

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020

NAVAJO COUNTY Arizona



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Board of Supervisors



Lee Jack Sr.
District I



Jesse Thompson
District II



Jason E. Whiting
District III



Daryl Seymore
District IV



Dawnafe Whitesinger
District V

Navajo County, Arizona

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020

Prepared by Navajo County Finance Department

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Glenn Kephart

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Navajo County
 Comprehensive Annual Financial Report
 Year Ended June 30, 2020

<u>Table of Contents</u>	<u>Page</u>
Introductory Section	
Table of Contents	i
Letter of Transmittal	iv
Organizational Chart	ix
Certificate of Achievement for Excellence in Financial Reporting	x
Financial Section	
Independent Auditors' Report	1
Required Supplementary Information—Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Statements	
Governmental Funds	
Balance Sheet	18
Reconciliation of the Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	21
Fiduciary Funds	
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	23
Notes to Financial Statements	
Note 1 – Summary of Significant Accounting Policies	24
Note 2 – Stewardship, Compliance, and Accountability	31
Note 3 – Deposits and Investments	31
Note 4 – Due From Other Governments	34
Note 5 – Capital Assets	34
Note 6 – Long-Term Liabilities	35
Note 7 – Risk Management	37
Note 8 – Operating Lease	38
Note 9 – Fund Balance Classifications of the Governmental Funds	38
Note 10 – Pensions and Other Postemployment Benefits	39
Note 11 – Interfund Balances and Activity	58
Note 12 – County Treasurer's Investment Pool	58

Navajo County
 Comprehensive Annual Financial Report
 Year Ended June 30, 2020

<u>Table of Contents</u>	<u>Page</u>
Other Required Supplementary Information	
Budgetary Comparison Schedules	
General Fund	62
Public Works/HURF Fund	65
Notes to Budgetary Comparison Schedules	66
Pension Plan Schedules	
Schedule of the County’s Proportionate Share of the Net Pension Liability— Cost-Sharing Pension Plans	68
Schedule of Changes in the County’s Net Pension Liability and Related Ratios—Agent Pension Plans	69
Schedule of County Pension Contributions	72
Notes to Pension Plan Schedules	74
 Supplementary Information	
List of Nonmajor Governmental Funds	78
 Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet - Nonmajor Governmental Funds	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	85
Budgetary Comparison Schedules – Nonmajor Governmental Funds	
Special Revenue – Administration	90
Special Revenue – County Attorney	91
Special Revenue – Courts	92
Special Revenue – Environmental and Conservation	93
Special Revenue – Flood Control District	94
Special Revenue – Library District	95
Special Revenue – Probation	96
Special Revenue – Public Defense	97
Special Revenue – Public Health	98
Special Revenue – Recreation District	99
Special Revenue – Sheriff’s Office	100
Special Revenue – Special Districts	101
Special Revenue – Workforce Innovation and Opportunity Act (WIOA)	102
Debt Service – General Government	103
Debt Service – Special Districts	104
 Statement of Changes in Assets and Liabilities – Agency Funds	 106

Navajo County
Comprehensive Annual Financial Report
Year Ended June 30, 2020

<u>Table of Contents</u>	<u>Page</u>
Statistical Section	
Listing of Statistical Information	108
Financial Trends	
Net Position by Component	109
Changes in Net Position	110
Fund Balances of Governmental Funds	112
Changes in Fund Balances of Governmental Funds	114
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property	116
Direct and Overlapping Property Tax Rates	117
Principal Property Taxpayers	118
Property Tax Levies and Collections	119
Debt Capacity	
Ratios of Outstanding Debt by Type	120
Computation of Direct and Overlapping Debt	121
Pledged Revenue Coverage	122
Legal Debt Margin Information	123
Demographic and Economic Information	
Demographic and Economic Statistics	124
Employment by Sector	125
Operating Information	
Full-Time Equivalent Employees by Function	126
Operating Indicators by Function	127
Capital Asset Statistics by Function	129



NAVAJO COUNTY

Administration

Bryan Layton
Assistant County Manager

Glenn Kephart
County Manager

Jayson Vowell
Finance Director

We are Navajo County

December 17, 2020

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 2020. 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 2020 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 2020 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 2020 population of the County was estimated to be 110,924. The principal industries are tourism, manufacturing, timber production, and ranching.

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

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

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

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

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

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

FACTORS AFFECTING NAVAJO COUNTY'S FINANCIAL CONDITION

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

Local Economy – The major economic activities within Navajo County include tourism, manufacturing, timber production, and ranching. Some of the major employers in the County include Arizona Public Service (utilities), Burlington Northern Santa Fe (railway), Summit Healthcare (medical facility), Northland Pioneer College (post-secondary education), and the Fort Apache Timber Company (timber processing).

Over the past decade, Navajo County has redefined and restructured itself as an organization to meet the financial challenges of the Great Recession and increasing pension costs. Restructuring included many efficiencies and reductions in administrative overhead costs, cost savings in healthcare, as well as new innovations such as leveraging drone technology. Despite these achievements, though, overall staffing was reduced by 13% in fiscal years 2017 and 2018. Staffing levels and wages have remained stagnant, the latter of which has encouraged employee turnover rates to exceed 20% annually. Prolonged deference of capital replacement has resulted in an aging fleet with unsustainable maintenance costs and information technology (IT) infrastructure that is unable to consistently meet the demands of constituents and the minimal daily needs of staff.

As the national and state economies have improved, Navajo County has benefited from increased sales tax and some reductions in cost shifts from the State. In fiscal year 2020, these financial improvements allowed the County to make a larger than typical investment in IT to address some of our deficiencies. If not for the pending elimination of revenues from coal power generation, the County was in a position to achieve budget sustainability and continue to tackle other imbalances from the recession.

The elimination of coal power generation in Navajo County has caused a \$2.5 million reduction in sales tax and property tax beginning in fiscal year 2020. The Navajo Generating Station and Kayenta Mine were closed in December 2019 and per lawsuit settlement with the Environment Protection Agency, the Cholla Power Plant will completely close by 2025—if not sooner. The loss of private sector jobs from the closure of these facilities is also expected to have significant primary and secondary impacts to the County's economy, and further increase the County's unemployment rate.

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

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

Long-Term Financial Planning – The County's responsiveness to emerging economic challenges and its careful long-range planning have been key factors in Navajo County's fiscal health. Fiscal conservatism, a streamlined budget, and operating efficiencies have resulted in a solid financial position for the County at the close of FY 2019-2020.

Relevant financial principles include the following:

- Fiscal Conservatism: Ensure the County is always in a solid financial condition; current revenues will be enough to support current operating expenditures.
- Flexibility: Ensure the County can respond to changes in the economy or new service challenges without undue amounts of financial stress.
- Adherence to the Highest Accounting and Management Practices: Comply with the Government Finance Officers Association (GFOA) standards for reporting, the Governmental Accounting Standards Board (GASB) and State of Arizona reporting requirements.
- Maintain Reserve: The County will maintain a contingency for cash liquidity purposes in the County General Fund equal to at least 10% of its annual operating budget.

During FY 2019-2020 Navajo County continued to invest in basic government service programs and amenities. The planning parameters were Regional Leadership, Growth, Public Safety, Healthcare, Transportation, Jobs and Economic Development, and Accountability.

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

SIGNIFICANT FINANCIAL POLICIES

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

AWARDS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Navajo County, Arizona for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the ninth consecutive year that Navajo County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement Award is valid for one year. We believe our current comprehensive annual financial report will meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine our eligibility for another certificate.

ACKNOWLEDGMENTS

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

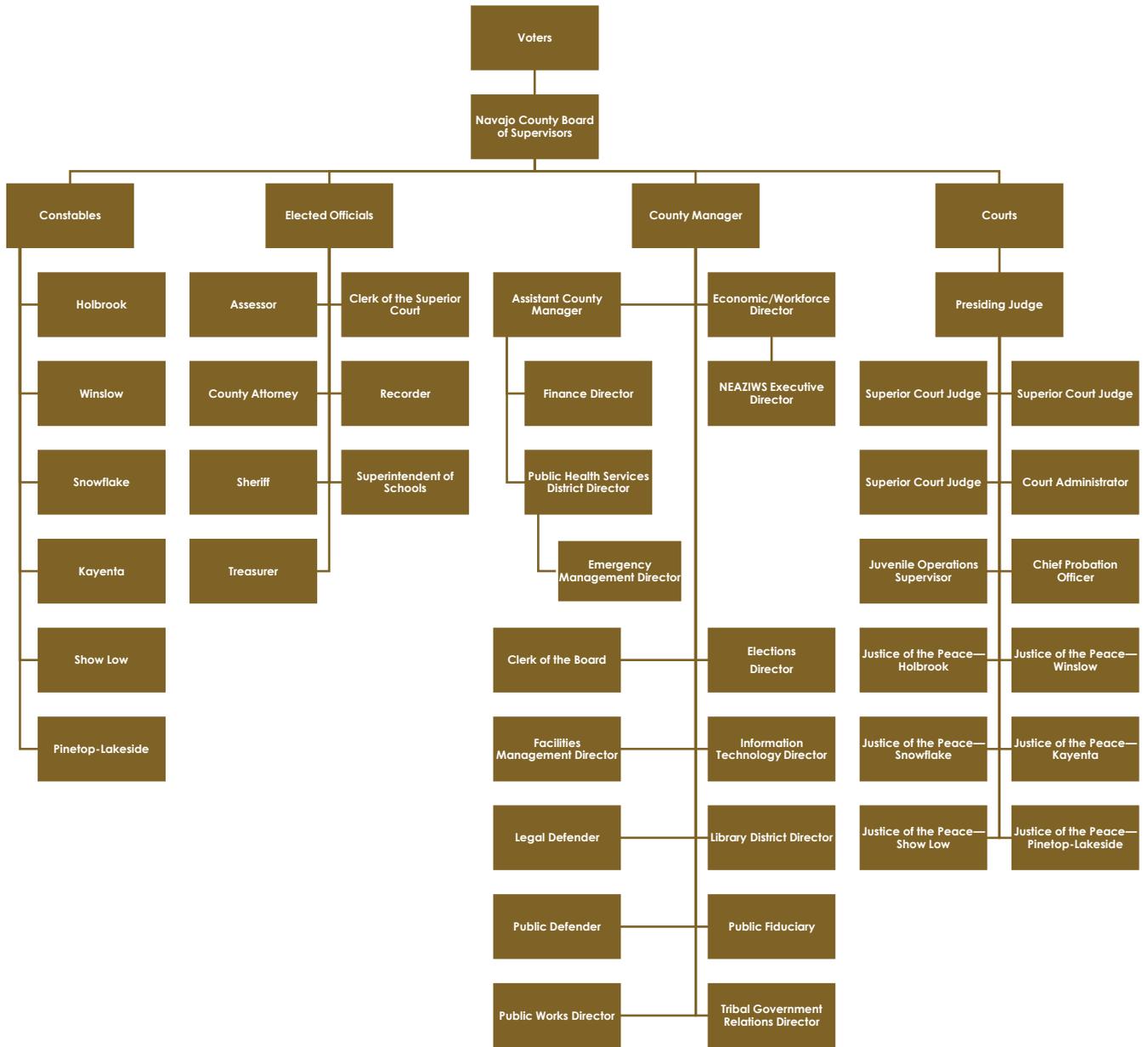
We wish to thank the Navajo County Board of Supervisors for their leadership and commitment to Navajo County and our citizens.

Respectfully submitted,

Glenn Kephart
County Manager

Bryan Layton
Assistant County Manager

Jayson Vowell
Finance Director





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, 2019

Christopher P. Morill

Executive Director/CEO







LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent auditors' report

Members of the Arizona State Legislature

The Board of Supervisors of
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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the County as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Other matters

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5 through 13, budgetary comparison schedules on pages 62 through 65, 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, and schedule of County pension contributions on pages 72 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and other information

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

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

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

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

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to comply with the authorized transportation purposes, insofar as they relate to accounting matters, for Highway User Revenue Fund monies it received pursuant to Arizona Revised Statutes Title 28, Chapter 18,

Article 2, and any other dedicated State transportation revenues it received. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the authorized transportation purposes referred to above, insofar as they relate to accounting matters.

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

Other reporting required by *Government Auditing Standards*

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

Lindsey A. Perry, CPA, CFE
Auditor General

December 17, 2020



Navajo County Management's Discussion and Analysis Year Ended June 30, 2020

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, 2020. We encourage readers to consider the information presented here in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by \$53.9 million (net position). Of this amount, \$53.4 million is the net investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, infrastructure and construction in progress, net of accumulated depreciation, less any outstanding liabilities incurred to acquire or construct the assets); \$38.5 million is restricted for specific purposes (restricted net position); and \$(38) million is the unrestricted net position deficit balance that is primarily a result of recognizing long-term liabilities related to pensions.
- At June 30, 2020, total assets were \$129.2 million, an increase of \$12.1 million or 10.4 percent in comparison with the prior fiscal year's balance of \$117.1 million.
- At June 30, 2020, total liabilities were \$78.5 million, an increase of \$2.6 million or 3.4 percent in comparison with the prior fiscal year's balance of \$75.9 million.
- At June 30, 2020, the County reported total deferred outflows of resources related to pensions/OPEB of \$10.0 million and deferred inflows of resources related to pensions/OPEB of \$6.9 million.
- At June 30, 2020, the governmental funds reported combined fund balances of \$58.7 million, an increase of \$11.3 million or 23.8 percent in comparison with the prior year's combined fund balances of \$47.4 million.
- At June 30, 2020, \$36.0 million or 61.3 percent of governmental fund balances were restricted, \$18.2 million or 31 percent were unassigned, \$3.1 million or 5.3 percent were assigned, and \$1.4 million or 2.4 percent were nonspendable. Restricted fund balances have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations; or by constitutional provisions or enabling legislation. The assigned and unassigned fund balances are considered unrestricted. The unrestricted fund balances are available for spending at the County's discretion. However, the assigned fund balances are designated by management. The nonspendable fund balances include amounts that cannot be spent because they are not in spendable form, such as inventory.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Navajo County Management's Discussion and Analysis Year Ended June 30, 2020

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

Government-wide financial statements

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

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

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

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

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

Fund financial statements

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

Governmental funds—Most of the County's basic services are reported in governmental funds, which focus on near-term inflows and outflows of spendable resources and the balances of spendable resources available at year-end. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can be

Navajo County Management's Discussion and Analysis Year Ended June 30, 2020

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, Jail District Fund, and CARES Act Fund, which are considered major funds. Data from the other governmental funds is combined into a single aggregated presentation. *The governmental fund financial statements can be found on pages 18 through 21 of this report.*

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. *The fiduciary funds financial statements can be found on pages 22 and 23 of this report.*

Notes to the financial statements—The notes to the financial statements provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements. *The notes to the financial statements can be found on pages 24 through 59 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 75 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, 2020, compared to the prior year.

Navajo County
Management's Discussion and Analysis
Year Ended June 30, 2020

	Governmental Activities	
	2020	2019
Current and other assets	\$ 63,918,945	\$ 50,660,337
Net pension/OPEB asset	1,056,916	986,162
Capital assets	<u>64,255,033</u>	<u>65,429,301</u>
Total assets	<u>129,230,894</u>	<u>117,075,800</u>
Deferred outflows of resources		
Total deferred outflows of resources	<u>9,982,057</u>	<u>9,833,521</u>
Current and other liabilities	3,662,120	2,491,983
Long-term liabilities	<u>74,826,063</u>	<u>73,383,692</u>
Total liabilities	<u>78,488,183</u>	<u>75,875,675</u>
Deferred inflows of resources		
Total deferred inflows of resources	<u>\$ 6,857,696</u>	<u>\$ 14,604,911</u>
Net Position:		
Net investment in capital assets	53,427,360	53,322,786
Restricted	38,510,287	31,085,279
Unrestricted (deficit)	<u>(38,070,575)</u>	<u>(47,979,330)</u>
Total net position	<u>\$ 53,867,072</u>	<u>\$ 36,428,735</u>

Overall, total assets and deferred outflows of resources increased by \$12.3 million or 9.7 percent and total liabilities and deferred inflows of resources decreased by \$5.1 million or 5.7 percent in the current fiscal year. The following summarizes the significant changes in assets and deferred outflows/inflows of resources compared to the prior year.

- Current and other assets increased by \$13.3 million or 26.2 percent in the current year largely due to increases in cash and investments of \$7.9 million and due from other governments of \$5.9 million. The cash and investments increase was due to the following: an unspent new collected jail excise sales tax of \$2.1 million; additional cash of \$3.2 million accumulated in the Insurance Trust Fund from conservative spending; additional charges for services, property taxes and investment earnings of \$936,000 collected and their related receivables increased only \$48,000; and current liabilities increased \$1.2 million from the prior year. The due from other governments increase was primarily due to an increase in operating grants and contributions of \$5.3 million and additional Jail excise sales tax of \$901,000 accrued at year-end.
- As a result of an actuarial valuation of the total pension liability performed as of June 30, 2019 and a measurement date of June 30, 2019, deferred outflows and inflows of resources related to pensions and OPEB increased by \$148,536 and decreased by \$7.7 million, respectively.

A large portion of the County's net position, \$53.4 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.

Navajo County
Management's Discussion and Analysis
Year Ended June 30, 2020

The County's restricted net position of \$38.5 million is subject to external restrictions on how they may be used. Finally, the County's unrestricted (deficit) in net position of \$38.0 million decreased by \$9.9 million from the prior year primarily due to a decrease in deferred inflows of resources related to pensions and OPEB of \$7.7 million and an increase in pension/OPEB liability of \$2.9 million.

Changes in Net Position

The Statement of Activities presents information on how the County's net position changed during the most current fiscal year. The following table reflects the condensed Statement of Activities of the County for the fiscal year 2020 compared to the prior year.

	Governmental Activities	
	2020	2019
Program revenues:		
Charges for services	\$ 7,297,669	\$ 6,720,483
Operating grants and contributions	31,731,377	26,395,861
Capital grants and contributions	125,480	197,369
Total program revenues	39,154,526	33,313,713
General revenues:		
Property taxes	13,179,014	13,061,068
Sales taxes	9,825,975	7,792,310
State shared revenues	15,984,931	16,037,990
Payments in lieu of taxes	1,680,097	1,653,023
Investment earnings	839,212	598,634
Gain on disposal of capital assets	81,469	81,300
Miscellaneous	1,344,682	1,572,144
Total general revenues	42,935,380	40,796,469
Total revenues	82,089,906	74,110,182
Program expenses:		
General government	\$19,717,997	\$19,039,794
Public safety	17,389,682	15,006,970
Highways and streets	13,428,606	13,019,136
Health and welfare	7,867,404	6,998,047
Culture and recreation	906,722	834,993
Education and economic opportunity	4,702,040	3,896,117
Environmental and conservation	261,874	330,778
Urban redevelopment and housing	27,500	
Interest on long-term debt	349,744	388,013
Total program expenses	64,651,569	59,513,848
Change in net position	17,438,337	14,596,334
Net position, beginning	36,428,735	21,832,401
Net position, ending	\$53,867,072	\$36,428,735

Navajo County Management's Discussion and Analysis Year Ended June 30, 2020

Overall total revenues increased by almost \$8 million or 10.8 percent and total program expenses increased by \$5.1 million or 8.6 percent from the prior year. The following summarizes the significant changes in revenues and expenses compared to the prior year.

