution	\$ 784,719	\$ 691,037	Information not available
County's contributions in relation to the actuarially determined contribution	784,719	691,037	
County's contribution deficiency (excess)	\$ -	\$ -	
County's covered-employee payroll	\$ 2,365,037	\$ 2,080,278	
County's contributions as a percentage of covered-employee payroll	33.18%	33.22%	

PSPRS Attorney Investigators

	Reporting Fiscal Year		
	2015	2014	2013-2006
Actuarially determined contribution	\$ 49,759	\$ -	Information not available
County's contributions in relation to the actuarially determined contribution	49,759	-	
County's contribution deficiency (excess)	\$ -	\$ -	
County's covered-employee payroll	\$ -	\$ -	
County's contributions as a percentage of covered-employee payroll	0.00%	0.00%	

CORP Detention

	Reporting Fiscal Year		
	2015	2014	2013-2006
Actuarially determined contribution	\$ 123,060	\$ 142,344	Information not available
County's contributions in relation to the actuarially determined contribution	123,060	142,311	
County's contribution deficiency (excess)	\$ -	\$ 33	
County's covered-employee payroll	\$ 1,632,100	\$ 1,618,689	
County's contributions as a percentage of covered-employee payroll	7.54%	8.79%	

See accompanying notes to pension plan schedules.

Navajo County
 Required Supplementary Information
 Notes to Pension Plan Schedules
 June 30, 2015

Note 1 - Actuarially Determined Contribution Rates

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

Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2013 actuarial valuation	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 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 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

Note 2 - PSPRS Attorney Investigators Pension Plan

The County does not have an active employee that participates in the PSPRS Attorney Investigators Plan. Therefore, the County contribution of \$49,759 was not required until fiscal year 2015 which was based on the actuarially calculated amount for an inactive member.

Navajo County
 Required Supplementary Information
 Schedule of Agent OPEB Plans' Funding Progress
 June 30, 2015

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) – (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b) – (a)/c)
PSPRS Sheriff						
6/30/15	\$ 602,123	\$ 351,023	\$ (251,100)	171.53%	\$ 2,324,267	0%
6/30/14	553,923	293,122	(260,801)	188.97%	\$ 2,080,280	0
6/30/13	-	297,397	297,397	-	2,232,165	13.3
PSPRS						
Attorney Investigators						
6/30/15	\$ 7,274	\$ 18,907	\$ 11,633	38.47%	\$ -	0%
6/30/14	7,930	-	(7,930)	-	\$ -	0
6/30/13	-	-	-	-	-	-
CORP						
6/30/15	\$ 329,954	\$ 129,078	\$ (200,876)	255.62%	\$ 1,493,854	0%
6/30/14	302,076	138,877	(163,199)	217.51%	1,618,686	0
6/30/13	-	143,461	143,461	-	1,787,485	8

See accompanying notes to schedule of agent OPEB plans' funding progress

Navajo County
Required Supplementary Information
Notes to Schedule of Agent OPEB Plans' Funding Progress
June 30, 2015

Note 1 - Factors That Affect the Identification of Trends

Beginning in fiscal year 2014, PSPRS and CORP established separate funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plans transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from each plan's Pension Fund to the new Health Insurance Fund.



SUPPLEMENTARY INFORMATION

Navajo County
Nonmajor Governmental Funds
June 30, 2015

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 District	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.

Navajo County
Nonmajor Governmental Funds
June 30, 2015

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 Investment Act (WIA) Accounts for administration of the federal Workforce Investment Act (WIA) program. Funding is from federal grants.

Capital Projects Funds

Public Works Construction Accounts for construction of the public works complex in Holbrook and it is funded through pledged revenue obligations.

Detention Facility Construction Accounts for construction of medical, kitchen and laundry detention facilities and remodeling the existing county jail and it is funded through pledged revenue obligations.

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
Year Ended June 30, 2015

	Special Revenue			
	Administration	County Attorney	Courts	Environmental and Conservation
Assets				
Cash and investments	\$ 511,598	\$ 1,476,514	\$ 1,369,275	\$ 593,633
Cash and investments held by trustee-restricted				
Receivables (net of allowance for uncollectibles):				
Property taxes				
Accounts receivable	10,300	3,547		
Special assessments				
Due from:				
Other funds		51,976		
Other governments	51,559	113,270	6,818	
Prepaid items				
Total assets	<u>\$ 573,457</u>	<u>\$ 1,645,307</u>	<u>\$ 1,376,093</u>	<u>\$ 593,633</u>
Liabilities				
Accounts payable	\$ 846	\$ 33,412	\$ 13,073	\$ 1,006
Accrued payroll and employee benefits	10,791	51,654	34,006	5,546
Due to:				
Other funds	10,137	59,377	40,311	628
Other governments	353	7,863	15,929	49
Pledged revenue obligations payable				
Interest payable				
Total liabilities	<u>22,127</u>	<u>152,306</u>	<u>103,319</u>	<u>7,229</u>
Deferred Inflows of Resources				
Unavailable revenue—property taxes				
Unavailable revenue—special assessments				
Unavailable revenue—intergovernmental		2,200		
Total deferred inflows of resources		<u>2,200</u>		
Fund balances				
Nonspendable				
Restricted	520,942	1,578,808	1,378,506	594,045
Assigned	100,000			
Unassigned	(69,612)	(88,007)	(105,732)	(7,641)
Total fund balances(deficits)	<u>551,330</u>	<u>1,490,801</u>	<u>1,272,774</u>	<u>586,404</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 573,457</u>	<u>\$ 1,645,307</u>	<u>\$ 1,376,093</u>	<u>\$ 593,633</u>

(continued)

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Special Revenue			
	Housing	Library District	Probation	Public Defense
Assets				
Cash and investments		\$ 23,942	\$ 719,421	\$ 125,985
Cash and investments held by trustee-restricted				
Receivables (net of allowance for uncollectibles):				
Property taxes		32,371		
Accounts receivable		30		410
Special assessments				
Due from:				
Other funds				15,727
Other governments		15,785		5,014
Prepaid items				
Total assets		\$ 72,128	\$ 719,421	\$ 147,136
Liabilities				
Accounts payable		\$ 25,125	\$ 40,982	\$ 1,493
Accrued payroll and employee benefits	\$ 5,293	9,953	85,219	167
Due to:				
Other funds		1,629	11,861	
Other governments	13	462	24,044	6
Pledged revenue obligations payable				
Interest payable				
Total liabilities	5,306	37,169	162,106	1,666
Deferred Inflows of Resources				
Unavailable revenue–property taxes		22,235		
Unavailable revenue–special assessments				
Unavailable revenue–intergovernmental				
Total deferred inflows of resources		22,235		
Fund balances				
Nonspendable				
Restricted		13,838	633,762	145,470
Assigned				
Unassigned	(5,306)	(1,114)	(76,447)	
Total fund balances(deficits)	(5,306)	12,724	557,315	145,470
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 72,128	\$ 719,421	\$ 147,136

(continued)

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Special Revenue			
	Public Health District	Recreation District	Sheriff's Office	Special Districts
Assets				
Cash and investments		\$ 106,594		\$ 511,753
Cash and investments held by trustee-restricted				
Receivables (net of allowance for uncollectibles):				
Property taxes	\$ 83,911	52,357		
Accounts receivable	3,439		\$ 7,320	
Special assessments				9,113
Due from:				
Other funds			47,459	
Other governments	758,432		160,873	33,629
Prepaid items			10,500	
Total assets	<u>\$ 845,782</u>	<u>\$ 158,951</u>	<u>\$ 226,152</u>	<u>\$ 554,495</u>
Liabilities				
Accounts payable	\$ 54,656	\$ 277	\$ 5,212	
Accrued payroll and employee benefits	116,426		43,235	
Due to:				
Other funds	68,761		70,351	
Other governments	28,757	1,971	47,433	
Pledged revenue obligations payable				
Interest payable				
Total liabilities	<u>268,600</u>	<u>2,248</u>	<u>166,231</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue—property taxes	59,124			
Unavailable revenue—special assessments		43,981		6,917
Unavailable revenue—intergovernmental	230,952		52,252	
Total deferred inflows of resources	<u>290,076</u>	<u>43,981</u>	<u>52,252</u>	<u>6,917</u>
Fund balances				
Nonspendable			10,500	
Restricted	636,573	112,722	369,699	552,290
Assigned			40,524	
Unassigned	(349,467)		(413,054)	(4,712)
Total fund balances(deficits)	<u>287,106</u>	<u>112,722</u>	<u>7,669</u>	<u>547,578</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 845,782</u>	<u>\$ 158,951</u>	<u>\$ 226,152</u>	<u>\$ 554,495</u>

(continued)