- Program revenues increased by \$5.8 million or 17.5 percent largely due to a net increase of \$5.3 million in operating grants and contributions and \$577,000 in charges for services. Specifically, two new COVID related grants amounting to \$4.2 million were received in the current fiscal year. In addition, the Superintendent of Schools Fund received additional education federal grants of \$225,000 and State equalization of \$182,000. Further, the Public Health District, Sheriff's Office and WIOA received additional federal and state grants and contributions of \$684,000.
- General revenues increased by \$2.1 million or 5.2 percent primarily due to a new jail excise sales tax being approved by the County voters and collected in the current fiscal year.
- Public safety expenses increased by \$2.4 million or 15.9 percent due to increases in pension /OPEB expenses and additional grants and contributions received and spent in the current fiscal year.
- Health and welfare expenses increased by \$869,000 or 12.4 percent due to increases in pension/OPEB expenses and additional grants and contributions received and spent in the current fiscal year.
- Education and economic opportunity expenses increased by \$806,000 or 20.7 percent primarily due to additional state equalization and grants and contributions received and spent in the current fiscal year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County reported four major funds for this fiscal year: the General Fund, Public Works/HURF Fund, Jail District Fund, and CARES Act Fund. At the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$58.7 million, which is an increase of \$11.3 million or 23.8 percent in comparison with the prior year's combined fund balances of \$47.4 million. Of the total, \$21.3 million constitutes unrestricted fund balances.

For governmental funds, overall revenues increased \$6.4 million or 7.9 percent and expenditures increased \$1.6 million or 2.2 percent. Governmental fund revenues exceeded expenditures by \$11.7 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 \$28.1 million. Fund balances represent 65.1 percent of total General Fund expenditures. This ratio indicates a strong fund balance position in comparison to expenditures.

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

Navajo County
Management's Discussion and Analysis
Year Ended June 30, 2020

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Revenues:						
Employer and employee premiums	\$6,194,828	\$6,467,366	\$ 5,941,050	\$8,088,571	\$7,845,063	\$7,826,839
Miscellaneous refunds	195,896	498,732	104,167	394,432	470,385	564,708
Investment earnings	<u>14,447</u>	<u>13,787</u>	<u>10,319</u>	<u>6,665</u>	<u>34,548</u>	<u>81,206</u>
Total revenues	<u>6,405,171</u>	<u>6,979,885</u>	<u>6,055,536</u>	<u>8,489,668</u>	<u>8,349,996</u>	<u>8,472,753</u>
Expenditures:						
General government healthcare costs	<u>5,562,982</u>	<u>6,635,521</u>	<u>8,332,148</u>	<u>6,893,826</u>	<u>6,490,746</u>	<u>5,288,706</u>
Excess (deficiency) of revenues over expenditures	842,189	344,364	(2,276,612)	1,595,842	1,859,250	3,184,047
Beginning fund balances	<u>1,462,455</u>	<u>2,304,644</u>	<u>2,649,008</u>	<u>372,396</u>	<u>1,968,238</u>	<u>3,827,488</u>
Ending fund balances	<u>\$2,304,644</u>	<u>\$2,649,008</u>	<u>\$ 372,396</u>	<u>\$1,968,238</u>	<u>\$3,827,488</u>	<u>\$7,011,535</u>

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

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

General Fund

- Cash and investments increased by \$6.1 million or 45.5 percent in the current year largely due to excess of total revenues collected over total expenditures spent in the current year.
- Due from other funds increased by \$1.5 million or 56.1 percent in the current year primarily due to a new COVID grant funding due from the CARES Act Fund that was recognized as revenue but not received until July 2020.
- Transfers in increased by \$2.9 million or 168.4 percent due to new COVID grant funding received from the CARES Act Fund.
- Transfers out increased \$2.9 million due to the following: the County's maintenance of effort obligation of \$774,000 transferred to the newly created Jail District; County's obligations of \$684,000 to meet the federal and state matching requirements and intergovernmental agreements for the Courts and County Attorney Funds; and additional transfers of \$1.4 million made to the Debt Service – General Government Fund for the debt payments.

Public Works/HURF Fund

- Accounts payable increased by \$648,000 or 53.5 percent in the current year largely due to additional purchases of goods and services at year-end.

Navajo County Management's Discussion and Analysis Year Ended June 30, 2020

Jail District Fund

- In August 2019, the County's voters authorized a Jail District excise sales tax for 20 years beginning in the current fiscal year. At the end of the current fiscal year, the Fund recognized \$2.2 million of excise sales tax and received \$774,000 of maintenance of effort funding from the General Fund.

Cares Act Fund

- In March 2019, the CARES Act Fund was created to account for monies allocated to the county for public health and public safety personnel expenditures due to the Coronavirus Disease (COVID-19) public health emergency. At the end of the current fiscal year, the Fund recognized \$3.9 million in grant funds received from the State of Arizona through the U.S. Department of the Treasury's Coronavirus Relief Fund (CRF).

GENERAL FUND BUDGETARY HIGHLIGHTS

For the General Fund, actual revenues were more than the original and final budget amounts by almost \$2 million, while the actual expenditures were \$14.7 million less than the amount budgeted. The budget variance for revenues was largely due to the receipt of more revenues than anticipated in every category except for fines and forfeits and intergovernmental revenue. The budget variance for expenditures was primarily due to conservative budgeting practices and minimal spending.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets as of June 30, 2020, totaled \$64.3 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, and machinery and equipment. The following provides the major changes in capital assets during the current fiscal year:

- Machinery and equipment increased \$3.4 million of new purchases.

Additional information on capital assets can be found in Note 5 on page 34 of this report.

Debt Administration

At the end of the current fiscal year, the County had total long-term liabilities outstanding of \$74.8 million consisting of the following liabilities that were over \$1 million:

- Net pension/OPEB liability – \$60.3 million
- Pledged revenue obligations payable – \$11.0 million
- Compensated absences payable – \$1.9 million
- Incurred but not reported healthcare claims payable – \$1.1 million

Navajo County Management's Discussion and Analysis Year Ended June 30, 2020

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

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

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. The extent to which COVID-19 impacts the County's operations and workforce will depend on future developments, which are highly uncertain and cannot be predicted with confidence.

The County continues to monitor the local, state and national economy in order to identify opportunities and threats to budgeted revenues. The County continues to place great emphasis on control over expenditures.

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.





Navajo County
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Cash and investments	\$ 49,129,759
Receivables (net of allowance for uncollectibles):	
Property taxes	500,427
Accounts receivable	336,847
Special assessments	40,688
Due from other governments	12,487,887
Prepaid items	752,212
Inventories	671,125
Net pension and other postemployment benefits asset	1,056,916
Capital assets, not being depreciated	5,854,607
Capital assets, being depreciated, net	58,400,426
Total assets	<u>129,230,894</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions and other postemployment benefits	9,982,057
Total deferred outflows of resources	<u>9,982,057</u>
Liabilities	
Accounts payable	2,529,875
Accrued payroll and employee benefits	566,026
Due to other governments	443,747
Interest payable	122,472
Noncurrent liabilities	
Due within 1 year	3,825,733
Due in more than 1 year	71,000,330
Total liabilities	<u>78,488,183</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions and other postemployment benefits	6,857,696
Total deferred inflows of resources	<u>6,857,696</u>
Net Position	
Net investment in capital assets	53,427,360
Restricted for:	
Highways and streets	11,013,945
Public safety	1,194,611
Judicial activities	3,865,363
Education and economic opportunity	1,196,157
Law enforcement	3,957,166
Environment, library, and community services	1,044,805
Health and welfare	2,522,773
Flood control projects	6,801,648
Health insurance trust	5,921,737
Road and other capital projects	566,534
Special districts	116,920
Other purposes	308,628
Unrestricted (Deficit)	(38,070,575)
Total net position	<u>\$ 53,867,072</u>

See accompanying notes to financial statements.

Navajo County
Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 19,717,997	\$ 5,788,697	\$ 3,155,642	\$ 26,831	\$ (10,746,827)
Public safety	17,389,682	1,055,010	4,642,893	67,749	(11,624,030)
Highways and streets	13,428,606	70,358	12,669,984	30,900	(657,364)
Health and welfare	7,867,404	190,946	6,543,708		(1,132,750)
Culture and recreation	906,722	156,658	64,161		(685,903)
Education and economic opportunity	4,702,040	36,000	4,207,895		(458,145)
Environmental and conservation	261,874		398,455		136,581
Urban redevelopment and housing	27,500		48,639		21,139
Interest on long-term debt	349,744				(349,744)
Total governmental activities	<u>\$ 64,651,569</u>	<u>\$ 7,297,669</u>	<u>\$ 31,731,377</u>	<u>\$ 125,480</u>	<u>\$ (25,497,043)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purpose					\$ 8,374,573
Property taxes, levied for flood control					1,886,375
Property taxes, levied for public health district					2,085,038
Property taxes, levied for library district					833,028
General county sales tax					7,597,916
Jail District sales tax					2,228,059
Shared revenues - state sales tax					13,222,608
Shared revenues - state vehicle license tax					2,762,323
Payments in lieu of taxes					1,680,097
Investment earnings					839,212
Gain on sale of capital assets					81,469
Miscellaneous					1,344,682
Total general revenues					<u>42,935,380</u>
Change in net position					17,438,337
Net position, July 1, 2019					36,428,735
Net position, June 30, 2020					<u>\$ 53,867,072</u>

See accompanying notes to financial statements.

Navajo County
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Public Works/ HURF Fund	Jail District Fund	CARES Act Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 19,554,362	\$ 10,647,457	\$ 2,101,878		\$ 16,826,062	\$ 49,129,759
Receivables (net of allowance for uncollectibles):						
Property taxes	301,577				198,850	500,427
Accounts receivable	159,029	2,075			175,743	336,847
Special assessments					40,688	40,688
Due from:						
Other funds	4,148,112	9,236			724,256	4,881,604
Other governments	4,721,686	971,484	900,846	\$ 3,876,483	2,017,388	12,487,887
Prepaid items	750,532				1,680	752,212
Inventories		671,125				671,125
Total assets	<u>\$ 29,635,298</u>	<u>\$ 12,301,377</u>	<u>\$ 3,002,724</u>	<u>\$ 3,876,483</u>	<u>\$ 19,984,667</u>	<u>\$ 68,800,549</u>
Liabilities						
Accounts payable	\$ 452,841	\$ 1,858,451	\$ 19,806		\$ 198,777	\$ 2,529,875
Accrued payroll and employee benefits	492,896	27,739			45,391	566,026
Due to:						
Other funds	53,849	73,505	12,182	3,876,483	865,585	4,881,604
Other governments	134,483	34,102	26,316		248,846	443,747
Pledged revenue obligations payable					180,000	180,000
Interest payable					122,472	122,472
Total liabilities	<u>1,134,069</u>	<u>1,993,797</u>	<u>58,304</u>	<u>3,876,483</u>	<u>1,661,071</u>	<u>8,723,724</u>
Deferred Inflows of Resources						
Unavailable revenue—property taxes	215,241				140,116	355,357
Unavailable revenue—special assessments					33,403	33,403
Unavailable revenue—intergovernmental	231,625				750,994	982,619
Total deferred inflows of resources	<u>446,866</u>				<u>924,513</u>	<u>1,371,379</u>
Fund balances:						
Nonspendable	750,532	671,125			1,518	1,423,175
Restricted	5,930,737	9,636,455	2,944,420		17,455,940	35,967,552
Assigned	2,486,750				632,097	3,118,847
Unassigned	18,886,344				(690,472)	18,195,872
Total fund balances	<u>28,054,363</u>	<u>10,307,580</u>	<u>2,944,420</u>		<u>17,399,083</u>	<u>58,705,446</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,635,298</u>	<u>\$ 12,301,377</u>	<u>\$ 3,002,724</u>	<u>\$ 3,876,483</u>	<u>\$ 19,984,667</u>	<u>\$ 68,800,549</u>

See accompanying notes to financial statements.

Navajo County
 Reconciliation of the Governmental Funds Balance Sheet to the
 Government-Wide Statement of Net Position
 June 30, 2020

Fund balances—total governmental funds	\$ 58,705,446
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.	64,255,033
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	1,371,379
Net pension/OPEB assets held in trust for future benefits are not available for County operations and, therefore, are not reported in the funds.	1,056,916
Long-term liabilities, such as net pension/OPEB liabilities and pledged revenue obligations payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(74,646,063)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.	<u>3,124,361</u>
Net position of governmental activities	<u><u>\$ 53,867,072</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, 2020

	General Fund	Public Works/ HURF Fund	Jail District Fund	CARES Act Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$8,387,809				\$4,816,670	\$ 13,204,479
County sales taxes	7,597,916		\$2,228,059			9,825,975
Special assessments					228,599	228,599
Licenses and permits	545,339				120,710	666,049
Fines and forfeits	559,742				413,074	972,816
Intergovernmental	20,569,567	\$12,669,983		\$3,876,483	11,552,318	48,668,351
Charges for services	10,415,109				1,602,516	12,017,625
Investment earnings	340,565	212,177	1,013		285,457	839,212
Contributions					19,013	19,013
Miscellaneous	654,541	78,306			611,835	1,344,682
Total revenues	<u>49,070,588</u>	<u>12,960,466</u>	<u>2,229,072</u>	<u>3,876,483</u>	<u>19,650,192</u>	<u>87,786,801</u>
Expenditures:						
Current:						
General government	23,802,189				2,480,556	26,282,745
Public safety	14,394,385		58,303		4,392,409	18,845,097
Highways and streets		11,056,484			50,285	11,106,769
Health and welfare	3,639,792				4,867,577	8,507,369
Culture and recreation					933,995	933,995
Education and economic opportunity	295,718				4,637,046	4,932,764
Environmental and conservation					284,339	284,339
Urban redevelopment and housing					27,500	27,500
Debt service:						
Principal	1,964				1,296,265	1,298,229
Interest and other charges	205				349,539	349,744
Capital outlay	947,294	2,141,090			432,960	3,521,344
Total expenditures	<u>43,081,547</u>	<u>13,197,574</u>	<u>58,303</u>	<u>-</u>	<u>19,752,471</u>	<u>76,089,895</u>
Excess (deficiency) of revenues over expenditures	<u>5,989,041</u>	<u>(237,108)</u>	<u>2,170,769</u>	<u>3,876,483</u>	<u>(102,279)</u>	<u>11,696,906</u>
Other financing sources (uses):						
Sale of capital assets		85,113				85,113
Transfers in	4,636,824		773,651		3,733,932	9,144,407
Transfers out	(3,154,089)	(506,881)		(3,876,483)	(1,606,954)	(9,144,407)
Total other financing sources and uses	<u>1,482,735</u>	<u>(421,768)</u>	<u>773,651</u>	<u>(3,876,483)</u>	<u>2,126,978</u>	<u>85,113</u>
Net change in fund balances	<u>7,471,776</u>	<u>(658,876)</u>	<u>2,944,420</u>	<u>-</u>	<u>2,024,699</u>	<u>11,782,019</u>
Fund balances, July 1, 2019	20,582,587	11,446,919			15,374,384	47,403,890
Changes in nonspendable resources:						
Decrease in reserve for inventories		(480,463)			-	(480,463)
Fund balances, June 30, 2020	<u>\$ 28,054,363</u>	<u>\$ 10,307,580</u>	<u>\$ 2,944,420</u>	<u>\$ -</u>	<u>\$ 17,399,083</u>	<u>\$ 58,705,446</u>

See accompanying notes to financial statements.

Navajo County
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
 and Changes in Fund Balances to the Government-Wide Statement of Activities
 Year Ended June 30, 2020

Net change in fund balances—total governmental funds		\$ 11,782,019
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	\$ 3,521,344	
Depreciation expense	<u>(4,817,449)</u>	(1,296,105)
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.		
		(3,644)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Capital contributions	125,480	
Special assessments	643	
Intergovernmental revenues	<u>803,962</u>	930,085
Collection of revenues in the governmental funds exceeded revenues reported in the statement of activities.		
Property taxes	(25,465)	
Special assessments	(2,224)	
Intergovernmental revenues	<u>(94,920)</u>	(122,609)
County pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB liability is measured a year before the County's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the statement of activities.		
County pension/OPEB contributions	5,246,248	
Pension/OPEB expense	<u>(48,352)</u>	5,197,896
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position.		
Principal repaid		1,298,229
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	(86,240)	
Decrease in compensated absences	299,674	
Increase in claims and judgments	(81,655)	
Decrease in landfill closure and post-closure care costs	<u>1,150</u>	132,929
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		<u>(480,463)</u>
Change in net position of governmental activities		<u>\$ 17,438,337</u>

See accompanying notes to financial statements.

Navajo County
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Investment Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 195,869,908	\$ 3,056,039
Interest receivable	1,078,900	
Total assets	\$ 196,948,808	\$ 3,056,039
Liabilities		
Due to other governments		\$ 763,005
Deposits held for others		2,293,034
Total liabilities		\$ 3,056,039
Net Position		
Held in trust for investment trust participants	\$ 196,948,808	

See accompanying notes to financial statements.

Navajo County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2020

	Investment Trust Funds
Additions:	
Contributions from participants	\$ 256,934,005
Net investment income	7,600,357
Total additions	264,534,362
 Deductions:	
Distributions to participants	261,646,340
 Change in net position	2,888,022
 Net position, July 1, 2019	194,060,786
 Net position, June 30, 2020	\$ 196,948,808

See accompanying notes to financial statements.

Navajo County
Notes to Financial Statements
June 30, 2020

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).

A. Reporting Entity

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

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

The following table describes the County's component units:

Component Unit	Description; Criteria for Inclusion	Reporting Method	For Separate Financial Statements
Navajo County Flood Control District	A tax-levying district that provides flood control systems; the County's Board of Supervisors serves as the board of directors and County management has operational responsibility for the component unit	Blended	Not available
Navajo County Jail District	A tax-levying district that provides and maintains the County jail operations; the County's Board of Supervisors serves as the board of directors and County management has operational responsibility for the component unit	Blended	Not available
Navajo County Library District	A tax-levying district that provides and maintains library services for the County's residents; the County's Board of Supervisors serves as the board of directors and County management has operational responsibility for the component unit	Blended	Not available

Navajo County
Notes to Financial Statements
June 30, 2020

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

B. Basis of Presentation

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

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

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include:

Navajo County
Notes to Financial Statements
June 30, 2020

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

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

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

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

The County reports the following major governmental funds:

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

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

The *Jail District Fund* is used to account for all financial resources of the Jail District and is funded by excise taxes, maintenance of effort payments from the County’s General Fund, and federal reimbursements.

The *CARES Act Fund* is used to account for monies allocated to the county for public health and public safety personnel expenditures due to the Coronavirus Disease (COVID-19) public health emergency. It is funded by grant funds received from the State of Arizona through the U.S. Department of the Treasury’s Coronavirus Relief Fund (CRF).

The County also reports the following fiduciary 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. Fiduciary activities include the pooled assets the County Treasurer holds and invests on behalf of other governmental entities that

Navajo County
Notes to Financial Statements
June 30, 2020

are not held in trust and the County Treasurer's receipt and distribution of taxes for other governmental entities.

C. Basis of Accounting

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

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

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

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

D. Cash and Investments

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

E. Inventories

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

Navajo County
Notes to Financial Statements
June 30, 2020

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

F. Prepaid Items

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

G. Property Tax Calendar

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

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

H. Capital Assets

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$10,000	N/A	N/A
Buildings and improvements	10,000	Straight-line	15-40 years
Machinery and equipment	5,000	Straight-line	3-15 years
Infrastructure	10,000	Straight-line	35 years

I. Deferred Outflows/Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources

Navajo County
Notes to Financial Statements
June 30, 2020

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

J. Postemployment Benefits

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

K. Fund Balance Classifications

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

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

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors approved, which is the highest level of decision-making authority within the County. Only the Board can remove or change the constraints placed on committed fund balances. The County did not commit any fund balances at June 30, 2020.

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. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures

Navajo County
Notes to Financial Statements
June 30, 2020

incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

L. Investment Earnings

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

M. Compensated Absences

Compensated absences payable consists of vacation leave and a calculated amount of sick leave employees earned based on services already rendered.

Employees may accumulate up to 280 hours of vacation depending on years of service, but they forfeit any unused vacation hours in excess of the maximum amount at calendar year-end. Upon terminating employment, the County pays all unused and unforfeited vacation benefits up to a maximum of 280 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.

N. Miscellaneous Disclosures

Pursuant to A.R.S. §35-391(B), the County shall disclose in its annual financial report the amount of any reward, discount, incentive, or other financial consideration received by the governmental entity resulting from credit card payments. The County received \$34,532 in credit card rebates during fiscal year 2020.

Navajo County
Notes to Financial Statements
June 30, 2020

Note 2 - Stewardship, Compliance, and Accountability

Deficit fund balance—At June 30, 2020, the following nonmajor fund reported deficit in fund balance:

Governmental fund
Special Revenue – Workforce Innovation & Opportunity Act \$210,321

Note 3 - Deposits and Investments

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

Credit risk

Statutes have the following requirements for credit risk:

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

Navajo County
Notes to Financial Statements
June 30, 2020

Foreign currency risk

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

Deposits—At June 30, 2020, the carrying amount of the County’s deposits was \$6,942,741, and the bank balance was \$9,254,833. The County’s formal policy is to follow collateralization requirements set forth in A.R.S. §35-323 as described above.

Investments—The County’s investments at June 30, 2020, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	Amount	Fair value measurement using	
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Investments by fair value level			
U.S. Treasury securities	\$ 62,616,532	\$ 62,616,532	
U.S. agency securities	98,507,510		\$ 98,507,510
Corporate bonds	9,977,200		9,977,200
Corporate notes	29,697,400		29,697,400
Government money market mutual funds	<u>40,306,348</u>	<u>40,306,348</u>	
	<u>\$241,104,990</u>	<u>\$102,922,880</u>	<u>\$138,182,110</u>

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

Credit risk—The County’s formal policy is to limit its portfolio to investments with the top rating issued by nationally recognized statistical rating organizations. As of June 30, 2020, credit risk for the County’s investments was as follows:

Investment Type	Rating	Rating Agency	Amount
U.S. agency securities	Aaa	Moody’s	\$ 98,507,510
Corporate bonds	A1	Moody’s	9,977,200
Corporate notes	Aa2	Moody’s	19,865,000
Corporate notes	A2	Moody’s	9,832,400
Government money market mutual funds	Unrated	Not Applicable	<u>40,306,348</u>
Total			<u>\$178,488,458</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, 2020, the County did not have investments exposed to custodial credit risk.

Navajo County
Notes to Financial Statements
June 30, 2020

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, 2020, of 5 percent or more in Federal Farm Credit Banks, Federal Home Loan Bank, and Federal National Mortgage Association. These investments were 18.95 percent, 13.48 percent and 6.33 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, 2020, the County had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity (In Years)
U.S. agency securities	\$ 98,507,510	1.073
U.S. Treasury securities	62,616,532	0.562
Corporate bonds	9,977,200	1.914
Corporate notes	29,697,400	2.423
Government money market mutual funds	<u>40,306,348</u>	0.082
	<u>\$241,104,990</u>	

At June 30, 2020, \$19,865,000 of investments were in corporate notes floating rate securities and considered to be highly sensitive to interest rate changes. Of this amount, \$9,839,000 is callable and \$10,026,000 is non-callable. The coupon rate is tied to the Intercontinental Exchange plus a fixed basis point amount which resets quarterly. The issuer can call the security on a specified date, or if the security is not called, the interest rate is reset at a specified amount. Prevailing interest rates may increase faster than the increase in the coupon interest rate.

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

Cash, deposits, and investments:

Cash on hand	\$ 7,975
Amount of deposits	6,942,741
Amount of investments	<u>241,104,990</u>
Total	<u>\$248,055,706</u>

	Governmental Activities	Investment Trust Funds	Agency Funds	Total
Statement of Net Position				
Cash and investments	<u>\$49,129,759</u>	<u>\$195,869,908</u>	<u>\$3,056,039</u>	<u>\$248,055,706</u>

Navajo County
Notes to Financial Statements
June 30, 2020

Note 4 - Due From Other Governments

Amounts due from other governments at June 30, 2020, are shown as follows:

	General Fund	Public Works/ HURF Fund	Jail District Fund	CARES Act Fund	Other Governmental Funds	Total
State-shared sales tax	\$2,650,055					\$ 2,650,055
County sales tax	1,378,416		\$900,846			2,279,262
State-shared vehicle license tax	133,665	\$147,742				281,407
Highway user revenue		777,822				777,822
Grants and contributions from local, state and federal governments	548,329	43,343		\$3,876,483	\$1,744,003	6,212,158
Reimbursements for services provided for governmental units	11,221	2,577			273,385	287,183
	<u>\$4,721,686</u>	<u>\$971,484</u>	<u>\$900,846</u>	<u>\$3,876,483</u>	<u>\$2,017,388</u>	<u>\$12,487,887</u>

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,719,786	\$ 1,600		\$ 5,721,386
Construction in progress	<u>133,221</u>			<u>133,221</u>
Total capital assets not being depreciated	<u>5,853,007</u>	<u>1,600</u>		<u>5,854,607</u>
Capital assets being depreciated:				
Buildings and improvements	50,520,421	197,245		50,717,666
Infrastructure	77,669,980	57,494		77,727,474
Machinery and equipment	<u>34,758,940</u>	<u>3,390,486</u>	<u>\$622,874</u>	<u>37,526,552</u>
Total	<u>162,949,341</u>	<u>3,645,225</u>	<u>622,874</u>	<u>165,971,692</u>
Less accumulated depreciation for:				
Buildings and improvements	24,339,448	1,022,348		25,361,796
Infrastructure	48,828,936	2,154,085		50,983,021
Machinery and equipment	<u>30,204,663</u>	<u>1,641,016</u>	<u>619,230</u>	<u>31,226,449</u>
Total	<u>103,373,047</u>	<u>4,817,449</u>	<u>619,230</u>	<u>107,571,266</u>
Total capital assets being depreciated, net	<u>59,576,294</u>	<u>(1,172,224)</u>	<u>3,644</u>	<u>58,400,426</u>
Governmental activities capital assets, net	<u>\$ 65,429,301</u>	<u>\$(1,170,624)</u>	<u>\$ 3,644</u>	<u>\$ 64,255,033</u>

Navajo County
Notes to Financial Statements
June 30, 2020

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 677,224
Public safety	904,015
Highways and streets	2,973,188
Health and welfare	134,956
Culture and recreation	9,867
Education and economic opportunity	118,199
Total governmental activities depreciation expense	<u>\$4,817,449</u>

Note 6 - Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2020:

Governmental activities	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due within 1 year
Pledged revenue obligations payable	\$12,230,000		\$1,255,000	\$10,975,000	\$1,290,000
Capital leases payable	5,317		1,186	4,131	1,265
Installment purchase contracts payable	97,163		32,043	65,120	33,924
Net pension and other postemployment benefits liability	57,419,379	\$3,863,283	999,754	60,282,908	37,382
Landfill closure and post-closure care costs payable	243,351		1,150	242,201	1,150
Compensated absences payable	2,237,082	1,335,332	1,635,006	1,937,408	1,240,339
Incurred but not reported healthcare claims payable	1,028,274	3,374,815	3,288,575	1,114,514	1,022,992
Claims and judgments payable	<u>123,126</u>	<u>201,113</u>	<u>119,458</u>	<u>204,781</u>	<u>198,681</u>
Total	<u>\$73,383,692</u>	<u>\$8,774,543</u>	<u>\$7,332,172</u>	<u>\$74,826,063</u>	<u>\$3,825,733</u>

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

Navajo County
Notes to Financial Statements
June 30, 2020

Pledged revenue and pledged revenue refunding obligations outstanding at June 30, 2020, were as follows:

Description	Original Amount Issued	Maturity Ranges	Interest Rates	Outstanding Principal
Navajo County Pledged Revenue and Pledged Revenue Refunding Obligations, Series 2013	\$10,625,000	2021 – 2024	2.17%	\$ 3,415,000
Navajo County Pledged Revenue Refunding Obligations, Series 2012A	4,100,000	2021 – 2027	3.24%	3,160,000
Navajo County Pledged Revenue Obligations, Series 2012B	4,400,000	2021 – 2032	3.24%	<u>4,400,000</u>
		Total		<u>\$10,975,000</u>

The following schedule details debt service requirements to maturity for the County's pledged revenue obligations payable at June 30, 2020:

	<u>Governmental Activities</u>	
	Principal	Interest
Year ending June 30		
2021	\$ 1,290,000	\$ 316,133
2022	1,320,000	286,214
2023	1,355,000	255,483
2024	190,000	224,046
2025	785,000	208,251
2026-2030	4,190,000	643,626
2031-2032	<u>1,845,000</u>	<u>60,183</u>
Total	<u>\$10,975,000</u>	<u>\$1,993,937</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, 2020. At June 30, 2020, future pledged revenues through final maturity at July 1, 2031 totaled \$12,968,937, consisting of \$10,975,000 for principal and \$1,993,937 for interest. Future principal and interest payments are expected to require approximately 6 percent of pledged sales tax revenues. Total principal and interest paid for the current year and total current year pledged revenues were \$1,600,348 and \$20,820,524, respectively.

Compensated absences—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2020, the County paid for compensated absences as follows: 64 percent from the General Fund, 13 percent from the Public Works/HURF Fund, and 23 percent from the Other Governmental Funds.

Incurred but not reported healthcare claims payable—On July 1, 2014, Navajo County implemented a self-insured health benefits program as described in Note 7. The liability for medical, dental and pharmacy claims is based on fiscal year 2019 actuarial report. Changes in incurred but not reported (IBNR) healthcare claims payable for the years ended June 30, 2019 and 2020 were as follows:

Navajo County
Notes to Financial Statements
June 30, 2020

	2019	2020
IBNR healthcare claims payable beginning of year	\$1,183,688	\$1,028,274
Current-year claims and changes in estimates	3,787,332	3,374,815
Claim payments	<u>3,942,746</u>	<u>3,288,575</u>
IBNR healthcare claims payable, end of year	<u>\$1,028,274</u>	<u>\$1,114,514</u>

Net pension and other postemployment benefits liability—During fiscal year 2020, the County paid for pension and other postemployment benefits from various funds as described in Note 10.

Line of Credit—At June 30, 2020, the County had an unused line of credit in the amount of \$5,000,000.

Note 7 - Risk Management

Public entity risk pools—The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the County joined and is covered by two public entity risk pools: the Arizona Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool, which are described below.

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 13 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; cyber security; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium based on its exposure in relation to the exposure of the other participants and a deductible of \$10,000 per occurrence for property claims and \$50,000 per occurrence for liability claims. The County is also responsible for any payments in excess of the maximum coverage of \$300 million per occurrence for property claims and \$15 million per occurrence for liability claims. However, lower limits apply to certain categories of losses. A county must participate in the pool at least 3 years after becoming a member; however, it may withdraw after the initial 3-year period.

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

The Arizona Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool receive independent audits annually and an audit by the Arizona Department of Insurance every 5 years. Both pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation. If a pool were to become insolvent, the County would be assessed an additional contribution.

Navajo County
Notes to Financial Statements
June 30, 2020

Self-insured employee benefits program—On July 1, 2014, Navajo County implemented a self-insured health benefits program and offers one comprehensive medical plan. The uninsured risk of loss per individual is \$200,000 per plan year. Under the program, the County contracts directly with healthcare providers to deliver healthcare services to its eligible employees and their dependents. The County pays for the services using premiums it receives from employees and county contributions. Health benefits program expenditures are recorded in the General Fund and employee premiums and county contributions are recorded in the applicable governmental funds through payroll deductions and transferred to the General Fund. However, the county contributions are considered as internal activities, and therefore, are eliminated at the government-wide level of the financial statements. The liability for incurred but not reported healthcare claims payable at June 30, 2020, is actuarial valued and disclosed in Note 6.

Note 8 - Operating Lease

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

The noncancelable lease term is 20 years and may be extended for additional 5 years with any additions to the monthly rental rate to be negotiated between the parties at that time. The lease required the County to prepay four \$225,000 rental payments, totaling \$900,000, on or before June 30, 2017. The County moved into the leased property on August 16, 2017, and incurred \$45,000 of rental expenditures in fiscal year 2020. The remaining \$770,625 is reported in the General Fund as prepaid items at June 30, 2020. In addition, the lease requires the County to pay its proportionate share of 25 percent of the operational costs for the leased property including its parking lot. Operational costs include all utility and maintenance costs such as cleaning, insurance, snow removal and landscaping.

Note 9 - Fund Balance Classifications of the Governmental Funds

The fund balance classifications of the governmental funds as of June 30, 2020, were as follows:

	General Fund	Public Works/ HURF Fund	Jail District Fund	Other Governmental Funds	Total
Fund balances:					
Nonspendable:					
Prepaid items	\$ 750,532			\$ 1,518	\$ 752,050
Inventories		\$ 671,125			671,125
Total nonspendable	<u>750,532</u>	<u>671,125</u>		<u>1,518</u>	<u>1,423,175</u>

Navajo County
Notes to Financial Statements
June 30, 2020

	General Fund	Public Works/ HURF Fund	Jail District Fund	Other Governmental Funds	Total
Restricted for:					
Highways and streets		\$ 9,636,455		\$ 701,914	\$10,338,369
Flood control projects				6,745,777	6,745,777
Health				1,937,367	1,937,367
Judicial activities	\$ 9,000			3,856,363	3,865,363
Law enforcement			\$2,944,420	1,012,746	3,957,166
Education				1,196,157	1,196,157
Environmental and conservation				727,027	727,027
Social services				50,670	50,670
Library				43,942	43,942
Public safety				195,076	195,076
Recreation				147,784	147,784
Debt service				116,920	116,920
Road projects				223,221	223,221
Capital projects				343,313	343,313
Health insurance trust	5,921,737				5,921,737
Other purposes				157,663	157,663
Total restricted	<u>5,930,737</u>	<u>9,636,455</u>	<u>2,944,420</u>	<u>17,455,940</u>	<u>35,967,552</u>
Assigned to:					
Health insurance reserve	1,089,799				1,089,799
Economic stabilization and development	10,519				10,519
Law enforcement	836,098				836,098
Education				632,097	632,097
Other purposes	550,334				550,334
Total assigned	<u>2,486,750</u>			<u>632,097</u>	<u>3,118,847</u>
Unassigned	<u>18,886,344</u>			<u>(690,472)</u>	<u>18,195,872</u>
Total fund balances	<u>\$28,054,363</u>	<u>\$10,307,580</u>	<u>\$2,944,420</u>	<u>\$17,399,083</u>	<u>\$58,705,446</u>

Note 10 - Pensions and Other Postemployment Benefits

The County contributes to the pension plans described below. The plans are component units of the State of Arizona. The County also contributes to various other postemployment benefits (OPEB) plans. At June 30, 2020, the County reported the following aggregate amounts related to pension and OPEB for all plans to which it contributes:

Navajo County
Notes to Financial Statements
June 30, 2020

Statement of Net Position and Statement of Activities	Governmental Activities
Net pension and OPEB asset	\$ 1,056,916
Net pension and OPEB liability	60,282,908
Deferred outflows of resources related to pension and OPEB	9,982,057
Deferred inflows of resources related to pension and OPEB	6,857,696
Pension and OPEB expense	48,352

The County's accrued payroll and employee benefits includes \$76,407 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2020. Also, the County reported \$5,246,248 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

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

A. Arizona State Retirement System

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

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

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

*With actuarially reduced benefits.

Navajo County
Notes to Financial Statements
June 30, 2020

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

Contributions—In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2020, statute required active ASRS members to contribute at the actuarially determined rate of 11.94 percent for retirement of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 11.45 percent for retirement of the active members' annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 10.29 percent for retirement of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the ASRS would typically fill. The County's contributions to the pension plan for the year ended June 30, 2020, were \$2,136,505.

During fiscal year 2020, the County paid for ASRS pension contributions as follows: 54 percent from the General Fund, 17 percent from the Public Works/HURF Fund, and 29 percent from other governmental funds.

Pension liability—At June 30, 2020, the County reported a net pension liability of \$25,433,978 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019. The County's proportion of the net pension liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The County's proportion measured as of June 30, 2019, was 0.174790 percent, which was a decrease of 0.01440 from its proportion measured as of June 30, 2018.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2020, the County recognized pension expense for ASRS of \$787,982. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Navajo County
Notes to Financial Statements
June 30, 2020

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 459,471	\$ 4,781
Changes of assumptions or other inputs	107,511	1,012,830
Net difference between projected and actual earnings on pension plan investments		571,668
Changes in proportion and differences between county contributions and proportionate share of contributions	124,462	2,298,041
County contributions subsequent to the measurement date	<u>2,136,505</u>	
Total	<u>\$2,827,949</u>	<u>\$3,887,320</u>

The \$2,136,505 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, 2021. 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	
2021	\$(1,897,350)
2022	(1,341,850)
2023	(109,785)
2024	153,109

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

ASRS	
Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

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

Navajo County
Notes to Financial Statements
June 30, 2020

ASRS		Target	Long-Term
Asset Class		Allocation	Expected Geometric
			Real Rate of Return
Equity		50%	6.09%
Credit		20%	5.36%
Interest rate sensitive bonds		10%	1.62%
Real estate		<u>20%</u>	5.85%
Total		<u>100%</u>	

Discount Rate—The discount rate used to measure the ASRS total pension liability was 7.5 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 7.5 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	1% Decrease	Current	1% Increase
	(6.5%)	Discount Rate	(8.5%)
		(7.5%)	
County’s proportionate share of the net pension liability	\$36,198,443	\$25,433,978	\$16,437,657

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

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

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

Navajo County
Notes to Financial Statements
June 30, 2020

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

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

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

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

PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Retirement and Disability		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credit service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	

Navajo County
Notes to Financial Statements
June 30, 2020

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

CORP	Initial membership date:		
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2018	AOC probation and surveillance officers: On or after July 1, 2018
Retirement and Disability			
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years, any age 10 years, age 62	25 years, age 52.5 10 years, age 62	10 years, age 52.5* 10 or more years, age 55
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years	
Benefit percent Normal Retirement	2.0% to 2.5% per year of credited service, not to exceed 80%	2.5% per year of credited service, not to exceed 80%	1.25% to 2.25% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service	

Navajo County
Notes to Financial Statements
June 30, 2020

CORP	Initial membership date:		
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2018	AOC probation and surveillance officers: On or after July 1, 2018
Total and Permanent Disability Retirement	50% or normal retirement if more than 25 years of credited service		
Ordinary Disability Retirement	2.5% per year of credited service		
Survivor Benefit			
Retired Members	80% of retired member's pension benefit		
Active Members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.		