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Special Revenue		Capital Projects	
	Superintendent of Schools	Workforce Investment Act	Public Works Construction	Detention Facility Construction
Assets				
Cash and investments	\$ 1,749,016		\$ 160,842	
Cash and investments held by trustee-restricted			101	
Receivables (net of allowance for uncollectibles):				
Property taxes				
Accounts receivable	25,280			
Special assessments				
Due from:				
Other funds				
Other governments	177,202	\$ 128,705		
Prepaid items				
Total assets	<u>\$ 1,951,498</u>	<u>\$ 128,705</u>	<u>\$ 160,943</u>	<u></u>
Liabilities				
Accounts payable	\$ 154,687	\$ 8,551	\$ 606	\$ 275,696
Accrued payroll and employee benefits	10,188	27,146		
Due to:				
Other funds		2,795		27,791
Other governments		288	42	
Pledged revenue obligations payable				
Interest payable				
Total liabilities	<u>164,875</u>	<u>38,780</u>	<u>648</u>	<u>303,487</u>
Deferred Inflows of Resources				
Unavailable revenue—property taxes				
Unavailable revenue—special assessments				
Unavailable revenue—intergovernmental				
Total deferred inflows of resources	<u></u>	<u></u>	<u></u>	<u></u>
Fund balances				
Nonspendable				
Restricted	402,287	95,963	160,295	
Assigned	1,631,383			
Unassigned	(247,047)	(6,038)		(303,487)
Total fund balances(deficits)	<u>1,786,623</u>	<u>89,925</u>	<u>160,295</u>	<u>(303,487)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,951,498</u>	<u>\$ 128,705</u>	<u>\$ 160,943</u>	<u>\$ -</u>

(continued)

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Debt Service		Total Nonmajor Governmental Funds
	General Government	Special Districts	
Assets			
Cash and investments	\$ 1,065,929	\$ 109,881	\$ 8,524,383
Cash and investments held by trustee-restricted	53,108		53,209
Receivables (net of allowance for uncollectibles):			
Property taxes			168,639
Accounts receivable			50,326
Special assessments		125,665	134,778
Due from:			
Other funds			115,162
Other governments			1,451,287
Prepaid items			10,500
Total assets	<u>\$ 1,119,037</u>	<u>\$ 235,546</u>	<u>\$ 10,508,284</u>
Liabilities			
Accounts payable			\$ 615,622
Accrued payroll and employee benefits			399,624
Due to:			
Other funds			293,641
Other governments			127,210
Pledged revenue obligations payable	\$ 150,000		150,000
Interest payable	135,351		135,351
Total liabilities	<u>285,351</u>	<u></u>	<u>1,721,448</u>
Deferred Inflows of Resources			
Unavailable revenue—property taxes			81,359
Unavailable revenue—special assessments		\$ 111,576	162,474
Unavailable revenue—intergovernmental			285,404
Total deferred inflows of resources		<u>111,576</u>	<u>529,237</u>
Fund balances			
Nonspendable			10,500
Restricted	\$ 53,108	125,242	7,373,550
Assigned	780,578		2,552,485
Unassigned		(1,272)	(1,678,936)
Total fund balances(deficits)	<u>833,686</u>	<u>123,970</u>	<u>8,257,599</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,119,037</u>	<u>\$ 235,546</u>	<u>\$ 10,508,284</u>

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Special Revenue			
	Administration	County Attorney	Courts	Environmental and Conservation
Revenues:				
Property taxes				
Special assessments				
Licenses and permits				
Fines and forfeits		\$ 674,250	\$ 58,855	
Intergovernmental	\$ 395,023	1,110,653	315,230	\$ 411,987
Charges for services	98,888	30,296	706,515	
Investment earnings (loss)	3,106	8,135	8,148	2,437
Contributions		375		
Miscellaneous	35,500	14,218	3,886	
Total revenues	<u>532,517</u>	<u>1,837,927</u>	<u>1,092,634</u>	<u>414,424</u>
Expenditures:				
Current:				
General government	107,437	1,835,169	916,767	
Public safety	346,325			
Highways and streets				
Health and welfare				
Culture and recreation				
Education and economic opportunity	38,498			
Environmental and conservation				223,528
Urban redevelopment and housing				
Debt Service:				
Principal				
Interest and other charges				
Capital outlay				
Total expenditures	<u>492,260</u>	<u>1,835,169</u>	<u>916,767</u>	<u>223,528</u>
Excess (deficiency) of revenues over expenditures	<u>40,257</u>	<u>2,758</u>	<u>175,867</u>	<u>190,896</u>
Other financing sources (uses):				
Sale of capital assets				
Transfers in	202,166	234,194		
Transfers out	(20,441)	(75,356)	(148,318)	
Total other financing sources and uses	<u>181,725</u>	<u>158,838</u>	<u>(148,318)</u>	
Net change in fund balances	221,982	161,596	27,549	190,896
Fund balances (deficits), July 1, 2014	329,348	1,329,205	1,245,225	395,508
Change in nonspendable resources				
Decrease in prepaid items				
Fund balances (deficits), June 30, 2015	<u>\$ 551,330</u>	<u>\$ 1,490,801</u>	<u>\$ 1,272,774</u>	<u>\$ 586,404</u>

(continued)

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Special Revenue			
	Housing	Library District	Probation	Public Defense
Revenues:				
Property taxes		\$ 838,896		
Special assessments				
Licenses and permits				
Fines and forfeits				
Intergovernmental	\$ 62,860	130,912	\$ 2,039,899	\$ 19,544
Charges for services			363,627	
Investment earnings (loss)		442	3,981	872
Contributions				
Miscellaneous		27,497	5,260	410
Total revenues	<u>62,860</u>	<u>997,747</u>	<u>2,412,767</u>	<u>20,826</u>
Expenditures:				
Current:				
General government				74,077
Public safety			2,392,101	
Highways and streets				
Health and welfare				
Culture and recreation		546,314		
Education and economic opportunity				
Environmental and conservation				
Urban redevelopment and housing	73,852			
Debt Service:				
Principal				
Interest and other charges				
Capital outlay				
Total expenditures	<u>73,852</u>	<u>546,314</u>	<u>2,392,101</u>	<u>74,077</u>
Excess (deficiency) of revenues over expenditures	<u>(10,992)</u>	<u>451,433</u>	<u>20,666</u>	<u>(53,251)</u>
Other financing sources (uses):				
Sale of capital assets				
Transfers in			4,051	80,513
Transfers out	(2,529)	(408,575)		(10,903)
Total other financing sources and uses	<u>(2,529)</u>	<u>(408,575)</u>	<u>4,051</u>	<u>69,610</u>
Net change in fund balances	(13,521)	42,858	24,717	16,359
Fund balances (deficits), July 1, 2014	8,215	(30,134)	532,598	129,111
Change in nonspendable resources				
Decrease in prepaid items				
Fund balances (deficits), June 30, 2015	<u>\$ (5,306)</u>	<u>\$ 12,724</u>	<u>\$ 557,315</u>	<u>\$ 145,470</u>

(continued)

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Special Revenue			
	Public Health	Recreation	Sheriff's Office	Special Districts
Revenues:				
Property taxes	\$ 2,048,610			
Special assessments		\$ 164,454		\$ 95,314
Licenses and permits	104,322			
Fines and forfeits			\$ 193,517	
Intergovernmental	2,905,584		785,746	
Charges for services	169,941		556,616	
Investment earnings (loss)	3,245	768	759	1,969
Contributions	42,686			
Miscellaneous	37,589	355	14,765	
Total revenues	<u>5,311,977</u>	<u>165,577</u>	<u>1,551,403</u>	<u>97,283</u>
Expenditures:				
Current:				
General government				
Public safety			1,705,862	
Highways and streets				16,557
Health and welfare	4,591,078			
Culture and recreation		156,249		
Education and economic opportunity				
Environmental and conservation				
Urban redevelopment and housing				
Debt Service:				
Principal	29,104		95,479	
Interest and other charges	1,894		3,268	
Capital outlay				
Total expenditures	<u>4,622,076</u>	<u>156,249</u>	<u>1,804,609</u>	<u>16,557</u>
Excess (deficiency) of revenues over expenditures	<u>689,901</u>	<u>9,328</u>	<u>(253,206)</u>	<u>80,726</u>
Other financing sources (uses):				
Sale of capital assets				
Transfers in	211,175		60,418	
Transfers out	(1,013,962)		(20,000)	
Total other financing sources and uses	<u>(802,787)</u>		<u>40,418</u>	
Net change in fund balances	(112,886)	9,328	(212,788)	80,726
Fund balances (deficits), July 1, 2014	399,992	103,394	232,457	466,852
Change in nonspendable resources				
Decrease in prepaid items			(12,000)	
Fund balances (deficits), June 30, 2015	<u>\$ 287,106</u>	<u>\$ 112,722</u>	<u>\$ 7,669</u>	<u>\$ 547,578</u>

(continued)