*With actuarially reduced benefits.

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

Employees covered by benefit terms—At June 30, 2020, 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	34	1	13
Inactive employees entitled to but not yet receiving benefits	17		44
Active employees	<u>37</u>	-	<u>32</u>
Total	<u>88</u>	<u>1</u>	<u>89</u>

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

Navajo County
Notes to Financial Statements
June 30, 2020

2020, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member—pension	County—pension
PSPRS Sheriff	7.65 – 11.65%	56.88%
CORP	8.41	11.34
CORP AOC	8.41 or 10.18	30.71 or 27.91

In addition, statute required the County to contribute at the actuarially determined rate of 45.43% of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the PSPRS would typically fill.

The County was required to contribute \$37,382 for the PSPRS Attorney Investigators pension plan based on the estimated actuarially required contribution for an inactive member.

The County's contributions to the pension plans for the year ended June 30, 2020, were:

PSPRS Sheriff	\$1,369,168
CORP	134,564
CORP AOC	414,800

During fiscal year 2020, the County paid for PSPRS and CORP pension contributions as follows: 80 percent from the General Fund and 20 percent from the other governmental funds.

Pension liability—At June 30, 2020, the County reported the following net pension liabilities:

	Net Pension Liability
PSPRS Sheriff	\$13,495,659
PSPRS Attorney Investigators	439,207
CORP	1,531,696
CORP AOC (County's proportionate share)	4,673,477

The net pension liabilities were measured as of June 30, 2019, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2019, reflect changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the mortality rates.

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

Navajo County
Notes to Financial Statements
June 30, 2020

PSPRS and CORP—Pension

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5%
Price inflation	2.5%
Cost-of-living adjustment	1.75%
Mortality rates	PubS-2010 tables

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

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

PSPRS and CORP Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Short term investments	2%	0.25%
Risk parity	4%	4.01%
Fixed income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Private credit	16%	5.36%
Real estate	10%	4.50%
Private equity	12%	8.40%
Non-U.S. equity	14%	5.00%
U.S. equity	<u>16%</u>	4.75%
Total	<u>100%</u>	

Pension discount rate—At June 30, 2019, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.3 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2018. The projection of cash flows used to determine the PSPRS and CORP discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Navajo County
Notes to Financial Statements
June 30, 2020

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, 2019	<u>\$18,286,763</u>	<u>\$ 6,032,030</u>	<u>\$12,254,733</u>
Changes for the year:			
Service cost	426,220		426,220
Interest on the total pension liability	1,331,926		1,331,926
Differences between expected and actual experience in the measurement of the pension liability	860,339		860,339
Changes of assumptions or other inputs	331,691		331,691
Contributions—employer		1,203,208	(1,203,208)
Contributions—employee		198,531	(198,531)
Net investment income		326,870	(326,870)
Benefit payments, including refunds of employee contributions	(1,427,957)	(1,427,957)	
Administrative expense		(6,666)	6,666
Other changes		(12,693)	12,693
Net changes	<u>1,522,219</u>	<u>281,293</u>	<u>1,240,926</u>
Balances at June 30, 2020	<u>\$19,808,982</u>	<u>\$ 6,313,323</u>	<u>\$13,495,659</u>

PSPRS Attorney Investigators

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2019	<u>\$570,893</u>	<u>\$101,909</u>	<u>\$468,984</u>
Changes for the year:			
Interest on the total pension liability	40,883		40,883
Differences between expected and actual experience in the measurement of the pension liability	928		928
Changes of assumptions or other inputs	10,018		10,018
Contributions—employer		75,959	(75,959)
Net investment income		6,765	(6,765)
Benefit payments, including refunds of employee contributions	(36,849)	(36,849)	
Administrative expense		(1,118)	1,118
Net changes	<u>14,980</u>	<u>44,757</u>	<u>(29,777)</u>
Balances at June 30, 2020	<u>\$585,873</u>	<u>\$146,666</u>	<u>\$439,207</u>

Navajo County
Notes to Financial Statements
June 30, 2020

CORP	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2019	<u>\$5,111,101</u>	<u>\$3,872,734</u>	<u>\$1,238,367</u>
Changes for the year:			
Service cost	250,314		250,314
Interest on the total pension liability	380,744		380,744
Differences between expected and actual experience in the measurement of the pension liability	(18,530)		(18,530)
Changes of assumptions or other inputs	158,339		158,339
Contributions—employer		174,388	(174,388)
Contributions—employee		112,339	(112,339)
Net investment income		208,336	(208,336)
Benefit payments, including refunds of employee contributions	(432,464)	(432,464)	
Administrative expense		(4,418)	4,418
Other changes		(13,107)	13,107
Net changes	<u>338,403</u>	<u>45,074</u>	<u>293,329</u>
Balances at June 30, 2020	<u>\$5,449,504</u>	<u>\$3,917,808</u>	<u>\$1,531,696</u>

The County's proportion of the CORP AOC net pension liability was based on the County's actual contributions to the plan relative to the total of all participating counties' actual contributions for the year ended June 30, 2019. The County's proportion measured as of June 30, 2019, was 1.107615 percent, which was a decrease of 0.061263 from its proportion measured as of June 30, 2018.

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

	1% Decrease (6.3%)	Current Discount Rate (7.3%)	1% Increase (8.3%)
PSPRS Sheriff			
Net pension liability	\$16,037,083	\$13,495,659	\$11,426,281
PSPRS Attorney Investigators			
Net pension liability	\$515,498	\$439,207	\$376,876
CORP			
Net pension liability	\$2,315,641	\$1,531,696	\$902,595
CORP AOC			
County's proportionate share of the net pension liability	\$6,004,175	\$4,673,477	\$3,588,880

Navajo County
Notes to Financial Statements
June 30, 2020

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, 2020, the County recognized the following pension expense:

	Pension Expense
PSPRS Sheriff	\$1,396,959
PSPRS Attorney Investigators	5,453
CORP	311,885
CORP AOC (County's proportionate share)	228,634

Pension deferred outflows/inflows of resources—At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS Sheriff	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 716,950	\$543,336
Changes of assumptions or other inputs	685,529	
Net difference between projected and actual earnings on pension plan investments	109,449	
County contributions subsequent to the measurement date	<u>1,369,168</u>	
Total	<u>\$2,881,096</u>	<u>\$543,336</u>
PSPRS Attorney Investigators		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	<u>\$35</u>	
Total	<u>\$35</u>	<u>\$</u>

Navajo County
Notes to Financial Statements
June 30, 2020

CORP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$209,535
Changes of assumptions or other inputs	\$187,388	
Net difference between projected and actual earnings on pension plan investments	57,723	
County contributions subsequent to the measurement date	<u>134,564</u>	
Total	<u>\$379,675</u>	<u>\$209,535</u>

CORP AOC	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 333,930	\$ 132,914
Changes of assumptions or other inputs	299,601	
Net difference between projected and actual earnings on pension plan investments	87,866	
Changes in proportion and differences between county contributions and proportionate share of contributions	21,548	1,268,744
County contributions subsequent to the measurement date	<u>414,800</u>	
Total	<u>\$1,157,745</u>	<u>\$1,401,658</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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PSPRS Sheriff	PSPRS Attorney Investigators	CORP	CORP AOC
Year ending June 30				
2021	\$189,700	\$ (125)	\$ 42,654	\$(231,086)
2022	146,439	(610)	(25,203)	(306,723)
2023	211,450	334	3,587	(222,696)
2024	222,331	436	14,538	101,792
2025	198,672			

PSPDCRP plan—County sheriff employees, County attorney investigators, County detention officers, and AOC probation, surveillance, and juvenile detention officers who are

Navajo County
Notes to Financial Statements
June 30, 2020

not members of PSPRS or CORP participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2020, active PSPDCRP members were required by statute to contribute at least 9 percent (County sheriff employees and County attorney investigators) or 5 percent (County detention officers, and AOC probation, surveillance, and juvenile detention officers) of the members' annual covered payroll, and the County was required by statute to contribute 9 percent or 5 percent, respectively, of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the County's contributions each year as set forth in statute. The plan retains nonvested County contributions when forfeited because of employment terminations. For the year ended June 30, 2020, the County recognized pension expense of \$26,567.

C. Elected Officials Retirement Plan

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

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

EORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 5 years, any age*	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%

Navajo County
Notes to Financial Statements
June 30, 2020

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

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

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

Contributions—State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2020, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the County to contribute at the actuarially determined rate of 61.43 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 49.49 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 55.43 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the County's required contributions to ASRS and EODCRS for these elected officials and judges. The County's contributions to the pension plan for the year ended June 30, 2020, were \$1,005,663.

During fiscal year 2020, the County paid for EORP pension contributions as follows: 100 percent from the General Fund.

Pension liability—At June 30, 2020, 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:

Navajo County
Notes to Financial Statements
June 30, 2020

County's proportionate share of the EORP net pension liability	\$14,526,649
State's proportionate share of the EORP net pension liability associated with the County	<u>1,365,355</u>
Total	<u>\$15,892,004</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2019, reflect changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the mortality rates.

The County's proportion of the net pension liability was based on the County's required contributions to the plan relative to the total of all participating employers' required contributions for the year ended June 30, 2019. The County's proportion measured as of June 30, 2019, was 2.190463 percent, which was an increase of 0.17809 from its proportion measured as of June 30, 2018.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2020, the County recognized negative pension expense for EORP of \$2,646,725 and negative revenue of \$94,920 for the County's proportionate share of the State's appropriation to EORP and the designated court fees. At June 30, 2020, 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	\$ 323,875	\$ 13,777
Changes of assumptions or other inputs	45,669	412,810
Net difference between projected and actual earnings on pension plan investments	98,831	
Changes in proportion and differences between county contributions and proportionate share of contributions	857,912	
County contributions subsequent to the measurement date	<u>1,005,663</u>	
Total	<u>\$2,331,950</u>	<u>\$426,587</u>

The \$1,005,663 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, 2021. 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:

Navajo County
Notes to Financial Statements
June 30, 2020

Year ending June 30	
2021	\$871,695
2022	(25,203)
2023	27,598
2024	25,610

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

EORP

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.75%
Price inflation	2.5%
Permanent benefit increase	1.75%
Mortality rates	PubG-2010 tables

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

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

EORP	Target	Long-Term Expected
Asset Class	Allocation	Geometric Real Rate
	of Return	
Short term investments	2%	0.25%
Risk parity	4%	4.01%
Fixed income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Private credit	16%	5.36%
Real estate	10%	4.50%
Private equity	12%	8.40%
Non-U.S. equity	14%	5.00%
U.S. equity	<u>16%</u>	4.75%
Total	<u>100%</u>	

Navajo County
Notes to Financial Statements
June 30, 2020

Discount rate—At June 30 2019, the discount rate used to measure the EORP total pension liability was 7.3 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

EORP	1% Decrease (6.3%)	Current Discount Rate (7.3%)	1% Increase (8.3%)
County’s proportionate share of the net pension liability	\$16,635,199	\$14,526,649	\$12,730,733

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

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

For the year ended June 30, 2020, active EODCRS members were required by statute to contribute 8 percent of the members’ annual covered payroll, and the County was required by statute to contribute 6 percent of active members’ annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the County’s contributions to the individual employee account and the earnings on those contributions. For the year ended June 30, 2020, the County recognized pension expense of \$18,536.

Navajo County
Notes to Financial Statements
June 30, 2020

Note 11 - Interfund Balances and Activity

Interfund receivables and payables—Interfund balances at June 30, 2020, were as follows:

	Payable to			Total
	General Fund	Public Works/ HURF Fund	Other Governmental Funds	
Payable from				
General Fund		\$9,236	\$ 44,613	\$ 53,849
Public Works/HURF Fund	\$ 73,505			73,505
Jail District Fund	12,182			12,182
CARES Act Fund	3,298,585		577,898	3,876,483
Other Governmental Funds	<u>763,840</u>		<u>101,745</u>	<u>865,585</u>
Total	<u>\$4,148,112</u>	<u>\$9,236</u>	<u>\$724,256</u>	<u>\$4,881,604</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, 2020, were as follows:

	Transfers to			Total
	General Fund	Jail District Fund	Other Governmental Funds	
Transfers from				
General Fund		\$773,651	\$2,380,438	\$3,154,089
Public Works/HURF Fund			506,881	506,881
CARES Act Fund	\$3,298,585		577,898	3,876,483
Other Governmental Funds	<u>1,338,239</u>		<u>268,715</u>	<u>1,606,954</u>
Total	<u>\$4,636,824</u>	<u>\$773,651</u>	<u>\$3,733,932</u>	<u>\$9,144,407</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 General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 12 - County Treasurer's Investment Pool

Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The Treasurer has a fiduciary responsibility to administer those and the County's monies under her stewardship. The Treasurer invests, on a pool basis, all idle monies not specifically invested

Navajo County
Notes to Financial Statements
June 30, 2020

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 \$888,929 in deposits. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks. See Note 3 for disclosure of the County's deposit and investment risks.

Details of each major investment classification follow:

Investment Type	Principal	Interest Rates	Maturities	Amount
U.S. agency securities	\$96,400,000	1.50% - 3.00%	07/20 – 08/22	\$98,507,510
U.S. Treasury securities	61,900,000	1.50% - 2.75%	07/20 – 04/22	62,616,532
Corporate bonds	10,000,000	1.50%	05/22 – 06/22	9,977,200
Corporate notes	30,000,000	Variable	06/22 – 06/23	29,697,400
Government money market funds	40,306,348	N/A	N/A	40,306,348

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

Statement of Net Position

Assets	\$248,237,700
Liabilities	<u>2,315,216</u>
Net position	<u>\$245,922,484</u>

Net position held in trust for:

Internal participants	\$ 48,973,676
External participants	<u>196,948,808</u>
Total net position held in trust	<u>\$245,922,484</u>

Statement of Changes in Net Position

Total additions	\$337,794,209
Total deductions	<u>326,974,539</u>
Net increase	10,819,670
Net position held in trust:	
July 1, 2019	<u>235,102,814</u>
June 30, 2020	<u>\$245,922,484</u>





Navajo County
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 8,341,805	\$ 8,387,809	\$ 46,004
County sales taxes	5,838,197	7,597,916	1,759,719
Licenses and permits	529,260	545,339	16,079
Fines and forfeits	609,000	559,742	(49,258)
Intergovernmental	20,938,351	20,569,567	(368,784)
Charges for services	10,221,102	10,415,109	194,007
Investment earnings	99,505	340,565	241,060
Miscellaneous	500,850	654,541	153,691
Total revenues	47,078,070	49,070,588	1,992,518
Expenditures:			
General government			
Board of Supervisors/Administration	2,750,354	2,101,252	649,102
Facilities Management	1,830,744	1,554,566	276,178
Elections	543,452	456,538	86,914
Contract	1,239,100	1,489,344	(250,244)
State Cost Shifts	136,000	198,675	(62,675)
Planning and Zoning	451,718	468,630	(16,912)
Recorder	291,352	291,148	204
Voter Registration	236,033	241,546	(5,513)
Assessor	1,279,068	1,230,710	48,358
Information Technology	987,055	934,899	52,156
Treasurer	523,935	479,415	44,520
Personnel Commission	8,100	345	7,755
Fleet Management	50,000	10,183	39,817
County-wide	13,829,727	6,862,058	6,967,669
Legal Defender	116,261	79,842	36,419
County Attorney	2,762,986	2,726,669	36,317
Superior Court	1,696,697	1,658,732	37,965
Public Defender	820,701	893,480	(72,779)
Clerk of Court	1,447,212	1,393,778	53,434
Holbrook Justice Court	406,275	409,086	(2,811)
Winslow Justice Court	364,799	359,057	5,742
Snowflake Justice Court	429,204	408,543	20,661
Show Low Justice Court	349,378	347,512	1,866

(Continued)

See accompanying note to budgetary comparison schedules.

Navajo County
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2020
 (Continued)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Pinetop Justice Court	\$ 409,625	\$ 400,564	\$ 9,061
Kayenta Justice Court	146,566	145,361	1,205
Kayenta Constable	40,239	39,568	671
Pinetop Constable	79,600	77,763	1,837
Snowflake Constable	68,702	69,600	(898)
Holbrook Constable	62,541	62,647	(106)
Winslow Constable	67,602	67,762	(160)
Show Low Constable	79,590	79,029	561
Total general government	<u>33,504,616</u>	<u>25,538,302</u>	<u>7,966,314</u>
Public safety			
Juvenile Detention	631,255	652,145	(20,890)
Probation	1,014,103	969,575	44,528
Jail Operations	5,946,216	5,424,099	522,117
Sheriff	8,096,087	6,943,093	1,152,994
Total public safety	<u>15,687,661</u>	<u>13,988,912</u>	<u>1,698,749</u>
Health and welfare			
Public Fiduciary	451,160	425,714	25,446
Indigent Health	3,227,050	3,214,078	12,972
Total health and welfare	<u>3,678,210</u>	<u>3,639,792</u>	<u>38,418</u>
Education			
School Superintendent	<u>306,938</u>	<u>295,718</u>	<u>11,220</u>
Capital outlay	<u>2,089,212</u>	<u>1,346,469</u>	<u>742,743</u>
Contingency	<u>4,200,000</u>	<u>-</u>	<u>4,200,000</u>
Total expenditures	<u>59,466,637</u>	<u>44,809,193</u>	<u>14,657,444</u>

(Continued)

See accompanying note to budgetary comparison schedules.

Navajo County
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2020
 (Continued)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Excess (deficiency) of revenues over expenditures	\$ (12,388,567)	\$ 4,261,395	\$ 16,649,962
Other financing sources (uses):			
Transfers in	3,482,905	6,364,470	2,881,565
Transfers out	(1,986,775)	(3,154,089)	(1,167,314)
Total other financing sources and uses	1,496,130	3,210,381	1,714,251
Net change in fund balances	(10,892,437)	7,471,776	18,364,213
Fund balances, July 1, 2019	10,892,437	20,582,587	9,690,150
Fund balances, June 30, 2020	\$ -	\$ 28,054,363	\$ 28,054,363

See accompanying note to budgetary comparison schedules.

Navajo County
Required Supplementary Information
Budgetary Comparison Schedule
Public Works/HURF Fund
Year Ended June 30, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$12,979,893	\$12,669,983	\$ (309,910)
Investment earnings	166,832	212,177	45,345
Miscellaneous	28,061	78,306	50,245
Total revenues	<u>13,174,786</u>	<u>12,960,466</u>	<u>(214,320)</u>
Expenditures:			
Highways and streets	21,939,347	12,366,879	9,572,468
Total expenditures	<u>21,939,347</u>	<u>12,366,879</u>	<u>9,572,468</u>
Excess (deficiency) of revenues over expenditures	<u>(8,764,561)</u>	<u>593,587</u>	<u>9,358,148</u>
Other financing sources (uses):			
Sale of capital assets		85,113	85,113
Transfers out	(1,337,576)	(1,337,576)	-
Total other financing sources and uses	<u>(1,337,576)</u>	<u>(1,252,463)</u>	<u>85,113</u>
Net change in fund balances	(10,102,137)	(658,876)	9,443,261
Fund balances, July 1, 2019	10,102,137	11,446,919	1,344,782
Decrease in reserve for inventories		(480,463)	(480,463)
Fund balances, June 30, 2020	<u>\$ -</u>	<u>\$ 10,307,580</u>	<u>\$ 10,307,580</u>

See accompanying note to budgetary comparison schedules.

Navajo County
 Required Supplementary Information
 Notes to Budgetary Comparison Schedules
 June 30, 2020

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. For fiscal year 2020, the County did not budget for the Jail District Fund because the District was created in August 2019 and its primary revenue source of jail excise sales tax was unknown. Also, the County did not budget for the CARES Act Fund and Housing Fund because their federal revenue sources were unknown and unanticipated during the budget process.

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

Note 2 - Budgetary Basis of Accounting

The County's budget is prepared on a basis consistent with generally accepted accounting principles, except for the indirect costs were budgeted in transfers in and out.

The following schedule reconciles the excess/(deficiency) of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances to the budgetary comparison schedules:

	General Fund	Public Works/ HURF Fund
Excess/(deficiency) of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 5,989,041	\$(237,108)
Indirect costs budgeted in transfers in/(out)	<u>(1,727,646)</u>	<u>830,695</u>
Excess of revenues over expenditures from the Budgetary comparison schedules	<u>\$ 4,261,395</u>	<u>\$ 593,587</u>

Navajo County
 Required Supplementary Information
 Notes to Budgetary Comparison Schedules
 June 30, 2020

Note 3 - Expenditures in Excess of Appropriations

For the year ended June 30, 2020, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

Fund/Department	Excess
General Fund	
Contracts	\$250,244
State Cost Shifts	62,675
Planning and Zoning	16,912
Voter Registration	5,513
Public Defender	72,779
Holbrook Justice Court	2,811
Snowflake Constable	898
Holbrook Constable	106
Winslow Constable	160
Juvenile Detention	20,890

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

Specifically, the County experienced higher than anticipated costs in the Contracts Department, State Cost Shifts and Public Defender. The Contracts Department is primarily public defense contracts for cases that are assigned to outside legal counsel when there is a conflict in the Public Defender and Legal Defender's Offices. We experienced a higher than average number of cases that required outside public defense legal counsel which resulted in the Contracts Department exceeding its approved budget. The increase in State Cost Shifts is due to the continued outsourcing of behavioral health services to Jail detainees who do not meet the court's competency requirements and are therefore unable to stand trial. The county intended to hire a clinician to perform these services and reallocated the associated costs to the Juvenile Detention and Probation department budgets. The increase in the Public Defender department was due to outsourcing legal professional services. Due to increased caseloads, services for court appointed defense at the county Justice Courts were contracted to outside legal counsel instead of using county personnel causing the increase.

Navajo County
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability
Cost-Sharing Pension Plans
June 30, 2020

Arizona State Retirement System	Reporting Fiscal Year (Measurement Date)						
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2011
County's proportion of the net pension liability	0.17%	0.19%	0.20%	0.21%	0.21%	0.21%	
County's proportionate share of the net pension liability	\$25,433,978	\$26,385,347	\$31,575,151	\$33,707,260	\$32,861,924	\$30,957,928	
County's covered payroll	\$18,383,928	\$18,654,163	\$20,130,088	\$19,429,032	\$19,400,464	\$18,778,977	Information not available
County's proportionate share of the net pension liability as a percentage of its covered payroll	138.35%	141.44%	156.86%	173.49%	169.39%	164.85%	
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

Corrections Officer Retirement Plan— Administrative Office of the Courts	Reporting Fiscal Year (Measurement Date)						
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2011
County's proportion of the net pension liability	1.11%	1.17%	1.62%	1.74%	1.69%	1.74%	
County's proportionate share of the net pension liability	\$ 4,673,477	\$ 4,207,648	\$ 6,507,694	\$ 4,896,487	\$ 4,108,278	\$ 3,902,859	
County's covered payroll	\$ 1,335,653	\$ 1,378,621	\$ 1,941,447	\$ 1,891,207	\$ 1,879,552	\$ 1,854,011	Information not available
County's proportionate share of the net pension liability as a percentage of its covered payroll	349.90%	305.21%	335.20%	258.91%	218.58%	210.51%	
Plan fiduciary net position as a percentage of the total pension liability	51.99%	53.72%	49.21%	54.81%	57.89%	58.59%	

Elected Officials Retirement Plan	Reporting Fiscal Year (Measurement Date)						
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2011
County's proportion of the net pension liability	2.19%	2.01%	1.87%	1.87%	1.82%	1.84%	
County's proportionate share of the net pension liability	\$14,526,649	\$12,680,743	\$22,771,521	\$17,665,320	\$14,226,251	\$12,307,206	
State's proportionate share of the net pension liability associated with the County	1,365,355	2,172,763	4,726,116	3,647,430	4,435,153	3,773,504	
Total	<u>\$15,892,004</u>	<u>\$14,853,506</u>	<u>\$27,497,637</u>	<u>\$21,312,750</u>	<u>\$18,661,404</u>	<u>\$16,080,710</u>	Information not available
County's covered payroll	\$ 1,757,585	\$ 1,840,513	\$ 1,668,147	\$ 1,532,182	\$ 1,551,376	\$ 1,704,339	
County's proportionate share of the net pension liability as a percentage of its covered payroll	904.20%	688.98%	1365.08%	1152.95%	917.01%	722.11%	
Plan fiduciary net position as a percentage of the total pension liability	30.14%	30.36%	19.66%	23.42%	28.32%	31.91%	

See accompanying notes to pension plan schedules.

Navajo County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension Liability and Related Ratios
Agent Pension Plans
June 30, 2020

PSPRS Sheriff

Reporting Fiscal Year
(Measurement Date)

	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2011
Total pension liability							
Service cost	\$ 426,220	\$ 383,988	\$ 499,570	\$ 468,580	\$ 397,350	\$ 426,843	Information not available
Interest on the total pension liability	1,331,926	1,289,848	1,260,137	1,327,262	1,309,258	1,092,844	
Changes of benefit terms			304,021	(615,741)		586,447	
Differences between expected and actual experience in the measurement of the pension liability	860,339	(19,932)	(794,648)	(777,000)	(377,151)	(668,752)	
Changes of assumptions or other inputs	331,691		607,986	641,504		2,472,745	
Benefit payments, including refunds of employee contributions	(1,427,957)	(1,211,042)	(1,170,410)	(1,161,727)	(1,109,711)	(1,167,336)	
Net change in total pension liability	1,522,219	442,862	706,656	(117,122)	219,746	2,742,791	
Total pension liability—beginning	18,286,763	17,843,901	17,137,245	17,254,367	17,034,621	14,291,830	
Total pension liability—ending (a)	<u>\$19,808,982</u>	<u>\$18,286,763</u>	<u>\$17,843,901</u>	<u>\$17,137,245</u>	<u>\$17,254,367</u>	<u>\$17,034,621</u>	
Plan fiduciary net position							
Contributions—employer	1,203,208	\$ 785,359	\$ 1,047,332	\$ 1,205,254	\$ 790,385	\$ 691,037	
Contributions—employee	198,531	215,008	262,773	295,080	261,993	233,105	
Net investment income	326,870	381,885	633,913	31,020	191,904	675,189	
Benefit payments, including refunds of employee contributions	(1,427,957)	(1,211,042)	(1,170,410)	(1,161,727)	(1,109,711)	(1,167,336)	
Administrative expense	(6,666)	(6,512)	(6,009)	(4,864)	(5,044)	(5,438)	
Other changes	(12,693)	(64,550)	(324,969)	(215,557)	(114,224)	(8,622)	
Net change in plan fiduciary net position	281,293	100,148	442,630	149,206	15,303	417,935	
Plan fiduciary net position—beginning	6,032,030	5,932,062	5,489,432	5,340,226	5,324,923	4,906,988	
Plan fiduciary net position—ending (b)	<u>\$ 6,313,323</u>	<u>\$ 6,032,210</u>	<u>\$ 5,932,062</u>	<u>\$ 5,489,432</u>	<u>\$ 5,340,226</u>	<u>\$ 5,324,923</u>	
County's net pension liability—ending (a)-(b)	<u>\$13,495,659</u>	<u>\$12,254,553</u>	<u>\$11,911,839</u>	<u>\$11,647,813</u>	<u>\$11,914,141</u>	<u>\$11,709,698</u>	
Plan fiduciary net position as a percentage of the total pension liability	31.87%	32.99%	33.24%	32.03%	30.95%	31.26%	
Covered payroll	\$ 2,542,322	\$ 2,402,346	\$ 2,475,549	\$ 2,464,986	\$ 2,365,037	\$ 2,242,753	
County's net pension liability as a percentage of covered payroll	530.84%	510.11%	481.18%	472.53%	503.76%	522.11%	

See accompanying notes to pension plan schedules.

Navajo County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension Liability and Related Ratios
Agent Pension Plans
June 30, 2020

PSPRS Attorney Investigators

	Reporting Fiscal Year (Measurement Date)						
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Information not available
Interest on the total pension liability	40,883	40,340	38,673	44,961	40,906	30,804	
Changes of benefit terms			10,560	(78,488)		28,416	
Differences between expected and actual experience in the measurement of the pension liability	928	4,599	325	(13,833)	6,616	1,839	
Changes of assumptions or other inputs	10,018		16,836	25,702	(392,840)	535,143	
Benefit payments, including refunds of employee contributions	(36,849)	(38,355)	(35,451)	(35,451)	(35,451)	(34,741)	
Net change in total pension liability	14,980	6,584	30,943	(57,109)	(380,769)	561,461	
Total pension liability—beginning	570,893	564,309	533,366	590,475	971,244	409,783	
Total pension liability—ending (a)	<u>\$ 585,873</u>	<u>\$ 570,893</u>	<u>\$ 564,309</u>	<u>\$ 533,366</u>	<u>\$ 590,475</u>	<u>\$ 971,244</u>	
Plan fiduciary net position							
Contributions—employer	\$ 75,959	\$ 72,028	\$ 38,721	\$ 65,456	\$ 20,181		
Contributions—employee	6,765	6,364	8,673	390	744	\$ 6,765	
Net investment income							
Benefit payments, including refunds of employee contributions	(36,849)	(38,355)	(35,451)	(35,451)	(35,451)	(34,741)	
Administrative expense	(1,118)	(797)	(477)	(456)	(308)	(54)	
Other changes		1	1	(1)	(37)	-	
Net change in plan fiduciary net position	44,757	39,241	11,467	29,938	(14,871)	(28,030)	
Plan fiduciary net position—beginning	101,909	62,668	51,201	21,263	36,134	64,164	
Plan fiduciary net position—ending (b)	<u>\$ 146,666</u>	<u>\$ 101,909</u>	<u>\$ 62,668</u>	<u>\$ 51,201</u>	<u>\$ 21,263</u>	<u>\$ 36,134</u>	
County's net pension liability—ending (a)-(b)	<u>\$ 439,207</u>	<u>\$ 468,984</u>	<u>\$ 501,641</u>	<u>\$ 482,165</u>	<u>\$ 569,212</u>	<u>\$ 935,110</u>	
Plan fiduciary net position as a percentage of the total pension liability	25.03%	17.85%	11.11%	9.60%	3.60%	3.72%	
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
County's net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	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, 2020

CORP

Reporting Fiscal Year
(Measurement Date)

	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2011
Total pension liability							
Service cost	\$ 250,314	\$ 288,583	\$ 243,603	\$ 226,516	\$ 229,853	\$ 262,381	Information not available
Interest on the total pension liability	380,744	388,051	321,690	307,215	301,883	298,329	
Changes of benefit terms		(221,437)	693,192	9,571		35,245	
Differences between expected and actual experience in the measurement of the pension liability	(18,530)	(259,089)	(89,958)	(31,895)	(93,870)	(414,141)	
Changes of assumptions or other inputs	158,339		107,452	160,139		240,204	
Benefit payments, including refunds of employee contributions	(432,464)	(369,299)	(318,158)	(290,765)	(445,789)	(275,163)	
Net change in total pension liability	338,403	(173,191)	957,821	380,781	(7,923)	146,855	
Total pension liability—beginning	5,111,101	5,284,292	4,326,471	3,945,690	3,953,613	3,806,758	
Total pension liability—ending (a)	<u>\$ 5,449,504</u>	<u>\$ 5,111,101</u>	<u>\$ 5,284,292</u>	<u>\$ 4,326,471</u>	<u>\$ 3,945,690</u>	<u>\$ 3,953,613</u>	
Plan fiduciary net position							
Contributions—employer	\$ 174,388	\$ 147,102	\$ 139,477	\$ 137,367	\$ 123,062	\$ 142,344	
Contributions—employee	112,339	134,290	139,124	130,513	137,233	141,818	
Net investment income	208,336	253,700	392,801	19,994	120,952	417,329	
Benefit payments, including refunds of employee contributions	(432,464)	(369,299)	(318,158)	(290,765)	(445,789)	(275,163)	
Administrative expense	(4,418)	(4,538)	(3,836)	(3,227)	(3,354)	(3,281)	
Other changes	(13,107)	12,725	62,915	(10,869)	9,359	(82,179)	
Net change in plan fiduciary net position	45,074	173,980	412,323	(16,987)	(58,537)	340,868	
Plan fiduciary net position—beginning	3,872,734	3,698,754	3,286,431	3,303,418	3,361,955	3,021,087	
Plan fiduciary net position—ending (b)	<u>\$ 3,917,808</u>	<u>\$ 3,872,734</u>	<u>\$ 3,698,754</u>	<u>\$ 3,286,431</u>	<u>\$ 3,303,418</u>	<u>\$ 3,361,955</u>	
County's net pension liability—ending (a)-(b)	<u>\$ 1,531,696</u>	<u>\$ 1,238,367</u>	<u>\$ 1,585,538</u>	<u>\$ 1,040,040</u>	<u>\$ 642,272</u>	<u>\$ 591,658</u>	
Plan fiduciary net position as a percentage of the total pension liability	71.89%	75.77%	70.00%	75.96%	83.72%	85.04%	
Covered payroll	\$ 1,532,926	\$ 1,508,678	\$ 1,668,947	\$ 1,572,955	\$ 1,632,100	\$ 1,726,328	
County's net pension liability as a percentage of covered payroll	99.92%	82.08%	95.00%	66.12%	39.35%	34.27%	

See accompanying notes to pension plan schedules.

Navajo County
Required Supplementary Information
Schedule of County Pension Contributions
June 30, 2020

Arizona State Retirement System

	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 2,136,505	\$ 2,052,532	\$ 2,028,064	\$ 2,171,922	\$ 2,128,972	\$ 2,098,505	\$ 2,009,012	Information not available
County's contributions in relation to the statutorily required contribution	2,136,505	2,052,532	2,028,064	2,171,922	2,128,972	2,098,505	2,009,012	
County's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
County's covered payroll	\$ 18,732,704	\$ 18,383,928	\$ 18,654,163	\$ 20,130,088	\$ 19,429,032	\$ 19,400,464	\$ 18,778,977	
County's contributions as a percentage of covered payroll	11.41%	11.16%	10.87%	10.79%	10.96%	10.82%	10.70%	

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

	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 414,800	\$ 417,492	\$ 294,854	\$ 379,356	\$ 367,198	\$ 279,677	\$ 267,905	Information not available
County's contributions in relation to the statutorily required contribution	414,800	417,492	294,854	379,356	367,198	279,677	267,905	
County's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
County's covered payroll	\$ 1,371,917	\$ 1,335,653	\$ 1,378,621	\$ 1,941,447	\$ 1,891,207	\$ 1,879,552	\$ 1,854,011	
County's contributions as a percentage of covered payroll	30.24%	31.26%	21.39%	19.54%	19.42%	14.88%	14.45%	

Elected Officials Retirement Plan

	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 1,005,663	\$ 1,012,544	\$ 370,491	\$ 363,340	\$ 355,627	\$ 364,573	\$ 394,725	Information not available
County's contributions in relation to the statutorily required contribution	1,005,663	915,902	34,325	363,340	355,627	364,573	394,725	
County's contribution deficiency (excess)	\$ -	\$ 96,642	\$ 336,166	\$ -	\$ -	\$ -	\$ -	
County's covered payroll	\$ 1,754,008	\$ 1,757,585	\$ 1,840,513	\$ 1,668,147	\$ 1,532,182	\$ 1,551,376	\$ 1,704,339	
County's contributions as a percentage of covered payroll	57.34%	52.11%	1.86%	21.78%	23.21%	23.50%	23.16%	

See accompanying notes to pension plan schedules.

Navajo County
Required Supplementary Information
Schedule of County Pension Contributions
June 30, 2020

PSPRS Sheriff

	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ 1,369,168	\$ 1,187,010	\$ 1,039,891	\$ 1,091,146	\$ 1,214,475	\$ 784,719	\$ 692,113	Information not available
County's contributions in relation to the actuarially determined contribution	1,369,168	1,187,010	780,780	1,091,146	1,214,475	784,719	692,113	
County's contribution deficiency (excess)	\$ -	\$ -	\$ 259,111	\$ -	\$ -	\$ -	\$ -	
County's covered payroll	\$ 2,565,258	\$ 2,542,322	\$ 2,402,346	\$ 2,475,549	\$ 2,464,986	\$ 2,365,037	\$ 2,242,753	
County's contributions as a percentage of covered payroll	53.37%	46.69%	32.50%	44.08%	49.27%	33.18%	30.86%	

PSPRS Attorney Investigators

	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ 37,382	\$ 37,238	\$ 33,307	\$ 38,721	\$ 35,878	\$ 49,759	\$ -	Information not available
County's contributions in relation to the actuarially determined contribution	37,382	37,238	33,307	38,721	35,878	49,759	-	
County's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
County's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
County's contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

CORP

	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ 134,564	\$ 182,970	\$ 151,162	\$ 144,735	\$ 138,748	\$ 123,060	\$ 146,738	Information not available
County's contributions in relation to the actuarially determined contribution	134,564	182,970	151,162	144,735	138,748	123,060	146,738	
County's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
County's covered payroll	\$ 1,469,236	\$ 1,532,926	\$ 1,508,678	\$ 1,668,947	\$ 1,572,955	\$ 1,632,100	\$ 1,726,328	
County's contributions as a percentage of covered payroll	9.16%	11.94%	10.02%	8.67%	8.82%	7.54%	8.50%	

Navajo County
 Required Supplementary Information
 Notes to Pension Plan Schedules
 June 30, 2020

Note 1 - Actuarially Determined Contribution Rates

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

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2018 actuarial valuation	19 years
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions: Investment rate of return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%–8.0% to 3.5%–7.5% for PSPRS and from 4.0%–7.25% to 3.5%–6.5% for CORP. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS and from 4.5%–7.75% to 4.0%–7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS and from 5.0%–8.25% to 4.5%–7.75% for CORP.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS and CORP. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

Navajo County
Required Supplementary Information
Notes to Pension Plan Schedules
June 30, 2020

Note 2 - Factors that affect trends

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

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





Navajo County
Nonmajor Governmental Funds
June 30, 2020

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.
Flood Control District	Accounts for flood control facilities and regulates floodplains and drainage to prevent flooding of property in Navajo County. Funding is provided by secondary property taxes.
Housing	Accounts for housing and community development programs. Funding is provided by federal Community Development Block Grants.
Library District	Accounts for support services and materials provided to the County's community libraries. Funding sources include federal and state grants and a secondary property tax levy.
Probation	Accounts for Adult and Juvenile Probation programs and services provided in coordination with the State's Superior Court System. Funding sources include state grants and fees paid by probationers.
Public Defense	Accounts for the public defense of criminal cases including public defense enhancement funds. Funding sources include statutory fees and other surcharges related to public defense.
Public Health	Accounts for a variety of health service and education programs including Bio-Terrorism, Women, Infants and Children (WIC), Nutrition, Tobacco, Dental and infectious and contagious diseases. Funding sources include a secondary property tax levy, federal and state grants, appropriations, fees and private party contributions.
Recreation District	Accounts for operating costs of the White Mountain Lake Recreation District. Funding sources are fees and secondary property taxes assessed the benefiting property owners within the district boundaries.