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Special Revenue		Capital Projects	
	Superintendent of Schools	Workforce Investment Act	Public Works Construction	Detention Facility Construction
Revenues:				
Property taxes				
Special assessments				
Licenses and permits				
Fines and forfeits				
Intergovernmental	\$ 3,475,390	\$ 852,036		
Charges for services				
Investment earnings (loss)	11,980			
Contributions				
Miscellaneous	350,855			
Total revenues	<u>3,838,225</u>	<u>852,036</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
General government				
Public safety				
Highways and streets				
Health and welfare				
Culture and recreation				
Education and economic opportunity	4,314,536	816,000		
Environmental and conservation				
Urban redevelopment and housing				
Debt Service:				
Principal				
Interest and other charges				
Capital outlay			\$ 2,312,360	\$ 2,040,126
Total expenditures	<u>4,314,536</u>	<u>816,000</u>	<u>2,312,360</u>	<u>2,040,126</u>
Excess (deficiency) of revenues over expenditures	<u>(476,311)</u>	<u>36,036</u>	<u>(2,312,360)</u>	<u>(2,040,126)</u>
Other financing sources (uses):				
Sale of capital assets	21,000	185		
Transfers in				89,165
Transfers out		(26)		
Total other financing sources and uses	<u>21,000</u>	<u>159</u>	<u>-</u>	<u>89,165</u>
Net change in fund balances	(455,311)	36,195	(2,312,360)	(1,950,961)
Fund balances (deficits), July 1, 2014	2,241,934	53,730	2,472,655	1,647,474
Change in nonspendable resources				
Decrease in prepaid items				
Fund balances (deficits), June 30, 2015	<u>\$ 1,786,623</u>	<u>\$ 89,925</u>	<u>\$ 160,295</u>	<u>\$ (303,487)</u>

(continued)

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Debt Service		Total Nonmajor Governmental Funds
	General Government	Special Districts	
Revenues:			
Property taxes			\$ 2,887,506
Special assessments		\$ 231,966	491,734
Licenses and permits			104,322
Fines and forfeits			926,622
Intergovernmental			12,504,864
Charges for services			1,925,883
Investment earnings (loss)	\$ 4,174	1,551	51,567
Contributions			43,061
Miscellaneous	599		490,934
Total revenues	<u>4,773</u>	<u>233,517</u>	<u>19,426,493</u>
Expenditures:			
Current:			
General government			2,933,450
Public safety			4,444,288
Highways and streets			16,557
Health and welfare			4,591,078
Culture and recreation			702,563
Education and economic opportunity			5,169,034
Environmental and conservation			223,528
Urban redevelopment and housing			73,852
Debt Service:			
Principal	2,280,000	212,967	2,617,550
Interest and other charges	734,997	52,199	792,358
Capital outlay			4,352,486
Total expenditures	<u>3,014,997</u>	<u>265,166</u>	<u>25,916,744</u>
Excess (deficiency) of revenues over expenditures	<u>(3,010,224)</u>	<u>(31,649)</u>	<u>(6,490,251)</u>
Other financing sources (uses):			
Sale of capital assets			21,185
Transfers in	1,464,885		2,346,567
Transfers out			(1,700,110)
Total other financing sources and uses	<u>1,464,885</u>		<u>667,642</u>
Net change in fund balances	(1,545,339)	(31,649)	(5,822,609)
Fund balances (deficits), July 1, 2014	2,379,025	155,619	14,092,208
Change in nonspendable resources			
Decrease in prepaid items			(12,000)
Fund balances (deficits), June 30, 2015	<u>\$ 833,686</u>	<u>\$ 123,970</u>	<u>\$ 8,257,599</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Administration
 Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 5,615,019	\$ 395,023	\$ (5,219,996)
Charges for services	123,164	98,888	(24,276)
Investment earnings	476	3,106	2,630
Miscellaneous	735,000	35,500	(699,500)
Total revenues	<u>6,473,659</u>	<u>532,517</u>	<u>(5,941,142)</u>
Expenditures:			
General government	1,743,988	107,437	1,636,551
Public safety	1,053,734	346,325	707,409
Education and economic opportunity	100,000	38,498	61,502
Total expenditures	<u>2,897,722</u>	<u>492,260</u>	<u>2,405,462</u>
Excess (deficiency) of revenues over expenditures	<u>3,575,937</u>	<u>40,257</u>	<u>(3,535,680)</u>
Other financing sources (uses):			
Transfers in	140,000	202,166	62,166
Transfers out	(3,872,214)	(20,441)	3,851,773
Total other financing sources and uses	<u>(3,732,214)</u>	<u>181,725</u>	<u>3,913,939</u>
Net change in fund balances	(156,277)	221,982	378,259
Fund balances, July 1, 2014	156,277	329,348	173,071
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ 551,330</u>	<u>\$ 551,330</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - County Attorney
 Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	\$ 1,022,246	\$ 674,250	\$ (347,996)
Intergovernmental	2,310,076	1,110,653	(1,199,423)
Charges for services	60,476	30,296	(30,180)
Investment earnings	4,000	8,135	4,135
Contributions		375	375
Miscellaneous	100,377	14,218	(86,159)
Total revenues	<u>3,497,175</u>	<u>1,837,927</u>	<u>(1,659,248)</u>
Expenditures:			
General government	4,857,827	1,835,169	3,022,658
Total expenditures	<u>4,857,827</u>	<u>1,835,169</u>	<u>3,022,658</u>
Excess (deficiency) of revenues over expenditures	<u>(1,360,652)</u>	<u>2,758</u>	<u>1,363,410</u>
Other financing sources (uses):			
Transfers in	338,197	234,194	(104,003)
Transfers out	(48,371)	(75,356)	(26,985)
Total other financing sources and uses	<u>289,826</u>	<u>158,838</u>	<u>(130,988)</u>
Net change in fund balances	(1,070,826)	161,596	1,232,422
Fund balances, July 1, 2014	1,070,826	1,329,205	258,379
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ 1,490,801</u>	<u>\$ 1,490,801</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Courts
 Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	\$ 57,850	\$ 58,855	\$ 1,005
Intergovernmental	352,704	315,230	(37,474)
Charges for services	937,012	706,515	(230,497)
Investment earnings	16,621	8,148	(8,473)
Miscellaneous	14,851	3,886	(10,965)
Total revenues	<u>1,379,038</u>	<u>1,092,634</u>	<u>(286,404)</u>
Expenditures:			
General government	2,418,714	916,767	1,501,947
Total expenditures	<u>2,418,714</u>	<u>916,767</u>	<u>1,501,947</u>
Excess (deficiency) of revenues over expenditures	<u>(1,039,676)</u>	<u>175,867</u>	<u>1,215,543</u>
Other financing sources (uses):			
Transfers in	523,516	-	(523,516)
Transfers out	(730,805)	(148,318)	582,487
Total other financing sources and uses	<u>(207,289)</u>	<u>(148,318)</u>	<u>58,971</u>
Net change in fund balances	(1,246,965)	27,549	1,274,514
Fund balances (deficits), July 1, 2014	1,246,965	1,245,225	(1,740)
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ 1,272,774</u>	<u>\$ 1,272,774</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Environmental and Conservation
 Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 500,000	\$ 411,987	\$ (88,013)
Investment earnings	17,642	2,437	(15,205)
Miscellaneous	350,000		(350,000)
Total revenues	867,642	414,424	(453,218)
Expenditures:			
Environmental and conservation	1,258,471	223,528	1,034,943
Total expenditures	1,258,471	223,528	1,034,943
Excess (deficiency) of revenues over expenditures	(390,829)	190,896	581,725
Net change in fund balances	(390,829)	190,896	581,725
Fund balances, July 1, 2014	390,829	395,508	4,679
Fund balances, June 30, 2015	\$ -	\$ 586,404	\$ 586,404