Navajo County
Nonmajor Governmental Funds
June 30, 2020

Sheriff's Office Accounts for various jail and law enforcement programs including Jail Enhancement, Drug Enforcement, Anti-Racketeering, High-Intensity Drug Trafficking Area and Boating Safety. Funding sources include federal and state grants.

Special Districts Accounts for operating costs for the Silver Creek, Bucking Horse, Victory Heights, Hilltop Drive, Mountain View and North Whistle Stop Loop County Road Improvement Districts. Funding sources are secondary property taxes assessed the benefiting property owners within the district boundaries.

Superintendent of Schools Accounts for educational services and programs including the Navajo County Accommodation District, juvenile detention Hope School, Special Services Consortium and unorganized school district territory. Funding sources include federal and state grants and charges for services from local school districts.

Workforce Innovation and Opportunity Act (WIOA) Accounts for administration of the federal Workforce Innovation and Opportunity Act (WIOA) program. Funding is from federal grants.

Debt Service Funds

General Government Accounts for the accumulation of resources for payment of principal and interest on the 2012 and 2013 Series Pledged Revenue Obligations for construction of the Public Works Complex in Holbrook and construction and remodel of jail facilities.

Special Districts Accounts for the accumulation of resources for the payment of principal and interest on bonds and other debt instruments of the Sutter Drive, Scott's Pine Tract A, Shumway Road and Bucking Horse Improvement Districts. Funding sources are secondary property taxes assessed the benefiting property owners within the district boundaries.

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue			
	Administration	County Attorney	Courts	Environmental and Conservation
Assets				
Cash and investments	\$ 936,630	\$ 1,919,452	\$ 1,453,676	\$ 702,218
Receivables (net of allowance for uncollectibles):				
Property taxes				
Accounts receivable	520	47,499	230	
Special assessments				
Due from:				
Other funds	18,651	75,327	22,063	
Other governments	347,330	86,595	67,521	30,000
Prepaid items				
Total assets	<u>\$ 1,303,131</u>	<u>\$ 2,128,873</u>	<u>\$ 1,543,490</u>	<u>\$ 732,218</u>
Liabilities				
Accounts payable	\$ 47,254	\$ 7,594	\$ 4,787	\$ 734
Accrued payroll and employee benefits	27,768			3,273
Due to:				
Other funds	17,054	38,929	108,082	1,130
Other governments	2,459	2,928	896	54
Pledged revenue obligations payable				
Interest payable				
Total liabilities	<u>94,535</u>	<u>49,451</u>	<u>113,765</u>	<u>5,191</u>
Deferred Inflows of Resources				
Unavailable revenue—property taxes				
Unavailable revenue—special assessments				
Unavailable revenue—intergovernmental	222,642			
Total deferred inflows of resources	<u>222,642</u>			
Fund balances				
Nonspendable				
Restricted	1,266,003	2,132,856	1,432,259	727,027
Assigned				
Unassigned	(280,049)	(53,434)	(2,534)	
Total fund balances	<u>985,954</u>	<u>2,079,422</u>	<u>1,429,725</u>	<u>727,027</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,303,131</u>	<u>\$ 2,128,873</u>	<u>\$ 1,543,490</u>	<u>\$ 732,218</u>

(continued)

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue			
	Flood Control District	Housing	Library District	Probation
Assets				
Cash and investments	\$6,741,810		\$ 43,907	\$ 659,086
Receivables (net of allowance for uncollectibles):				
Property taxes	80,961		33,357	
Accounts receivable			1	
Special assessments				
Due from:				
Other funds			36	
Other governments		\$ 36,139		4,929
Prepaid items				
Total assets	\$6,822,771	\$ 36,139	\$ 77,301	\$ 664,015
Liabilities				
Accounts payable	\$ 2,017		\$ 3,543	\$ 7,667
Accrued payroll and employee benefits	2,096		2,917	353
Due to:				
Other funds	1,677	\$ 15,000	1,704	28,684
Other governments	15,333		1,613	100,565
Pledged revenue obligations payable				
Interest payable				
Total liabilities	21,123	15,000	9,777	137,269
Deferred Inflows of Resources				
Unavailable revenue—property taxes	55,871		23,773	
Unavailable revenue—special assessments				
Unavailable revenue—intergovernmental		21,139		
Total deferred inflows of resources	55,871	21,139	23,773	
Fund balances				
Nonspendable				
Restricted	6,745,777		43,942	566,270
Assigned				
Unassigned			(191)	(39,524)
Total fund balances	6,745,777	-	43,751	526,746
Total liabilities, deferred inflows of resources and fund balances	\$6,822,771	\$ 36,139	\$ 77,301	\$ 664,015

(continued)

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue			
	Public Defense	Public Health	Recreation District	Sheriff's Office
Assets				
Cash and investments	\$ 264,461	\$ 815,757	\$ 141,587	\$ 398,891
Receivables (net of allowance for uncollectibles):				
Property taxes		84,532		
Accounts receivable		85,156	390	2,319
Special assessments			35,358	
Due from:				
Other funds	23,239	577,898		7,042
Other governments	5,501	601,092		157,410
Prepaid items		162		
	<u>\$ 293,201</u>	<u>\$ 2,164,597</u>	<u>\$ 177,335</u>	<u>\$ 565,662</u>
Liabilities				
Accounts payable	\$ 1,530	\$ 11,508	\$ 326	\$ 9,125
Accrued payroll and employee benefits	361	3,137	196	4,230
Due to:				
Other funds		79,695	74	3,248
Other governments	62	16,332	3	50,417
Pledged revenue obligations payable				
Interest payable				
Total liabilities	<u>1,953</u>	<u>110,672</u>	<u>599</u>	<u>67,020</u>
Deferred Inflows of Resources				
Unavailable revenue—property taxes		60,472		
Unavailable revenue—special assessments			28,952	
Unavailable revenue—intergovernmental		453,257		53,956
Total deferred inflows of resources		<u>513,729</u>	<u>28,952</u>	<u>53,956</u>
Fund balances				
Nonspendable				
Restricted	291,248	1,590,637	147,784	446,476
Assigned				
Unassigned		(50,441)		(1,790)
Total fund balances	<u>291,248</u>	<u>1,540,196</u>	<u>147,784</u>	<u>444,686</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 293,201</u>	<u>\$ 2,164,597</u>	<u>\$ 177,335</u>	<u>\$ 565,662</u>

(continued)

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue		
	Special Districts	Superintendent of Schools	Workforce Innovation & Opportunity Act
Assets			
Cash and investments	\$ 702,420	\$ 1,626,775	
Receivables (net of allowance for uncollectibles):			
Property taxes			
Accounts receivable		39,628	
Special assessments	5,330		
Due from:			
Other funds			
Other governments		228,705	\$ 452,166
Prepaid items			1,518
Total assets	<u>\$ 707,750</u>	<u>\$ 1,895,108</u>	<u>\$ 453,684</u>
Liabilities			
Accounts payable	\$ 1,385	\$ 65,794	\$ 35,513
Accrued payroll and employee benefits		1,060	
Due to:			
Other funds			570,308
Other governments			58,184
Pledged revenue obligations payable			
Interest payable			
Total liabilities	<u>1,385</u>	<u>66,854</u>	<u>664,005</u>
Deferred Inflows of Resources			
Unavailable revenue—property taxes			
Unavailable revenue—special assessments	4,451		
Unavailable revenue—intergovernmental			
Total deferred inflows of resources	<u>4,451</u>		
Fund balances			
Nonspendable			1,518
Restricted	701,914	1,196,157	50,670
Assigned		632,097	
Unassigned			(262,509)
Total fund balances(deficits)	<u>701,914</u>	<u>1,828,254</u>	<u>(210,321)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 707,750</u>	<u>\$ 1,895,108</u>	<u>\$ 453,684</u>

(continued)

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Debt Service		Total Nonmajor Governmental Funds
	General Government	Special Districts	
Assets			
Cash and investments	\$ 302,472	\$ 116,920	\$ 16,826,062
Receivables (net of allowance for uncollectibles):			
Property taxes			198,850
Accounts receivable			175,743
Special assessments			40,688
Due from:			
Other funds			724,256
Other governments			2,017,388
Prepaid items			1,680
Total assets	\$ 302,472	\$ 116,920	\$ 19,984,667
Liabilities			
Accounts payable			\$ 198,777
Accrued payroll and employee benefits			45,391
Due to:			
Other funds			865,585
Other governments			248,846
Pledged revenue obligations payable	180,000		180,000
Interest payable	122,472		122,472
Total liabilities	302,472		1,661,071
Deferred Inflows of Resources			
Unavailable revenue—property taxes			140,116
Unavailable revenue—special assessments			33,403
Unavailable revenue—intergovernmental			750,994
Total deferred inflows of resources		-	924,513
Fund balances			
Nonspendable			1,518
Restricted		116,920	17,455,940
Assigned			632,097
Unassigned			(690,472)
Total fund balances	-	116,920	17,399,083
Total liabilities, deferred inflows of resources and fund balances	\$ 302,472	\$ 116,920	\$ 19,984,667

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue			
	Administration	County Attorney	Courts	Environmental and Conservation
Revenues:				
Property taxes				
Special assessments				
Licenses and permits				
Fines and forfeits		\$ 325,675	\$ 44,083	
Intergovernmental	\$ 1,182,427	953,577	526,435	\$ 286,000
Charges for services	170,736	140,773	569,380	
Investment earnings	14,090	19,030	23,237	11,577
Contributions				
Miscellaneous	15,670	130	2,704	
Total revenues	<u>1,382,923</u>	<u>1,439,185</u>	<u>1,165,839</u>	<u>297,577</u>
Expenditures:				
Current:				
General government	215,721	1,143,344	1,108,772	
Public safety	234,521			
Highways and streets				
Health and welfare	490,352			
Culture and recreation				
Education and economic opportunity	44,437			
Environmental and conservation	29,119			255,220
Urban redevelopment and housing				
Debt Service:				
Principal				
Interest and other charges				
Capital outlay	54,050			
Total expenditures	<u>1,068,200</u>	<u>1,143,344</u>	<u>1,108,772</u>	<u>255,220</u>
Excess (deficiency) of revenues over expenditures	<u>314,723</u>	<u>295,841</u>	<u>57,067</u>	<u>42,357</u>
Other financing sources (uses):				
Transfers in	14,540	395,512	370,575	
Transfers out		(1,135)	(268,715)	
Total other financing sources and uses	<u>14,540</u>	<u>394,377</u>	<u>101,860</u>	
Net change in fund balances	329,263	690,218	158,927	42,357
Fund balances, July 1, 2019	<u>656,691</u>	<u>1,389,204</u>	<u>1,270,798</u>	<u>684,670</u>
Fund balances, June 30, 2020	<u>\$ 985,954</u>	<u>\$ 2,079,422</u>	<u>\$ 1,429,725</u>	<u>\$ 727,027</u>

(continued)

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue			
	Flood Control District	Housing	Library District	Probation
Revenues:				
Property taxes	\$ 1,893,213		\$ 834,511	
Special assessments				
Licenses and permits				
Fines and forfeits				
Intergovernmental	4	\$ 27,500	113,456	\$ 1,816,238
Charges for services				339,517
Investment earnings	133,984		1,794	10,857
Contributions				
Miscellaneous	369		48,346	
Total revenues	<u>2,027,570</u>	<u>27,500</u>	<u>998,107</u>	<u>2,166,612</u>
Expenditures:				
Current:				
General government				
Public safety	921,738			2,209,228
Highways and streets				
Health and welfare				
Culture and recreation			786,165	
Education and economic opportunity				
Environmental and conservation				
Urban redevelopment and housing		27,500		
Debt Service:				
Principal				
Interest and other charges				
Capital outlay				
Total expenditures	<u>921,738</u>	<u>27,500</u>	<u>786,165</u>	<u>2,209,228</u>
Excess (deficiency) of revenues over expenditures	<u>1,105,832</u>	<u>-</u>	<u>211,942</u>	<u>(42,616)</u>
Other financing sources (uses):				
Transfers in				109,865
Transfers out	(840,000)		(204,337)	
Total other financing sources and uses	<u>(840,000)</u>	<u>-</u>	<u>(204,337)</u>	<u>109,865</u>
Net change in fund balances	265,832	-	7,605	67,249
Fund balances, July 1, 2019	<u>6,479,945</u>		<u>36,146</u>	<u>459,497</u>
Fund balances, June 30, 2020	<u>\$ 6,745,777</u>	<u>\$ -</u>	<u>\$ 43,751</u>	<u>\$ 526,746</u>

(continued)

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue			
	Public Defense	Public Health	Recreation District	Sheriff's Office
Revenues:				
Property taxes		\$ 2,088,946		
Special assessments			\$ 156,017	
Licenses and permits		120,710		
Fines and forfeits		3,700		\$ 39,616
Intergovernmental	\$ 28,414	1,687,428		788,039
Charges for services		67,771		314,339
Investment earnings	3,976	8,779	2,863	13,311
Contributions		19,013		
Miscellaneous		129,931	7,803	7,558
Total revenues	<u>32,390</u>	<u>4,126,278</u>	<u>166,683</u>	<u>1,162,863</u>
Expenditures:				
Current:				
General government	12,719			
Public safety				1,026,922
Highways and streets				
Health and welfare		4,377,225		
Culture and recreation			147,830	
Education and economic opportunity				
Environmental and conservation				
Urban redevelopment and housing				
Debt Service:				
Principal	1,186	10,692		19,387
Interest and other charges	283	1,424		2,678
Capital outlay		102,789		127,438
Total expenditures	<u>14,188</u>	<u>4,492,130</u>	<u>147,830</u>	<u>1,176,425</u>
Excess (deficiency) of revenues over expenditures	<u>18,202</u>	<u>(365,852)</u>	<u>18,853</u>	<u>(13,562)</u>
Other financing sources (uses):				
Transfers in	80,761	789,073		
Transfers out	(18,404)			(248,945)
Total other financing sources and uses	<u>62,357</u>	<u>789,073</u>		<u>(248,945)</u>
Net change in fund balances	80,559	423,221	18,853	(262,507)
Fund balances, July 1, 2019	<u>210,689</u>	<u>1,116,975</u>	<u>128,931</u>	<u>707,193</u>
Fund balances, June 30, 2020	<u>\$291,248</u>	<u>\$ 1,540,196</u>	<u>\$ 147,784</u>	<u>\$ 444,686</u>

(continued)

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue		
	Special Districts	Superintendent of Schools	Workforce Innovation & Opportunity Act
Revenues:			
Property taxes			
Special assessments	\$ 71,246		
Licenses and permits			
Fines and forfeits			
Intergovernmental		\$ 3,035,586	\$ 1,107,214
Charges for services			
Investment earnings	4,310	25,376	
Contributions			
Miscellaneous		399,324	
Total revenues	<u>75,556</u>	<u>3,460,286</u>	<u>1,107,214</u>
Expenditures:			
Current:			
General government			
Public safety			
Highways and streets	50,285		
Health and welfare			
Culture and recreation			
Education and economic opportunity		3,299,562	1,293,047
Environmental and conservation			
Urban redevelopment and housing			
Debt Service:			
Principal			
Interest and other charges			
Capital outlay		107,258	41,425
Total expenditures	<u>50,285</u>	<u>3,406,820</u>	<u>1,334,472</u>
Excess (deficiency) of revenues over expenditures	<u>25,271</u>	<u>53,466</u>	<u>(227,258)</u>
Other financing sources (uses):			
Transfers in			
Transfers out			(25,000)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(25,000)</u>
Net change in fund balances	25,271	53,466	(252,258)
Fund balances, July 1, 2019	<u>676,643</u>	<u>1,774,788</u>	<u>41,937</u>
Fund balances (deficits), June 30, 2020	<u>\$ 701,914</u>	<u>\$ 1,828,254</u>	<u>\$ (210,321)</u>

(continued)

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	Debt Service		Total Nonmajor Governmental Funds
	General Government	Special Districts	
Revenues:			
Property taxes			\$ 4,816,670
Special assessments		\$ 1,336	228,599
Licenses and permits			120,710
Fines and forfeits			413,074
Intergovernmental			11,552,318
Charges for services			1,602,516
Investment earnings	\$ 9,758	2,515	285,457
Contributions			19,013
Miscellaneous			611,835
Total revenues	<u>9,758</u>	<u>3,851</u>	<u>19,650,192</u>
Expenditures:			
Current:			
General government			2,480,556
Public safety			4,392,409
Highways and streets			50,285
Health and welfare			4,867,577
Culture and recreation			933,995
Education and economic opportunity			4,637,046
Environmental and conservation			284,339
Urban redevelopment and housing			27,500
Debt Service:			
Principal	1,265,000		1,296,265
Interest and other charges	345,154		349,539
Capital outlay			432,960
Total expenditures	<u>1,610,154</u>	<u>-</u>	<u>19,752,471</u>
Excess (deficiency) of revenues over expenditures	<u>(1,600,396)</u>	<u>3,851</u>	<u>(102,279)</u>
Other financing sources (uses):			
Transfers in	1,973,606		3,733,932
Transfers out		(418)	(1,606,954)
Total other financing sources and uses	<u>1,973,606</u>	<u>(418)</u>	<u>2,126,978</u>
Net change in fund balances	373,210	3,433	2,024,699
Fund balances (deficits), July 1, 2019	<u>(373,210)</u>	<u>113,487</u>	<u>15,374,384</u>
Fund balances, June 30, 2020	<u>\$ -</u>	<u>\$ 116,920</u>	<u>\$ 17,399,083</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Administration
 Year Ended June 30, 2020

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 1,922,249	\$ 1,182,427	\$ (739,822)
Charges for services	140,700	170,736	30,036
Investment earnings	6,400	14,090	7,690
Miscellaneous	1,000,000	15,670	(984,330)
Total revenues	<u>3,069,349</u>	<u>1,382,923</u>	<u>(1,686,426)</u>
Expenditures:			
General government	496,420	269,771	226,649
Public safety	2,316,886	234,521	2,082,365
Health and welfare	203,363	490,352	(286,989)
Education and economic opportunity	273,200	44,437	228,763
Environmental and conservation	363,157	29,119	334,038
Total expenditures	<u>3,653,026</u>	<u>1,068,200</u>	<u>2,584,826</u>
Excess (deficiency) of revenues over expenditures	<u>(583,677)</u>	<u>314,723</u>	<u>898,400</u>
Other financing sources (uses):			
Transfers in	12,307	14,540	2,233
Transfers out	(57,993)	-	57,993
Total other financing sources and uses	<u>(45,686)</u>	<u>14,540</u>	<u>60,226</u>
Net change in fund balances	(629,363)	329,263	958,626
Fund balances, July 1, 2019	629,363	656,691	27,328
Fund balances, June 30, 2020	<u>\$ -</u>	<u>\$ 985,954</u>	<u>\$ 985,954</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - County Attorney
 Year Ended June 30, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	\$ 232,024	\$ 325,675	\$ 93,651
Intergovernmental	1,493,291	953,577	(539,714)
Charges for services	65,770	140,773	75,003
Investment earnings	10,866	19,030	8,164
Miscellaneous	260,040	130	(259,910)
Total revenues	<u>2,061,991</u>	<u>1,439,185</u>	<u>(622,806)</u>
Expenditures:			
General government	3,552,292	1,139,266	2,413,026
Total expenditures	<u>3,552,292</u>	<u>1,139,266</u>	<u>2,413,026</u>
Excess (deficiency) of revenues over expenditures	<u>(1,490,301)</u>	<u>299,919</u>	<u>1,790,220</u>
Other financing sources (uses):			
Transfers in	290,345	395,512	105,167
Transfers out		(5,213)	(5,213)
Total other financing sources and uses	<u>290,345</u>	<u>390,299</u>	<u>99,954</u>
Net change in fund balances	(1,199,956)	690,218	1,890,174
Fund balances, July 1, 2019	1,199,956	1,389,204	189,248
Fund balances, June 30, 2020	<u>\$ -</u>	<u>\$ 2,079,422</u>	<u>\$ 2,079,422</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Courts
 Year Ended June 30, 2020