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Library District
 Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 846,247	\$ 838,896	\$ (7,351)
Intergovernmental	299,829	130,912	(168,917)
Investment earnings	92,188	442	(91,746)
Miscellaneous	17,500	27,497	9,997
Total revenues	<u>1,255,764</u>	<u>997,747</u>	<u>(258,017)</u>
Expenditures:			
Culture and recreation	826,189	546,314	279,875
Total expenditures	<u>826,189</u>	<u>546,314</u>	<u>279,875</u>
Excess (deficiency) of revenues over expenditures	<u>429,575</u>	<u>451,433</u>	<u>21,858</u>
Other financing sources (uses):			
Transfers In			-
Transfers out	(408,575)	(408,575)	-
Total other financing sources and uses	<u>(408,575)</u>	<u>(408,575)</u>	<u>-</u>
Net change in fund balances	21,000	42,858	21,858
Fund balances (deficits), July 1, 2014	(21,000)	(30,134)	(9,134)
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ 12,724</u>	<u>\$ 12,724</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Probation
 Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 2,316,569	\$ 2,039,899	\$ (276,670)
Charges for services	330,297	363,627	33,330
Investment earnings	4,834	3,981	(853)
Miscellaneous	501	5,260	4,759
Total revenues	<u>2,652,201</u>	<u>2,412,767</u>	<u>(239,434)</u>
Expenditures:			
Public safety	<u>3,255,845</u>	<u>2,392,101</u>	<u>863,744</u>
Total expenditures	<u>3,255,845</u>	<u>2,392,101</u>	<u>863,744</u>
Excess (deficiency) of revenues over expenditures	<u>(603,644)</u>	<u>20,666</u>	<u>624,310</u>
Other financing sources (uses):			
Transfers in	5,000	4,051	(949)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>5,000</u>	<u>4,051</u>	<u>(949)</u>
Net change in fund balances	(598,644)	24,717	623,361
Fund balances, July 1, 2014	598,644	532,598	(66,046)
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ 557,315</u>	<u>\$ 557,315</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Public Defense
 Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 28,718	\$ 19,544	\$ (9,174)
Investment earnings	3,389	872	(2,517)
Miscellaneous	9,705	410	(9,295)
Total revenues	<u>41,812</u>	<u>20,826</u>	<u>(20,986)</u>
Expenditures:			
General government	285,142	74,077	211,065
Total expenditures	<u>285,142</u>	<u>74,077</u>	<u>211,065</u>
Excess (deficiency) of revenues over expenditures	<u>(243,330)</u>	<u>(53,251)</u>	<u>190,079</u>
Other financing sources (uses):			
Transfers in	119,092	80,513	(38,579)
Transfers out	<u>(10,903)</u>	<u>(10,903)</u>	<u>(10,903)</u>
Total other financing sources and uses	<u>119,092</u>	<u>69,610</u>	<u>(49,482)</u>
Net change in fund balances	(124,238)	16,359	140,597
Fund balances, July 1, 2014	124,238	129,111	4,873
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ 145,470</u>	<u>\$ 145,470</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Public Health District
 Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 2,056,380	\$ 2,048,610	\$ (7,770)
Licenses and permits	121,000	104,322	(16,678)
Intergovernmental	3,753,043	2,905,584	(847,459)
Charges for services	115,300	169,941	54,641
Investment earnings	15,159	3,245	(11,914)
Contributions	42,885	42,686	(199)
Miscellaneous	1,579,113	37,589	(1,541,524)
Total revenues	<u>7,682,880</u>	<u>5,311,977</u>	<u>(2,370,903)</u>
Expenditures:			
Health and welfare	6,766,717	4,622,076	2,144,641
Total expenditures	<u>6,766,717</u>	<u>4,622,076</u>	<u>2,144,641</u>
Excess (deficiency) of revenues over expenditures	<u>916,163</u>	<u>689,901</u>	<u>(226,262)</u>
Other financing sources (uses):			
Transfers in	2,695,566	211,175	(2,484,391)
Transfers out	(3,806,423)	(1,013,962)	2,792,461
Total other financing sources and uses	<u>(1,110,857)</u>	<u>(802,787)</u>	<u>308,070</u>
Net change in fund balances	(194,694)	(112,886)	81,808
Fund balances, July 1, 2014	194,694	399,992	205,298
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ 287,106</u>	<u>\$ 287,106</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Recreation District
 Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Special assessments	\$ 163,554	\$ 164,454	\$ 900
Investment earnings	1,446	768	(678)
Miscellaneous		355	355
Total revenues	<u>165,000</u>	<u>165,577</u>	<u>577</u>
Expenditures:			
Culture and recreation	265,000	156,249	108,751
Total expenditures	<u>265,000</u>	<u>156,249</u>	<u>108,751</u>
Excess (deficiency) of revenues over expenditures	<u>(100,000)</u>	<u>9,328</u>	<u>109,328</u>
Net change in fund balances	(100,000)	9,328	109,328
Fund balances, July 1, 2014	100,000	103,394	3,394
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ 112,722</u>	<u>\$ 112,722</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Sheriff's Office
 Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	\$ 440,150	\$ 193,517	\$ (246,633)
Intergovernmental	856,860	785,746	(71,114)
Charges for services	628,420	556,616	(71,804)
Investment earnings	3,070	759	(2,311)
Miscellaneous	189,830	14,765	(175,065)
Total revenues	<u>2,118,330</u>	<u>1,551,403</u>	<u>(566,927)</u>
Expenditures:			
Public safety	2,440,441	1,804,609	635,832
Total expenditures	<u>2,440,441</u>	<u>1,804,609</u>	<u>635,832</u>
Excess (deficiency) of revenues over expenditures	<u>(322,111)</u>	<u>(253,206)</u>	<u>68,905</u>
Other financing sources (uses):			
Transfers in	48,371	60,418	12,047
Transfers out		(20,000)	(20,000)
Total other financing sources and uses	<u>48,371</u>	<u>40,418</u>	<u>(7,953)</u>
Net change in fund balances	(273,740)	(212,788)	60,952
Fund balances (deficits), July 1, 2014	273,740	232,457	(41,283)
Change in nonspendable resources			
Decrease in prepaid items		(12,000)	(12,000)
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ 7,669</u>	<u>\$ 7,669</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Special Districts
 Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Special assessments	\$ 96,032	\$ 95,314	\$ (718)
Investment earnings	400	1,969	1,569
Miscellaneous	100,000	-	(100,000)
Total revenues	<u>196,432</u>	<u>97,283</u>	<u>(99,149)</u>
Expenditures:			
Highways and streets	450,000	16,557	433,443
Total expenditures	<u>450,000</u>	<u>16,557</u>	<u>433,443</u>
Excess (deficiency) of revenues over expenditures	<u>(253,568)</u>	<u>80,726</u>	<u>334,294</u>
Net change in fund balances	(253,568)	80,726	334,294
Fund balances, July 1, 2014	253,568	466,852	213,284
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ 547,578</u>	<u>\$ 547,578</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Workforce Investment Act
 Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 1,198,814	\$ 852,036	\$ (346,778)
Investment earnings	100,061	-	(100,061)
Total revenues	<u>1,298,875</u>	<u>852,036</u>	<u>(446,839)</u>
Expenditures:			
Education and economic opportunity	1,115,835	816,000	299,835
Total expenditures	<u>1,115,835</u>	<u>816,000</u>	<u>299,835</u>
Excess (deficiency) of revenues over expenditures	<u>183,040</u>	<u>36,036</u>	<u>(147,004)</u>
Other financing sources:			
Sale of capital assets		185	185
Transfers out		(26)	(26)
Total other financing sources		<u>159</u>	<u>159</u>
Net change in fund balances	183,040	36,195	(146,845)
Fund balances (deficits), July 1, 2014	(183,040)	53,730	236,770
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ 89,925</u>	<u>\$ 89,925</u>

Navajo County
 Budgetary Comparison Schedule
 Capital Projects - Public Works Construction
 Year Ended June 30, 2015

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Expenditures:			
Capital outlay	\$ 3,000,000	\$ 2,312,360	\$ 687,640
Total expenditures	<u>3,000,000</u>	<u>2,312,360</u>	<u>687,640</u>
Other financing sources:			
Pledged revenue obligations issued	4,950,000		(4,950,000)
Transfers in	50,000		(50,000)
Total other financing sources	<u>5,000,000</u>	<u>-</u>	<u>(5,000,000)</u>
Net change in fund balances	2,000,000	(2,312,360)	(4,312,360)
Fund balances (deficits), July 1, 2014	(2,000,000)	2,472,655	4,472,655
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ 160,295</u>	<u>\$ 160,295</u>

Navajo County
 Budgetary Comparison Schedule
 Capital Projects - Detention Facility Construction
 Year Ended June 30, 2015

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Expenditures:			
Capital outlay	<u>2,000,000</u>	<u>2,040,126</u>	<u>(40,126)</u>
Total expenditures	<u>2,000,000</u>	<u>2,040,126</u>	<u>(40,126)</u>
Other financing sources:			
Pledged revenue obligations issued	1,390,000	-	(1,390,000)
Transfers in		89,165	89,165
Total other financing sources	<u>1,390,000</u>	<u>89,165</u>	<u>(1,300,835)</u>
Net change in fund balances	(610,000)	(1,950,961)	(1,340,961)
Fund balances, July 1, 2014	610,000	1,647,474	1,037,474
Fund balances (deficits), June 30, 2015	<u>\$ -</u>	<u>\$ (303,487)</u>	<u>\$ (303,487)</u>

Navajo County
 Budgetary Comparison Schedule
 Debt Service - General Government
 Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services		\$ 599	\$ 599
Investment earnings		4,174	4,174
Total revenues		4,773	4,773
Expenditures:			
Debt Service			
General government	\$ 2,669,618	3,014,997	(345,379)
Total expenditures	2,669,618	3,014,997	(345,379)
Excess (deficiency) of revenues over expenditures	(2,669,618)	(3,010,224)	(340,606)
Other financing sources (uses):			
Transfers in	1,464,885	1,464,885	-
Transfers out		-	-
Total other financing sources and uses	1,464,885	1,464,885	-
Net change in fund balances	(1,204,733)	(1,545,339)	(340,606)
Fund balances, July 1, 2014	1,204,733	2,379,025	1,174,292
Fund balances, June 30, 2015	\$ -	\$ 833,686	\$ 833,686