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Fines and forfeits	\$ 49,500	\$ 44,083	\$ (5,417)
Intergovernmental	591,113	526,435	(64,678)
Charges for services	603,550	569,380	(34,170)
Investment earnings	2,450	23,237	20,787
Miscellaneous		2,704	2,704
Total revenues	<u>1,246,613</u>	<u>1,165,839</u>	<u>(80,774)</u>
Expenditures:			
General government	<u>2,577,607</u>	<u>1,108,772</u>	<u>1,468,835</u>
Total expenditures	<u>2,577,607</u>	<u>1,108,772</u>	<u>1,468,835</u>
Excess (deficiency) of revenues over expenditures	<u>(1,330,994)</u>	<u>57,067</u>	<u>1,388,061</u>
Other financing sources (uses):			
Transfers in	364,886	370,575	5,689
Transfers out	(67,063)	(268,715)	(201,652)
Total other financing sources and (uses)	<u>297,823</u>	<u>101,860</u>	<u>(195,963)</u>
Net change in fund balances	(1,033,171)	158,927	1,192,098
Fund balances, July 1, 2019	1,033,171	1,270,798	237,627
Fund balances, June 30, 2020	<u>\$ -</u>	<u>\$ 1,429,725</u>	<u>\$ 1,429,725</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Environmental and Conservation
 Year Ended June 30, 2020

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 286,000	\$ 286,000	-
Investment earnings	6,900	11,577	\$ 4,677
Total revenues	<u>292,900</u>	<u>297,577</u>	<u>4,677</u>
Expenditures:			
Environmental and conservation	904,630	255,220	649,410
Total expenditures	<u>904,630</u>	<u>255,220</u>	<u>649,410</u>
Excess (deficiency) of revenues over expenditures	<u>(611,730)</u>	<u>42,357</u>	<u>654,087</u>
Fund balances, July 1, 2019	611,730	684,670	72,940
Fund balances, June 30, 2020	<u>\$ -</u>	<u>\$ 727,027</u>	<u>\$ 727,027</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Flood Control District
 Year Ended June 30, 2020

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Property taxes	\$ 1,890,074	\$ 1,893,213	\$ 3,139
Intergovernmental		4	4
Investment earnings	80,936	133,984	53,048
Miscellaneous		369	369
Total revenues	<u>1,971,010</u>	<u>2,027,570</u>	<u>56,560</u>
Expenditures:			
Public safety	7,100,784	580,738	6,520,046
Total expenditures	<u>7,100,784</u>	<u>580,738</u>	<u>6,520,046</u>
Excess (deficiency) of revenues over expenditures	<u>(5,129,774)</u>	<u>1,446,832</u>	<u>6,576,606</u>
Other financing uses:			
Transfers out	(1,181,000)	(1,181,000)	-
Total other financing uses	<u>(1,181,000)</u>	<u>(1,181,000)</u>	<u>-</u>
Net change in fund balances	(6,310,774)	265,832	6,576,606
Fund balances, July 1, 2019	6,310,774	6,479,945	169,171
Fund balances, June 30, 2020	<u>\$ -</u>	<u>\$ 6,745,777</u>	<u>\$ 6,745,777</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Library District
 Year Ended June 30, 2020

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Property taxes	\$ 835,587	\$ 834,511	\$ (1,076)
Intergovernmental	78,508	113,456	34,948
Investment earnings		1,794	1,794
Miscellaneous	51,500	48,346	(3,154)
Total revenues	<u>965,595</u>	<u>998,107</u>	<u>32,512</u>
Expenditures:			
Culture and recreation	568,483	555,292	13,191
Total expenditures	<u>568,483</u>	<u>555,292</u>	<u>13,191</u>
Excess (deficiency) of revenues over expenditures	<u>397,112</u>	<u>442,815</u>	<u>45,703</u>
Other financing uses:			
Transfers out	(435,210)	(435,210)	-
Total other financing uses	<u>(435,210)</u>	<u>(435,210)</u>	<u>-</u>
Net change in fund balances	(38,098)	7,605	45,703
Fund balances, July 1, 2019	38,098	36,146	(1,952)
Fund balances, June 30, 2020	<u>\$ -</u>	<u>\$ 43,751</u>	<u>\$ 43,751</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Probation
 Year Ended June 30, 2020

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 2,016,734	\$ 1,816,238	\$ (200,496)
Charges for services	282,690	339,517	56,827
Investment earnings	63,279	10,857	(52,422)
Miscellaneous	30	-	(30)
Total revenues	<u>2,362,733</u>	<u>2,166,612</u>	<u>(196,121)</u>
Expenditures:			
Public safety	2,792,632	2,209,228	583,404
Total expenditures	<u>2,792,632</u>	<u>2,209,228</u>	<u>583,404</u>
Excess (deficiency) of revenues over expenditures	<u>(429,899)</u>	<u>(42,616)</u>	<u>387,283</u>
Other financing sources:			
Transfers in	3,165	109,865	106,700
Total other financing sources	<u>3,165</u>	<u>109,865</u>	<u>106,700</u>
Net change in fund balances	(426,734)	67,249	493,983
Fund balances, July 1, 2019	426,734	459,497	32,763
Fund balances, June 30, 2020	<u>\$ -</u>	<u>\$ 526,746</u>	<u>\$ 526,746</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Public Defense
 Year Ended June 30, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 16,000	\$ 28,414	\$ 12,414
Investment earnings	1,300	3,976	2,676
Total revenues	17,300	32,390	15,090
Expenditures:			
General government	254,483	14,188	240,295
Total expenditures	254,483	14,188	240,295
Excess (deficiency) of revenues over expenditures	(237,183)	18,202	255,385
Other financing sources (uses):			
Transfers in	89,306	80,761	(8,545)
Transfers out	-	(18,404)	(18,404)
Total other financing sources and uses	89,306	62,357	(26,949)
Net change in fund balances	(147,877)	80,559	228,436
Fund balances, July 1, 2019	147,877	210,689	62,812
Fund balances, June 30, 2020	\$ -	\$ 291,248	\$ 291,248

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Public Health
 Year Ended June 30, 2020

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Property taxes	\$ 2,091,527	\$ 2,088,946	\$ (2,581)
Licenses and permits	134,000	120,710	(13,290)
Fines and forfeits	1,000	3,700	2,700
Intergovernmental	2,989,665	1,687,428	(1,302,237)
Charges for services	43,170	67,771	24,601
Investment earnings	5,060	8,779	3,719
Contributions	25,400	19,013	(6,387)
Miscellaneous	129,500	129,931	431
Total revenues	<u>5,419,322</u>	<u>4,126,278</u>	<u>(1,293,044)</u>
Expenditures:			
Health and welfare	6,461,793	4,171,130	2,290,663
Total expenditures	<u>6,461,793</u>	<u>4,171,130</u>	<u>2,290,663</u>
Excess (deficiency) of revenues over expenditures	<u>(1,042,471)</u>	<u>(44,852)</u>	<u>997,619</u>
Other financing sources (uses):			
Transfers in	269,168	789,073	519,905
Transfers out	(321,000)	(321,000)	-
Total other financing sources and (uses)	<u>(51,832)</u>	<u>468,073</u>	<u>519,905</u>
Net change in fund balances	(1,094,303)	423,221	1,517,524
Fund balances, July 1, 2019	1,094,303	1,116,975	22,672
Fund balances, June 30, 2020	<u>\$ -</u>	<u>\$ 1,540,196</u>	<u>\$ 1,540,196</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Recreation District
 Year Ended June 30, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Special assessments	\$ 172,871	\$ 156,017	\$ (16,854)
Investment earnings		2,863	2,863
Miscellaneous		7,803	7,803
Total revenues	172,871	166,683	(6,188)
Expenditures:			
Culture and recreation	309,871	147,830	162,041
Total expenditures	309,871	147,830	162,041
Excess (deficiency) of revenues over expenditures	(137,000)	18,853	155,853
Fund balances, July 1, 2019	137,000	128,931	(8,069)
Fund balances, June 30, 2020	\$ -	\$ 147,784	\$ 147,784

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Sheriff's Office
 Year Ended June 30, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	\$ 100,000	\$ 39,616	\$ (60,384)
Intergovernmental	915,580	788,039	(127,541)
Charges for services	783,833	314,339	(469,494)
Investment earnings	2,699	13,311	10,612
Miscellaneous	34,374	7,558	(26,816)
Total revenues	<u>1,836,486</u>	<u>1,162,863</u>	<u>(673,623)</u>
Expenditures:			
Public safety	1,527,205	1,176,425	350,780
Total expenditures	<u>1,527,205</u>	<u>1,176,425</u>	<u>350,780</u>
Excess (deficiency) of revenues over expenditures	<u>309,281</u>	<u>(13,562)</u>	<u>(322,843)</u>
Other financing uses:			
Transfers out	(715,000)	(248,945)	466,055
Total other financing uses	<u>(715,000)</u>	<u>(248,945)</u>	<u>466,055</u>
Net change in fund balances	(405,719)	(262,507)	143,212
Fund balances, July 1, 2019	405,719	707,193	301,474
Fund balances, June 30, 2020	<u>\$ -</u>	<u>\$ 444,686</u>	<u>\$ 444,686</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Special Districts
 Year Ended June 30, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Special assessments	\$ 73,259	\$ 71,246	\$ (2,013)
Investment earnings	1,250	4,310	3,060
Miscellaneous	56,951		(56,951)
Total revenues	131,460	75,556	(55,904)
Expenditures:			
Highways and streets	789,494	50,285	739,209
Total expenditures	789,494	50,285	739,209
Excess (deficiency) of revenues over expenditures	(658,034)	\$25,271	683,305
Fund balances, July 1, 2019	658,034	676,643	18,609
Fund balances, June 30, 2020	\$ -	\$ 701,914	\$ 701,914

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Workforce Innovation and Opportunity Act (WIOA)
 Year Ended June 30, 2020

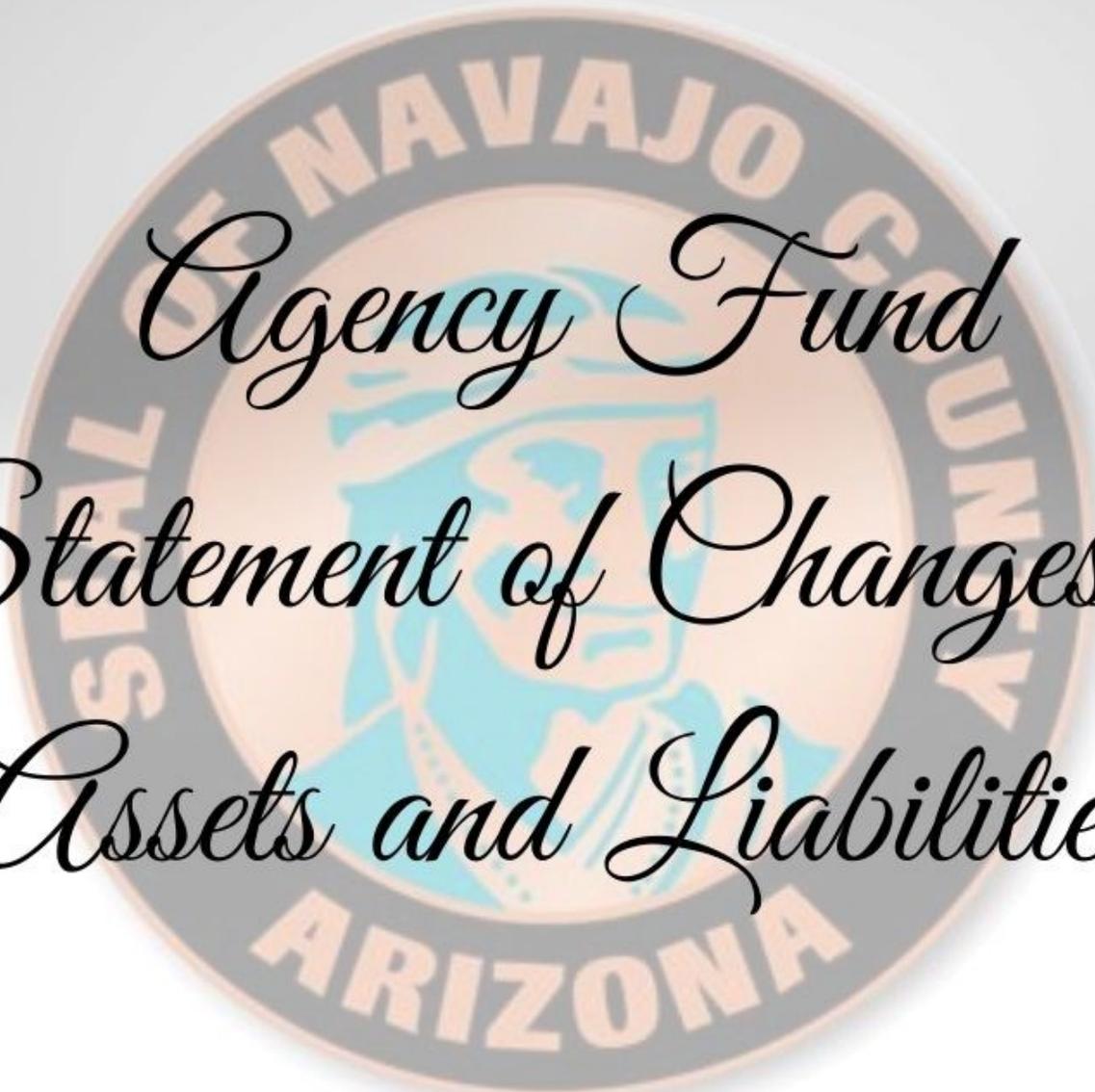
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 2,165,518	\$ 1,107,214	\$ (1,058,304)
Total revenues	2,165,518	1,107,214	(1,058,304)
Expenditures:			
Education and economic opportunity	2,203,353	1,334,472	868,881
Total expenditures	2,203,353	1,334,472	868,881
Excess (deficiency) of revenues over expenditures	(37,835)	(227,258)	(189,423)
Other financing uses:			
Transfers out		(25,000)	(25,000)
Total other financing uses	-	(25,000)	(25,000)
Net change in fund balances	(37,835)	(252,258)	(214,423)
Fund balances, July 1, 2019	37,835	41,937	4,102
Fund balances, June 30, 2020	\$ -	\$ (210,321)	\$ (210,321)

Navajo County
 Budgetary Comparison Schedule
 Debt Service - General Government
 Year Ended June 30, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment earnings	\$ -	\$ 9,758	\$ 9,758
Total revenues	<u> -</u>	<u>9,758</u>	<u>9,758</u>
Expenditures:			
Debt Service			
General government	\$1,589,535	1,610,154	(20,619)
Total expenditures	<u>1,589,535</u>	<u>1,610,154</u>	<u>(20,619)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,589,535)</u>	<u>(1,600,396)</u>	<u>(10,861)</u>
Other financing sources:			
Transfers in	1,082,654	1,973,606	890,952
Total other financing sources	<u>1,082,654</u>	<u>1,973,606</u>	<u>890,952</u>
Net change in fund balances	(506,881)	373,210	880,091
Fund balances (deficits), July 1, 2019	<u>506,881</u>	<u>(373,210)</u>	<u>(880,091)</u>
Fund balances, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Navajo County
 Budgetary Comparison Schedule
 Debt Service - Special Districts
 Year Ended June 30, 2020

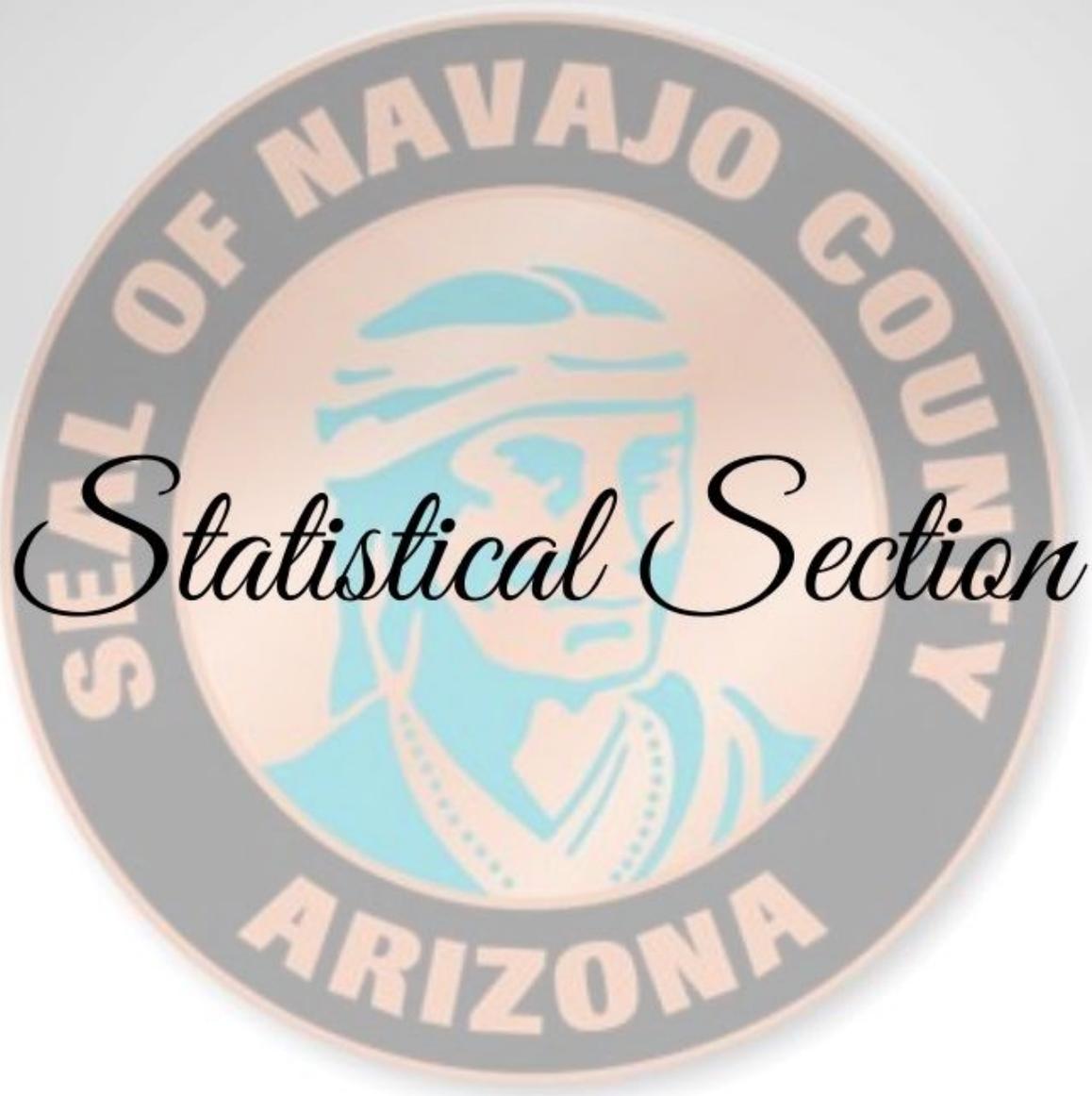
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Special assessments		\$ 1,336	\$ 1,336
Investments earnings	\$ 100	2,515	2,415
Total revenues	<u>100</u>	<u>3,851</u>	<u>3,751</u>
Expenditures:			
Debt Service			
Highways and streets	181,391	-	181,391
Total expenditures	<u>181,391</u>	<u>-</u>	<u>181,391</u>
Excess (deficiency) of revenues over expenditures	<u>(181,291)</u>	<u>3,851</u>	<u>185,142</u>
Other financing uses:			
Transfers out		(418)	(418)
Total other financing uses		<u>(418)</u>	<u>(418)</u>
Net change in fund balances	(181,291)	3,433	184,724
Fund balances, July 1, 2019	181,291	113,487	(67,804)
Fund balances, June 30, 2020	<u>\$ -</u>	<u>\$ 116,920</u>	<u>\$ 116,920</u>

The seal of Navajo County, Arizona, is a circular emblem. It features a central shield with a blue and white design, possibly representing a landscape or a cultural symbol. The shield is set against a light blue background. The words "SEAL OF NAVAJO COUNTY" are written in a circular path around the top of the shield, and "ARIZONA" is written at the bottom. The entire seal is rendered in a light, semi-transparent style.