Navajo County
 Budgetary Comparison Schedule
 Debt Service - Special Districts
 Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Special assessments	\$ 248,649	\$ 231,966	\$ (16,683)
Investments earnings		1,551	1,551
Miscellaneous	962		(962)
Total revenues	249,611	233,517	(16,094)
Expenditures:			
Debt Service			
Highways and streets	608,643	265,166	343,477
Total expenditures	608,643	265,166	343,477
Excess (deficiency) of revenues over expenditures	(359,032)	(31,649)	327,383
Net change in fund balances	(359,032)	(31,649)	327,383
Fund balances (deficits), July 1, 2014	359,032	155,619	(203,413)
Fund balances, June 30, 2015	\$ -	\$ 123,970	\$ 123,970



**AGENCY FUND
STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES**

Navajo County
Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2015

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance July 1, 2015</u>
Assets				
Cash and investments	\$ 2,895,693	\$ 15,289,509	\$ 15,217,443	\$ 2,967,759
Interest receivable				-
Total Assets	<u>\$ 2,895,693</u>	<u>\$ 15,289,509</u>	<u>\$ 15,217,443</u>	<u>\$ 2,967,759</u>
Liabilities				
Due to other governments	\$ 729,403	\$ 13,954,962	\$ 13,906,641	\$ 777,724
Deposits held for other parties	2,166,290	1,341,022	1,317,277	2,190,035
Total Liabilities	<u>\$ 2,895,693</u>	<u>\$ 15,295,984</u>	<u>\$ 15,223,918</u>	<u>\$ 2,967,759</u>



STATISTICAL SECTION

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

	Fiscal Year			
	2006	2007	2008	2009
Expenses:				
General government	\$ 19,479,297	\$ 19,745,840	\$ 20,503,496	\$ 19,392,043
Public safety	13,099,102	14,534,493	17,570,231	19,182,119
Highways and streets	8,851,369	10,990,269	12,960,992	14,058,305
Health and welfare	5,874,892	6,274,590	6,809,907	7,219,915
Culture and recreation	468,926	554,419	472,151	510,035
Education and economic opportunity	289,270	4,885,689	7,119,026	5,723,104
Environmental and conservation	35,887	18,880	234,078	231,225
Urban redevelopment and housing			5,000	
Interest on long-term debt	374,442	179,518	349,677	594,260
Total governmental activities expenses	<u>48,473,185</u>	<u>57,183,698</u>	<u>66,024,558</u>	<u>66,911,006</u>
Program Revenues:				
Charges for services:				
General government	4,477,711	4,882,461	3,746,695	3,473,303
Public Safety	2,810,667	2,910,947	541,256	765,083
Highway and streets	28,647	115,198	83,076	
Health and welfare	93,599	95,930	77,965	122,462
Culture and recreation	11,926			
Operating grants and contributions:				
General government	2,428,758	2,241,225	1,851,358	3,719,202
Public Safety	3,696,730	3,062,299	3,063,868	3,599,091
Highway and streets	228,409	184,839		
Health and welfare	1,837,979	2,227,071	1,751,447	2,199,624
Culture and recreation	145,307	38,313	38,102	64,885
Education and economic opportunity	639,532	4,944,866	7,186,346	5,512,115
Environmental and conservation	92,693		162,086	205,884
Urban redevelopment and housing				
Capital grants and contributions:				
General government				
Public Safety				
Highway and streets	12,567,738	12,956,489	12,361,020	12,393,158
Total governmental activities program revenues	<u>29,059,696</u>	<u>33,659,638</u>	<u>30,863,219</u>	<u>32,054,807</u>
Net (Expense) Revenue	<u>\$ (19,413,489)</u>	<u>\$ (23,524,060)</u>	<u>\$ (35,161,339)</u>	<u>\$ (34,856,199)</u>
General Revenues:				
Property taxes	\$ 7,973,918	\$ 8,636,394	\$ 9,707,389	\$ 10,933,578
Special assessments				
General county sales tax	7,260,596	6,778,153	7,083,165	6,330,588
State shared revenues	12,781,414	13,521,307	13,302,354	12,017,517
Payment in lieu of taxes	757,594			
Grants and contributions not restricted to specific programs	946,207	1,433,848	3,922,712	6,444,858
Investment earnings	909,436	1,733,012	1,624,746	750,742
Gain on disposal of capital assets	59,167	104,656	11,971	23,895
Miscellaneous	581,789	1,016,509	1,207,819	1,466,751
Transfers				
Total general revenues and transfers	<u>31,270,121</u>	<u>33,223,879</u>	<u>36,860,156</u>	<u>37,967,929</u>
Change in net position - governmental activities	<u>\$ 11,856,632</u>	<u>\$ 9,699,819</u>	<u>\$ 1,698,817</u>	<u>\$ 3,111,730</u>

(Continued)

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 22,647,297	\$ 22,396,786	\$ 21,607,586	\$ 20,944,578	\$ 22,213,348	\$ 31,968,411
17,566,896	16,191,164	18,238,891	19,123,378	16,995,243	16,655,632
13,057,318	14,480,464	8,023,409	10,935,566	9,534,493	11,190,411
9,366,578	7,129,008	5,909,936	7,734,191	8,039,343	7,956,284
747,065	814,786	966,000	788,127	694,108	665,292
6,307,885	5,710,417	6,164,792	5,498,285	6,190,399	5,669,487
237,032	196,504	16,352	303,402	329,829	211,478
307,208	35,558	784	42,701	365,994	73,852
677,253	625,962	721,020	527,044	487,808	802,936
<u>70,914,532</u>	<u>67,580,649</u>	<u>61,648,770</u>	<u>65,897,272</u>	<u>64,850,565</u>	<u>75,193,783</u>
3,531,064	3,465,053	3,326,109	3,649,106	3,537,721	5,079,224
517,702	672,441	982,588	1,146,080	919,746	1,390,048
39,249	98,695	334,513	12,171	252,982	100,758
215,494	194,090	163,957	243,393	329,602	274,262
		155,895			
1,735,327	2,584,222	2,215,242	1,966,176	2,700,852	3,613,033
3,290,457	2,916,270	3,252,479	4,500,832	3,976,671	3,715,424
1,803,890	2,280,437	1,819,214	2,500,943	2,820,717	2,898,998
122,207	137,643	152,083	129,282	149,666	128,945
6,086,494	3,665,344	4,654,668	4,327,485	5,266,695	4,488,394
195,574	429,653	59,097	301,660	534,722	411,987
305,647	63,162		40,823	376,628	62,860
		220,229			
		5,000			
15,637,667	13,170,789	9,578,324	9,690,517	9,565,055	11,431,446
<u>33,480,772</u>	<u>29,677,799</u>	<u>26,919,398</u>	<u>28,508,468</u>	<u>30,431,057</u>	<u>33,595,379</u>
\$ (37,433,760)	\$ (37,902,850)	\$ (34,729,372)	\$ (37,388,804)	\$ (34,419,508)	\$ (41,598,404)
\$ 12,494,737	\$ 12,866,253	\$ 12,087,700	\$ 11,924,765	\$ 11,704,948	\$ 12,536,351
			502,434	542,526	507,456
5,480,598	5,889,027	6,246,077	6,239,089	6,667,433	6,674,867
10,728,725	11,405,376	11,475,113	12,024,496	12,773,729	12,964,950
			1,430,914	1,538,954	1,406,936
4,902,289	4,489,096	3,175,428			
322,748	254,483	202,500	(109,711)	453,017	195,437
115,237	5,957	13,116	52,473	96,640	35,974
1,273,310	1,822,741	1,170,658	892,976	1,455,607	1,072,052
(380,236)	-	-			
<u>34,937,408</u>	<u>36,732,933</u>	<u>34,370,592</u>	<u>32,957,436</u>	<u>35,232,854</u>	<u>35,394,023</u>
\$ (2,496,352)	\$ (1,169,917)	\$ (358,780)	\$ (4,431,368)	\$ 813,346	\$ (6,204,381)

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

	Fiscal Year			
	2006	2007	2008	2009
General fund				
Reserved	\$	\$	\$ 3,957,781	\$ 2,883,159
Unreserved	12,379,484	16,110,913	10,939,695	7,550,215
Assigned*				
Unassigned				
Total general fund	<u>\$ 12,379,484</u>	<u>\$ 16,110,913</u>	<u>\$ 14,897,476</u>	<u>\$ 10,433,374</u>
All other governmental funds				
Reserved	\$ 10,983,270	\$ 397,700	\$ 500,703	\$ 679,641
Unreserved, reported in:				
Special revenue funds	7,581,812	21,439,571	26,620,823	25,962,952
Debt service funds		1,995,785	1,777,950	1,824,003
Capital projects funds	3,443,911	4,791,323	24,543	
Nonspendable*				
Restricted				
Assigned				
Unassigned				
Total all other governmental funds	<u>\$ 22,008,993</u>	<u>\$ 28,624,379</u>	<u>\$ 28,924,019</u>	<u>\$ 28,466,596</u>

(Continued)

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

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

		Fiscal Year					
		2010	2011	2012	2013	2014	2015
\$	325,096 7,416,990	\$	\$	\$	\$	\$ 437,220	\$ 1,273,833
			3,182,499	2,533,698	2,021,131	2,331,597	2,836,408
			3,349,495	3,939,417	3,849,238	3,482,808	3,544,712
		<u>\$ 7,742,086</u>	<u>\$ 6,531,994</u>	<u>\$ 6,473,115</u>	<u>\$ 5,870,369</u>	<u>\$ 6,251,625</u>	<u>\$ 7,654,953</u>
\$	528,878 31,118,113 1,924,862 76,332	\$	\$	\$	\$	\$	\$
			543,055	920,545	1,034,772	1,114,772	991,663
			28,973,243	25,792,646	26,621,136	26,720,572	22,055,581
			1,231,112	1,529,453	2,064,946	3,288,638	2,552,485
			(270,933)	(39,006)	(13)	(1,048,472)	(1,686,672)
		<u>\$ 33,648,185</u>	<u>\$ 30,476,477</u>	<u>\$ 28,203,638</u>	<u>\$ 29,720,841</u>	<u>\$ 30,075,510</u>	<u>\$ 23,913,057</u>

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

	Fiscal Year			
	2006	2007	2008	2009
Revenues:				
Property taxes	\$ 7,934,263	\$ 8,673,499	\$ 9,581,813	\$ 10,780,692
County sales taxes				
Licenses and permits	979,368	879,866	643,032	513,081
Fines and forfeits	990,927	1,646,183	1,290,001	1,563,382
Intergovernmental	43,263,385	47,350,129	50,665,504	52,104,688
Charges for services	5,544,948	5,478,487	2,515,958	2,284,384
Investment earnings	909,436	1,727,733	1,624,746	750,741
Special assessments				356,318
Rents and royalties				
Contributions	26,879	38,281	56,956	25,916
Miscellaneous	604,968	990,990	1,222,929	1,466,751
Total revenues	60,254,174	66,785,168	67,600,939	69,845,953
Expenditures:				
General government	18,794,253	19,975,143	22,871,415	22,160,207
Public safety	13,875,071	13,759,567	17,525,292	18,403,733
Highways and streets	10,366,859	10,681,812	14,792,747	17,778,854
Health and welfare	6,022,260	6,270,192	6,813,069	7,074,321
Culture and recreation	444,143	562,599	471,342	501,738
Education and Economic Opportunity	274,985	4,896,105	7,119,291	5,515,147
Environmental and conservation		19,424	234,078	231,225
Urban redevelopment and housing			5,000	
Debt service:				
Principal	686,012	421,836	303,173	487,701
Interest and other charges	374,442	179,518	349,677	594,260
Bond Issuance Costs				
Capital outlay	2,118,079	1,990,735	6,238,140	3,030,157
Total expenditures	52,956,104	58,756,931	76,723,224	75,777,343
Excess(deficiency) of revenues over expenditures	7,298,070	8,028,237	(9,122,285)	(5,931,390)
Other financing sources (uses):				
Revenue bonds issued			6,600,000	
Payment to bond refunding escrow agent				
Capital lease agreements			77,845	6,846
Special assessment bonds issued				
Sale of capital assets	59,167	104,656	11,971	23,895
Transfers in	2,094,983	3,903,479	1,845,732	2,304,012
Transfers out	(2,094,983)	(3,653,479)	(1,845,732)	(2,304,012)
Total other financing sources and uses	59,167	354,656	6,689,816	30,741
Net change in fund balances	\$ 7,357,237	\$ 8,382,893	\$ (2,432,469)	\$ (5,900,649)
Ratio of total debt service expenditures to non-capital expenditures				
	2.09%	1.06%	0.93%	1.49%

(Continued)

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 12,294,308	\$ 12,612,528	\$ 12,092,878	\$ 12,058,648	\$ 11,699,519	\$ 12,565,289
				6,667,433	6,674,867
619,663	529,657	397,490	469,651	606,269	522,919
1,336,602	1,317,038	1,228,579	1,539,663	1,247,497	1,789,993
49,652,453	46,350,655	42,113,926	43,050,561	39,645,165	40,045,748
2,347,245	2,583,583	2,934,743	3,041,435	3,241,520	9,698,659
322,747	254,483	202,499	(109,710)	453,017	195,437
133,181	198,817	642,688	502,434	518,762	491734
31,141	30,333	50,540	64,512	42,650	43,061
1,273,311	1,822,741	1,170,659	892,976	1,455,607	1,072,052
<u>68,010,651</u>	<u>65,699,835</u>	<u>60,834,002</u>	<u>61,510,170</u>	<u>65,577,439</u>	<u>73,099,759</u>
21,661,752	21,894,300	20,650,249	20,746,489	21,296,099	27,228,792
16,838,127	17,020,246	17,394,177	17,515,389	17,165,782	16,762,711
10,087,829	15,462,752	9,452,610	9,583,999	8,446,932	10,245,789
9,306,800	7,138,323	7,507,775	7,987,610	7,909,342	8,323,596
740,591	808,312	962,712	785,901	691,882	702,563
6,139,063	5,674,996	6,019,533	5,326,169	6,146,055	5,491,323
237,032	196,504	16,352	303,402	347,079	223,528
307,208	35,558	784	42,701	365,994	73,852
858,416	919,249	946,316	676,779	821,698	2,737,814
677,253	625,962	721,020	527,044	461,413	802,936
			115,290	75,464	
81,675	274,573	327,361	1,469,268	7,613,324	5,207,816
<u>66,935,746</u>	<u>70,050,775</u>	<u>63,998,889</u>	<u>65,080,041</u>	<u>71,341,064</u>	<u>77,800,720</u>
1,074,905	(4,350,940)	(3,164,887)	(3,569,871)	(5,763,625)	(4,700,961)
			8,500,000	10,625,000	
			(4,345,000)	(4,806,395)	
	18,913	354,826	146,994	488,368	
115,237	5,957	68,446	78,863	98,822	64,945
8,048,481	6,600,855	10,017,167	10,157,899	7,753,432	5,625,009
(6,789,602)	(6,600,855)	(10,017,167)	(10,157,899)	(7,753,432)	(5,625,009)
1,374,116	24,870	423,272	4,380,857	6,405,795	64,945
<u>\$ 2,449,021</u>	<u>\$ (4,326,070)</u>	<u>\$ (2,741,615)</u>	<u>\$ 810,986</u>	<u>\$ 642,170</u>	<u>\$ (4,636,016)</u>
2.30%	2.21%	2.62%	2.07%	2.13%	4.88%

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Governmental activities:					
Net investment in capital assets	\$ 59,552,340	\$ 55,332,385	\$ 61,704,323	\$ 73,728,006	\$ 66,038,408
Restricted	15,958,946	21,309,950	24,374,755	19,040,878	23,034,928
Unrestricted	16,657,154	22,441,546	16,119,289	15,007,820	16,207,016
Total governmental activities net position	<u>\$ 92,168,440</u>	<u>\$ 99,083,881</u>	<u>\$ 102,198,367</u>	<u>\$ 107,776,704</u>	<u>\$ 105,280,352</u>

	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental activities:					
Net investment in capital assets	\$ 70,264,651	\$ 64,205,881	\$ 58,803,447	\$ 65,059,354	\$ 63,750,745
Restricted	27,364,617	25,830,803	25,924,806	24,056,612	23,521,625
Unrestricted (deficit)	6,481,167	7,151,635	8,028,698	4,454,331	(51,230,312)
Total governmental activities net position	<u>\$ 104,110,435</u>	<u>\$ 97,188,319</u>	<u>\$ 92,756,951</u>	<u>\$ 93,570,297</u>	<u>\$ 36,042,058</u>

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 <u>Actual</u> Value	Assessed Value as a Percentage of Actual Value
2006	365,245,873	300,099,462	18,588,795	683,934,130	1.2600	6,004,911,358	11.39%
2007	414,808,401	305,200,210	14,828,110	734,836,721	1.2592	6,464,822,998	11.37%
2008	480,365,541	315,601,599	16,347,131	812,314,271	1.2504	7,181,877,591	11.31%
2009	563,228,216	328,530,388	16,599,092	908,357,696	1.2238	8,083,048,537	11.24%
2010	631,550,018	345,011,622	22,964,880	999,526,520	1.2057	8,941,980,626	11.18%
**2011	683,204,674	365,730,626	20,353,287	1,069,288,587	1.2035	9,625,529,702	11.11%
2012	634,214,647	371,913,522	19,936,077	1,026,064,246	1.2447	9,350,503,687	10.97%
2013	575,074,783	380,102,301	19,084,628	974,261,712	1.2864	8,838,891,218	11.02%
2014	513,683,811	371,638,224	18,023,142	903,345,177	1.3850	8,029,406,641	11.25%
2015	468,337,874	359,094,468	17,584,375	845,016,717	1.5615	7,573,933,720	11.16%

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 1,059,004,850

NAVAJO COUNTY
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

County Direct Rates

Fiscal Year	Primary	Fire District	Library District	Flood Control District	Public Health District	Total Direct
2006	0.6337	0.1000	0.0300	0.3000	0.1963	1.2600
2007	0.6229	0.1000	0.0400	0.3000	0.1963	1.2592
2008	0.6041	0.1000	0.0500	0.3000	0.1963	1.2504
2009	0.5775	0.1000	0.0500	0.3000	0.1963	1.2238
2010	0.5594	0.1000	0.0500	0.3000	0.1963	1.2057
2011	0.5572	0.1000	0.0500	0.3000	0.1963	1.2035
2012	0.5984	0.1000	0.0500	0.3000	0.1963	1.2447
2013	0.6401	0.1000	0.0500	0.3000	0.1963	1.2864
2014	0.6995	0.1000	0.0704	0.3000	0.2151	1.3850
2015	0.8185	0.1000	0.1000	0.3000	0.2430	1.5615

Overlapping Rates

Fiscal Year	School Equalization	School Districts	Cities	Other Special Districts	Community College District
2006	0.4358	3.3931-8.0200	0.5324-0.9501	0.0967-2.6514	1.5200
2007	0.0000	3.7977-8.0200	0.5216-0.9134	0.0871-2.6347	1.4858
2008	0.0000	3.1373-6.7592	0.2845-0.8870	0.0864-2.7749	1.4206
2009	0.0000	3.6519-7.7773	0.2845-0.8685	0.0785-2.7512	1.3382
2010	0.3306	3.6624-8.3747	0.2789-0.8550	0.0706-2.7326	1.1352
2011	0.3564	3.0839-8.0000	0.2789-0.8567	0.0707-3.5500	1.1308
2012	0.4259	3.1634-7.3012	0.2789-0.9815	0.0835-3.5500	1.2387
2013	0.4717	2.9606-8.000	0.2789-0.9880	0.0910-3.5500	1.3515
2014	0.5123	2.8322-8.000	0.2789-1.1934	0.1131-3.550	1.4769
2015	0.5089	2.6662-8.000	0.2789-1.2831	0.1291-3.550	1.6610

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 Five Years Ago

Taxpayer	2015			2010		
	Primary Assessed Value	Rank	Percentage of Total Primary Assessed Value	Primary Assessed Value	Rank	Percentage of Total Primary Assessed Value
Arizona Public Service Company	\$ 131,274,320	1	15.54%	\$ 107,346,606	1	10.75%
PacifiCorp Electric Operations	52,277,671	2	6.19%	31,068,621	2	3.11%
Peabody Western Coal Co.	17,334,500	3	2.05%	16,669,389	3	1.67%
Transwestern Pipeline Co	10,415,034	4	1.23%	11,923,788	4	1.19%
Burlington Northern/Santa Fe Railway	7,359,777	5	0.87%	4,483,725	8	0.45%
Kinder Morgan	6,029,921	6	0.71%	9,163,477	5	0.92%
Navopache Electric Co-Op Inc.	5,686,243	7	0.67%	3,328,331	9	0.33%
Citizens Telecom of White Mountains	5,010,520	8	0.59%	6,231,982	7	0.62%
Unisource Energy Corporation	4,916,132	9	0.58%	2,821,246	10	0.28%
Smith Bagley	4,367,509	10	0.52%	N/A	N/A	N/A
TOTALS	<u>\$ 244,671,627</u>		<u>28.95%</u>	<u>\$ 193,037,165</u>		<u>19.33%</u>
Total 2015 Navajo County Assessed Value	\$ 845,018,236			Total 2010 Navajo County Assessed Value		\$ 998,764,550

Source: Navajo County Assessor's office

Note: Information for principle property taxpayers was not available prior to fiscal year 2010; consequently the comparison is for a 5 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
2006	\$ 4,320,274	\$ 4,139,945	95.83%	\$ 179,585	4,319,530	99.98%
2007	\$ 4,579,700	\$ 4,401,681	96.11%	\$ 177,251	4,578,932	99.98%
2008	\$ 4,910,817	\$ 4,684,181	95.38%	\$ 225,885	4,910,067	99.98%
2009	\$ 5,247,935	\$ 5,003,706	95.35%	\$ 242,130	5,245,835	99.96%
2010	\$ 5,583,364	\$ 5,306,931	95.05%	\$ 272,298	5,579,229	99.93%
2011	\$ 5,862,332	\$ 5,569,913	95.01%	\$ 285,779	5,855,691	99.89%
2012	\$ 6,109,358	\$ 5,887,544	96.37%	\$ 213,618	6,101,163	99.87%
2013	\$ 6,184,503	\$ 6,001,505	97.04%	\$ 174,168	6,175,673	99.86%
2014	\$ 6,280,222	\$ 6,070,355	96.66%	\$ 196,179	6,266,534	99.78%
2015	\$ 6,881,029	\$ 6,652,088	96.67%	\$ -	6,652,088	96.67%

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	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2006		5,915,000	1,765,055	40,684	7,720,739	0.34	70.83
2007		5,915,000	2,950,589	18,848	8,884,437	0.37	80.04
2008	6,600,000	5,635,000	2,442,125	73,520	14,750,645	0.58	131.29
2009	6,600,000	5,340,000	1,702,213	53,687	13,695,900	0.52	121.23
2010	6,265,000	5,030,000	1,517,107	25,377	12,837,484	0.47	119.48
2011	5,915,000	4,700,000	1,309,455	12,693	11,937,148	0.43	111.38
2012	5,545,000	4,345,000	1,172,771	282,887	11,345,658	0.4	105.94
2013	13,665,000	-	985,235	320,638	14,970,873	0.52	137.73
2014	19,125,000	-	786,508	571,035	20,482,543	N/A (2)	187.59
2015	16,845,000	-	573,542	326,188	17,744,730	N/A (2)	N/A (2)

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) Population for 2014 and personal income for 2013 and 2014 were not available.

Navajo County
Pledged Revenue Coverage
Last Ten Fiscal Years

2013 Series Pledged Revenue Obligation

Fiscal Year	County Excise Tax	State Shared Sales Tax	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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

2012 Series Pledged Revenue Obligation

Fiscal Year	County Excise Tax	State Shared Sales Tax	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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

2008 Series Pledged Revenue Obligation Bonds (Refunded in August 2013)

Fiscal Year	County Excise Tax	State Shared Sales Tax	Net Available Revenue	Debt Service		Coverage Ratio
				Principal	Interest	
2008	\$ 7,083,165	\$ 10,915,470	\$ 17,998,635	\$	\$	
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 Bonds

Fiscal Year	Revenues	Debt Service		Coverage Ratio
		Principal	Interest	
2009	\$ 300,706	\$ 166,022	\$ 105,882	1.11
2010	273,885	185,106	94,237	0.98
2011	241,567	207,652	83,934	0.83
2012	241,374	136,684	75,045	1.14
2013	248,745	187,536	74,568	0.95
2014	251,299	198,727	54,482	0.99
2015	231,966	212,967	43,352	0.90

Source: Navajo County Finance Department

Navajo County
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$ 846,247,083
Debt limit (15% of assessed value)	126,937,062
Debt applicable to limit:	
General obligation bonds	
Less: Amount set aside for repayment of general obligation debt	
Total net debt applicable to limit	\$ 126,937,062
Legal debt margin	

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt Limit	\$ 102,590,120	\$ 110,225,508	\$ 121,847,141	\$ 136,253,654	\$ 149,814,683
Total net debt applicable to limit					
Legal debt margin	102,590,120	110,225,508	121,847,141	136,253,654	149,814,683
 Total net debt applicable to the limit as a percentage of the debt	 0%	 0%	 0%	 0%	 0%

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt Limit	\$ 158,850,728	\$ 153,920,569	\$ 146,139,257	\$ 135,502,778	\$ 126,937,062
Total net debt applicable to limit					
Legal debt margin	158,850,728	153,920,569	146,139,257	135,502,778	126,937,062
 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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u> (thousands of <u>dollars</u>)	<u>Per Capita</u> <u>Personal</u> <u>Income</u>	<u>Unemployment</u> <u>Rate</u>
2006	109,000	2,260,966	\$ 20,743	7.2
2007	110,999	2,412,656	\$ 21,736	6.3
2008	112,348	2,539,509	\$ 22,604	9.7
2009	112,975	2,634,137	\$ 23,316	14.9
2010	107,449	2,742,716	\$ 25,526	16.0
2011	107,174	2,780,847	\$ 25,947	15.8
2012	107,094	2,826,523	\$ 26,393	15.2
2013	108,694	2,869,655	\$ 26,739	13.1
2014	109,185	(1)	(1)	7.7
2015	(1)	(1)	(1)	6.6

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

(1) Information is not yet available for 2014 and 2015.

Navajo County Employment by Sector and Major Employers

Employment by Sector

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Mining and Construction	3,200	2,925	2,375	1,600	1,450
Educational & Health Svcs	3,250	3,325	3,300	3,500	3,550
Financial Activities	650	600	525	475	400
Government	9,875	9,925	10,400	10,100	9,650
Leisure & Hospitality	3,200	3,475	3,475	3,150	3,500
Manufacturing	975	900	800	550	525
Information	800	825	1,000	1,075	1,150
Professional & Business Svcs	1,250	1,350	1,275	1,025	1,000
Trade, Transportation & Utilities	5,700	6,050	5,650	5,375	5,250
Other Services	925	800	850	750	700

(Continued)

Source: Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Arizona Department of Commerce, Strategic Investment and Research.

Figures are organized under the North American Industrial Classification System (NAICS).

Major Employers⁽¹⁾

<u>Employer</u>	<u>Employer Type</u>
APS, Joseph City	Electric Services
Arizona Department of Corrections	Prison
Algae Biosciences	Pharmaceuticals
Burlington Northern Santa Fe	Line-Haul
Cellular One	Communications
Hatch Auto Centers	Auto Dealer
Hondah Resort & Casino	Hospitality
Holiday Inn, Kayenta	Hotels and Motels
Home Depot	Retail
Kayenta Boarding B.I.A. School	Education
Keams Canyon Indian Hospital	Medical
K-Mart	Retail
Little Colorado Medical Center	Medical
Navajo Government Executive Branch	Government
Navajo County School District	Education
Navajo Tribal Utility Authority, Keams Canyon	Utilities
Navopache Electric Cooperative, Inc.	Utility
Northland Pioneer College, Holbrook	Colleges
NovoPower	Energy
Overseas Aircraft Support	Aircraft
Peabody Coal Co., Kayenta	Coal and Mining
PFFJ, Inc., Snowflake	Pork Production
Pinon Unified School District #4	Education
Safeway, Pinetop-Lakeside	Retail
Summit Healthcare, Show Low	Hospital
Tate's Auto Center, Holbrook	Auto Dealer
Wal-Mart SuperCenter, Show Low	Retail
Western Moulding Co. Inc., Snowflake	Millwork
White Mountain Apache Tribe	Government

Sources: Holbrook Chamber of Commerce; Navajo Nation, Navajo Nation, Division of Economic Development; Pinetop-Lakeside Chamber of Commerce; Show Low Regional Chamber of Commerce; and SnowflakeTaylor Chamber of Commerce.

Navajo County
Employment by Sector and Major Employers
(Continued)

Employment by Sector

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Mining and Construction	1,325	1,600	1,600	1,625	1,725
Educational & Health Svcs	3,200	3,550	3,575	3,575	3,900
Financial Activities	425	575	600	700	625
Government	9,500	9,850	9,675	9,325	9,775
Leisure & Hospitality	3,625	3,600	3,875	3,700	3,200
Manufacturing	525	475	125	150	175
Information	1,150	1,175	1,175	1,150	1,200
Professional & Business Svcs	1,025	1,000	1,175	1,425	1,150
Trade, Transportation & Utilities	5,025	5,150	5,175	4,700	4,875
Other Services	525	950	1,050	925	950

⁽¹⁾ The number of employees for the 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 Nine Fiscal Years

Function	Fiscal Year					
	2007	2008	2009	2010	2011	2012
General government	272	290	284	284	294	295
Public safety	240	260	256	248	239	243
Highways and streets	84	90	90	81	81	82
Health and welfare	62	67	66	63	65	66
Culture and recreation	3	4	4	5	6	5
Total	<u>661</u>	<u>711</u>	<u>700</u>	<u>681</u>	<u>685</u>	<u>691</u>

Function	2013	2014	2015
General government	278	277	278
Public safety	238	236	238
Highways and streets	78	83	91
Health and welfare	73	80	81
Culture and recreation	8	4	5
Total	<u>675</u>	<u>680</u>	<u>692</u>

Source: Navajo County Budget 2007 - 2015

Navajo County
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	2006	2007	2008	2009
General Government				
Assessor				
Number of parcels assessed	80,664	83,044	84,824	85,536
Elections				
Elections	5	4	5	4
Number voting	13,398	43,445	23,687	51,626
Planning & Zoning				
Building permits issued	3,674	3,789	3,085	1,837
Public Fiduciary				
Guardianships/conservatorships	97	99	104	103
Public Safety				
Adult Probation				
Community service hours	40,493	34,370	50,415	51,910
Pre-sentence reports written for courts	772	744	678	594
Probationers actively supervised	726	868	1,036	1,009
Juvenile Probation				
Average length of detention (days)	15	15	12	8
Juveniles in detention	281	318	338	457
Probationers	166	164	186	199
Community restitution hours	8,909	9,170	10,504	8,740
Sheriff				
Inmate population	369	385	363	363
Highways & Streets				
Public Works				
Crack sealing (miles)	45	9	2	-
Street resurfacing (miles)	54	33	52	42
Waste Tire Program				
Waste tires collected			56,775	51,481
Health & Welfare				
Public Health District				
Certified copies of birth or death certificates		5,311	5,685	6,811
Childhood immunization visits	5,905	8,608	10,586	7,343
Restaurant inspections and re-inspections	603	592	593	608
Culture & Recreation				
Library District				
Number of items circulated	372,980	380,765	442,038	456,579
Number of library cards issued (by member libraries)	6,395	5,835	6,079	5,985
Number of prints, media and electronic items	220,545	241,479	262,997	287,552
Number of items owned by Library District	13,800	15,216	16,907	19,607
Education				
School Superintendent				
Charter schools	8	6	6	6
Charter students	1,547	817	818	839
District students	21,253	20,948	20,861	20,497
School districts	14	14	14	14

(continued)

Source: Navajo County departments monthly and annual performance reports

Navajo County
Operating Indicators by Function
Last Ten Fiscal Years

Fiscal Year					
2010	2011	2012	2013	2014	2015
85,858	86,304	88,148	85,773	85,752	88,306
4	4	5	4	3	1
21,379	50,969	17,330	57,960	8,569	685
1,285	926	994	1,023	970	981
110	99	108	109	163	160
49,198	40,687	39,135	40,306	36,388	33,793
504	637	641	566	571	828
1,008	1,349	1,270	1,313	1,181	1,101
10	12	11	12	10	9
441	408	449	336	355	339
171	182	148	122	307	297
8,939	5,173	7,346	6,401	5,252	5,093
361	319	274	283	382	364
47	49	82	59	88	102
25	42	32	13	12	30
48,743	60,117	47,962	57,742	52,623	47,184
6,913	4,949	4,678	5,031	5,353	5,341
10,299	5,154	4,592	2,165	1,096	1,250
336	709	423	621	483	503
480,959	441,232	438,916	425,272	378,584	368,114
6,206	6,170	5,406	5,054	14,303	13,957
310,602	333,901	343,659	333,193	334,866	336,617
21,774	24,199	25,837	28,827	34,214	32,149
7	7	7	7	6	6
471	352	399	630	742	829
19,913	19,071	18,606	18,495	17,090	17,575
14	14	14	13	11	13

Navajo County
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Elections										
Voting Machines	158	158	158	158	158	173	173	173	173	173
Superior Courts										
Divisions	3	4	4	4	4	4	4	4	4	4
Division - Satellite						1	1	1	1	1
Justice Courts	6	6	6	6	6	6	6	6	6	6
Public Safety										
Sheriff										
Inmate beds available		407		433	425	426	442	442	441	438
Jail Facilities	1	1	1	1	1	1	2	2	2	2
Stations	0	0	0	0	0	0	0	0	0	0
Improvement Districts										
Flood Warning Sites	31	31	31	31	30	31	31	31	31	26
Flood Control District Properties	8	8	8	8	9	12	12	12	13	13
Road Improvement Districts	0	2	1	1	1	1	0	0	0	0
Highways and Streets										
Public Works										
Miles of maintained roads	738.98	747.83	732.01	737.65	734.9	733.28	733.65	733.95	733.95	734.66
Bridges	14	14	14	14	14	14	15	15	15	15
Sanitation										
Landfill/Environment										
Transfer Stations	0	0	0	0	0	0	0	0	0	0
Health										
Health Care										
Public health facilities										
Heber - Owned	1	1	1	1	1	1	1	1	1	1
Show Low - Owned	1	1	1	1	1	1	1	1	1	1
Snowflake - Operated	1	1	1	1	1	1	1	1	1	1
Holbrook - Owned	1	1	1	1	1	1	1	1	1	1
Winslow - Owned	1	1	1	1	1	1	1	1	1	1
Pinetop - Owned	1	1	1	1	1	1	1	1	1	1
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.