*Agency Fund
Statement of Changes in
Assets and Liabilities*

Navajo County
Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Assets				
Cash and investments	\$3,064,048	\$ 16,239,443	\$ 16,247,452	\$ 3,056,039
Total Assets	<u>\$3,064,048</u>	<u>\$16,239,443</u>	<u>\$16,247,452</u>	<u>\$ 3,056,039</u>
Liabilities				
Due to other governments	\$ 769,975	\$ 14,699,506	\$ 14,706,476	\$ 763,005
Deposits held for other parties	2,294,073	1,539,937	1,540,976	2,293,034
Total Liabilities	<u>\$3,064,048</u>	<u>\$16,239,443</u>	<u>\$16,247,452</u>	<u>\$ 3,056,039</u>



Navajo County

Listing of Statistical Information

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the County's financial performance have changed over time.	
Net Position by Component	109
Changes in Net Position	110
Fund Balances of Governmental Funds	112
Changes in Fund Balances of Governmental Funds	114
Revenue Capacity	
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	
Assessed Value and Estimated Actual Value of Taxable Property	116
Direct and Overlapping Property Tax Rates	117
Principal Property Taxpayers	118
Property Tax Levies and Collections	119
Debt Capacity	
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
Ratios of Outstanding Debt by Type	120
Computation of Direct and Overlapping Debt	121
Pledged Revenue Coverage	122
Legal Debt Margin Information	123
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
Demographic and Economic Statistics	124
Employment by Sector	125
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	
Full-time Equivalent County Employees by Function	126
Operating Indicators by Function	127
Capital Asset Statistics by Function	129

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental activities:					
Net investment in capital assets	\$ 68,992,938	\$ 62,767,056	\$ 56,759,014	\$ 62,616,821	\$ 60,649,846
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>\$ 102,838,722</u>	<u>\$ 95,749,494</u>	<u>\$ 90,712,518</u>	<u>\$ 91,127,764</u>	<u>\$ 32,941,159</u>

	Fiscal Year				
	2016	2017	2018	2019	2020
Governmental activities:					
Net investment in capital assets	\$ 59,210,246	\$ 56,729,385	\$ 55,036,226	\$ 53,322,786	\$ 53,427,360
Restricted	24,226,548	27,519,091	29,179,272	31,085,279	38,510,287
Unrestricted (deficit)	(53,540,230)	(57,988,587)	(62,383,097)	(47,979,330)	(38,070,575)
Total governmental activities net position	<u>\$ 29,896,564</u>	<u>\$ 26,259,889</u>	<u>\$ 21,832,401</u>	<u>\$ 36,428,735</u>	<u>\$ 53,867,072</u>

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

* Capital assets were restated for reclassification of capitalized feasibility study costs on Winslow Levee to non-capitalized expenses in fiscal year 2019.

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

	Fiscal Year			
	2011	2012	2013	2014
Expenses:				
General government	\$ 22,396,786	\$ 21,607,586	\$ 20,944,578	\$ 22,213,348
Public safety (Note 2)	16,291,987	18,406,003	19,728,986	17,393,343
Highways and streets	14,480,464	8,023,409	10,935,566	9,534,493
Health and welfare	7,129,008	5,909,936	7,734,191	8,039,343
Culture and recreation	814,786	966,000	788,127	694,108
Education and economic opportunity	5,710,417	6,164,792	5,498,285	6,190,399
Environmental and conservation	196,504	16,352	303,402	329,829
Urban redevelopment and housing	35,558	784	42,701	365,994
Interest on long-term debt	625,962	721,020	527,044	487,808
Total governmental activities expenses	<u>67,681,472</u>	<u>61,815,882</u>	<u>66,502,880</u>	<u>65,248,665</u>
Program Revenues:				
Charges for services:				
General government	3,465,053	3,326,109	3,649,106	3,537,721
Public Safety	672,441	982,588	1,146,080	919,746
Highway and streets	98,695	334,513	12,171	252,982
Health and welfare	194,090	163,957	243,393	329,602
Culture and recreation		155,895		
Education and economic opportunity				
Operating grants and contributions:				
General government	2,584,222	2,215,242	1,966,176	2,700,852
Public Safety	2,916,270	3,252,479	4,500,832	3,976,671
Highway and streets				
Health and welfare	2,280,437	1,819,214	2,500,943	2,820,717
Culture and recreation	137,643	152,083	129,282	149,666
Education and economic opportunity	3,665,344	4,654,668	4,327,485	5,266,695
Environmental and conservation	429,653	59,097	301,660	534,722
Urban redevelopment and housing	63,162		40,823	376,628
Capital grants and contributions:				
General government		220,229		
Public Safety		5,000		
Highway and streets	13,170,789	9,578,324	9,690,517	9,565,055
Total governmental activities program revenues	<u>29,677,799</u>	<u>26,919,398</u>	<u>28,508,468</u>	<u>30,431,057</u>
Net (Expense) Revenue	<u>\$ (38,003,673)</u>	<u>\$ (34,896,484)</u>	<u>\$ (37,994,412)</u>	<u>\$ (34,817,608)</u>
General Revenues:				
Property taxes	\$ 12,866,253	\$ 12,087,700	\$ 11,924,765	\$ 11,704,948
Special assessments (see Note 1)			502,434	542,526
General county sales tax	5,889,027	6,246,077	6,239,089	6,667,433
Jail District sales tax				
State shared revenues	11,405,376	11,475,113	12,024,496	12,773,729
Payment in lieu of taxes			1,430,914	1,538,954
Grants and contributions not restricted to specific programs	4,489,096	3,175,428		
Investment earnings	254,483	202,500	(109,711)	453,017
Capital contributions				
Gain on disposal of capital assets	5,957	13,116	52,473	96,640
Miscellaneous	1,822,741	1,170,658	892,976	1,455,607
Transfers	-	-		
Total general revenues and transfers	<u>36,732,933</u>	<u>34,370,592</u>	<u>32,957,436</u>	<u>35,232,854</u>
Change in net position - governmental activities	<u>\$ (1,270,740)</u>	<u>\$ (525,892)</u>	<u>\$ (5,036,976)</u>	<u>\$ 415,246</u>

Note 1: The County reclassified special assessments revenue from general revenue to program revenue beginning in FY 2016.

Note 2: The County reclassified capitalized feasibility study costs on Winslow Levee to non-capitalized expenses in FY 2019.

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

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 31,968,411	\$ 29,716,664	\$ 32,717,374	\$ 33,836,072	\$ 19,039,794	\$19,717,997
17,313,998	17,562,220	18,067,230	19,657,838	15,006,970	17,389,682
11,190,411	12,008,267	10,710,700	11,773,357	13,019,136	13,428,606
7,956,284	8,350,410	8,362,293	8,079,274	6,998,047	7,867,404
665,292	798,683	790,379	781,287	834,993	906,722
5,669,487	5,479,786	4,297,521	5,042,013	3,896,117	4,702,040
211,478	247,622	303,270	417,465	330,778	261,874
73,852	16,887	165,114	-	-	27,500
802,936	503,684	461,083	426,770	388,013	349,744
<u>75,852,149</u>	<u>74,684,223</u>	<u>75,874,964</u>	<u>80,014,076</u>	<u>59,513,848</u>	<u>64,651,569</u>
5,079,224	5,400,182	4,780,321	4,848,807	4,842,304	5,788,697
1,390,048	1,549,821	1,285,569	1,261,016	1,422,243	1,055,010
100,758	432,421	330,585	206,020	107,296	70,358
274,262	333,306	319,505	224,395	190,212	190,946
	166,881	151,137	156,091	158,428	156,658
					36,000
3,613,033	3,945,966	3,794,242	4,230,956	\$2,782,852	3,155,642
3,715,424	4,911,950	4,571,216	5,433,481	4,269,967	4,642,893
			11,947,902	13,648,124	12,669,984
2,898,998	2,770,719	2,901,048	2,857,321	1,717,238	6,543,708
128,945	61,754	68,388	22,532	73,000	64,161
4,488,394	5,034,340	3,450,856	4,262,294	3,488,160	4,207,895
411,987	364,692	317,752	430,922	416,520	398,455
62,860	10,000	458,825			48,639
			5,000	10,000	26,831
		67,306	34,303	154,479	67,749
11,431,446	11,571,167	12,173,466		32,890	30,900
<u>33,595,379</u>	<u>36,553,199</u>	<u>34,670,216</u>	<u>35,921,040</u>	<u>33,313,713</u>	<u>39,154,526</u>
\$ (42,256,770)	\$ (38,131,024)	\$ (41,204,748)	\$ (44,093,036)	\$ (26,200,135)	\$ (25,497,043)
\$ 12,536,351	\$ 12,531,782	\$ 12,131,695	\$ 13,004,998	\$ 13,061,068	\$ 13,179,014
507,456					
6,674,867	6,365,510	6,534,686	7,381,671	7,792,310	7,597,916
					2,228,059
12,964,950	13,125,229	13,730,314	15,105,931	16,037,990	15,984,931
1,406,936	1,547,382	1,532,361	1,644,973	1,653,023	1,680,097
195,437	165,384	164,425	264,616	598,634	839,212
	6,980				
35,974	2,995	9,600	127,321	81,300	81,469
1,072,052	1,341,167	1,666,058	1,668,273	1,572,144	1,344,682
<u>35,394,023</u>	<u>35,086,429</u>	<u>35,769,139</u>	<u>39,197,783</u>	<u>40,796,469</u>	<u>42,935,380</u>
<u>\$ (6,862,747)</u>	<u>\$ (3,044,595)</u>	<u>\$ (5,435,609)</u>	<u>\$ (4,895,253)</u>	<u>\$ 14,596,334</u>	<u>\$ 17,438,337</u>

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

	Fiscal Year			
	2011	2012	2013	2014
General fund				
Reserved	\$	\$	\$	\$ 437,220
Nonspendable*				
Assigned*	3,182,499	2,533,698	2,021,131	2,331,597
Unassigned	3,349,495	3,939,417	3,849,238	3,482,808
Total general fund	<u>\$ 6,531,994</u>	<u>\$ 6,473,115</u>	<u>\$ 5,870,369</u>	<u>\$ 6,251,625</u>
All other governmental funds				
Reserved	\$	\$	\$	\$
Nonspendable*	543,055	920,545	1,034,772	1,114,772
Restricted	28,973,243	25,792,646	26,621,136	26,720,572
Assigned	1,231,112	1,529,453	2,064,946	3,288,638
Unassigned	<u>(270,933)</u>	<u>(39,006)</u>	<u>(13)</u>	<u>(1,048,472)</u>
Total all other governmental funds	<u>\$ 30,476,477</u>	<u>\$ 28,203,638</u>	<u>\$ 29,720,841</u>	<u>\$ 30,075,510</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 9 for details.

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

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 1,273,833	\$ 1,612,513		\$ 926,206	\$ 2,767,749	\$ 5,930,737
2,836,408	2,535,860	\$ 900,000	896,025	851,503	750,532
3,544,712	3,523,261	2,734,436	3,057,549	2,910,684	2,486,750
<u>3,544,712</u>	<u>3,523,261</u>	<u>4,884,457</u>	<u>8,355,219</u>	<u>14,052,651</u>	<u>18,886,344</u>
<u>\$ 7,654,953</u>	<u>\$ 7,671,634</u>	<u>\$ 8,518,893</u>	<u>\$ 13,234,999</u>	<u>\$ 20,582,587</u>	<u>\$ 28,054,363</u>
\$ 991,663	\$ 619,596	\$ 919,164	\$ 817,171	\$ 1,189,516	\$ 672,643
22,055,581	23,119,737	24,928,694	26,123,297	25,966,488	30,036,815
2,552,485	966,610	2,182,636	898,747	1,120,057	632,097
<u>(1,686,672)</u>	<u>(210,456)</u>	<u>(2,394,741)</u>	<u>(960,780)</u>	<u>(1,454,759)</u>	<u>(690,472)</u>
<u>\$ 23,913,057</u>	<u>\$ 24,495,487</u>	<u>\$ 25,635,753</u>	<u>\$ 26,878,435</u>	<u>\$ 26,821,302</u>	<u>\$ 30,651,083</u>

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

	Fiscal Year			
	2011	2012	2013	2014
Revenues:				
Property taxes	\$ 12,612,528	\$ 12,092,878	\$ 12,058,648	\$ 11,699,519
County sales taxes				6,667,433
Licenses and permits	529,657	397,490	469,651	606,269
Fines and forfeits	1,317,038	1,228,579	1,539,663	1,247,497
Intergovernmental	46,350,655	42,113,926	43,050,561	39,645,165
Charges for services	2,583,583	2,934,743	3,041,435	3,241,520
Investment earnings	254,483	202,499	(109,710)	453,017
Special assessments	198,817	642,688	502,434	518,762
Contributions	30,333	50,540	64,512	42,650
Miscellaneous	1,822,741	1,170,659	892,976	1,455,607
Total revenues	<u>65,699,835</u>	<u>60,834,002</u>	<u>61,510,170</u>	<u>65,577,439</u>
Expenditures:				
General government	21,894,300	20,650,249	20,746,489	21,296,099
Public safety	17,020,246	17,394,177	17,515,389	17,165,782
Highways and streets	15,462,752	9,452,610	9,583,999	8,446,932
Health and welfare	7,138,323	7,507,775	7,987,610	7,909,342
Culture and recreation	808,312	962,712	785,901	691,882
Education and economic opportunity	5,674,996	6,019,533	5,326,169	6,146,055
Environmental and conservation	196,504	16,352	303,402	347,079
Urban redevelopment and housing	35,558	784	42,701	365,994
Debt service:				
Principal	919,249	946,316	676,779	821,698
Interest and other charges	625,962	721,020	527,044	461,413
Bond Issuance Costs			115,290	75,464
Capital outlay	274,573	327,361	1,469,268	7,613,324
Total expenditures	<u>70,050,775</u>	<u>63,998,889</u>	<u>65,080,041</u>	<u>71,341,064</u>
Excess(deficiency) of revenues over expenditures	(4,350,940)	(3,164,887)	(3,569,871)	(5,763,625)
Other financing sources (uses):				
Revenue bonds issued			8,500,000	10,625,000
Payment to bond refunding escrow agent			(4,345,000)	(4,806,395)
Capital lease/installment purchase agreements	18,913	354,826	146,994	488,368
Special assessment bonds issued				
Sale of capital assets	5,957	68,446	78,863	98,822
Transfers in	6,600,855	10,017,167	10,157,899	7,753,432
Transfers out	(6,600,855)	(10,017,167)	(10,157,899)	(7,753,432)
Total other financing sources and uses	<u>24,870</u>	<u>423,272</u>	<u>4,380,857</u>	<u>6,405,795</u>
Net change in fund balances	<u>\$ (4,326,070)</u>	<u>\$ (2,741,615)</u>	<u>\$ 810,986</u>	<u>\$ 642,170</u>
Ratio of total debt service expenditures to non-capital expenditures				
	2.21%	2.62%	1.89%	2.13%

(Continued)

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

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 12,565,289	\$ 12,542,649	\$ 12,133,955	\$12,959,490	\$13,055,634	\$13,204,479
6,674,867	6,365,510	6,534,686	7,381,671	7,792,310	9,825,975
522,919	604,525	567,951	379,350	649,663	666,049
1,789,993	1,492,927	1,339,324	653,066	1,243,574	972,816
40,045,748	42,328,108	41,900,493	910,721	44,787,023	48,668,351
9,698,659	10,369,286	9,280,867	44,123,924	11,407,186	12,017,625
195,437	165,384	164,425	12,076,377	598,635	839,212
491,734	485,708	488,962	264,616	341,186	228,599
43,061	39,962	38,784	50,624	35,718	19,013
<u>1,072,052</u>	<u>1,341,167</u>	<u>1,666,057</u>	<u>1,668,273</u>	<u>1,431,541</u>	<u>1,344,682</u>
<u>73,099,759</u>	<u>75,735,226</u>	<u>74,115,504</u>	<u>80,468,112</u>	<u>81,342,470</u>	<u>87,786,801</u>
27,228,792	27,475,209	29,089,321	28,518,557	28,044,516	26,282,745
16,762,711	18,013,055	17,667,900	16,889,504	17,768,169	18,845,097
10,245,789	9,949,660	9,187,604	10,160,928	11,952,348	11,106,769
8,323,596	8,698,408	8,676,682	8,788,365	7,771,247	8,507,369
702,563	812,461	803,616	839,205	900,142	933,995
5,491,323	5,408,227	4,241,865	5,058,368	4,345,728	4,932,764
223,528	266,428	322,770	441,264	361,453	284,339
73,852	16,887	165,114			27,500
2,737,814	1,529,333	1,571,917	1,314,262	1,328,794	1,298,229
802,936	503,684	461,083	426,770	388,013	349,744
<u>5,207,816</u>	<u>2,093,691</u>	<u>1,608,272</u>	<u>2,651,159</u>	<u>1,613,870</u>	<u>3,521,344</u>
<u>77,800,720</u>	<u>74,767,043</u>	<u>73,796,144</u>	<u>75,088,382</u>	<u>74,474,280</u>	<u>76,089,895</u>
(4,700,961)	968,183	319,360	5,379,730	6,868,190	11,696,906
		101,341	60,715		
64,945	2,995	14,218	127,321	87,848	85,113
5,625,009	4,218,192	4,699,294	5,882,351	3,013,881	9,144,407
<u>(5,625,009)</u>	<u>(4,218,192)</u>	<u>(4,699,294)</u>	<u>(5,882,351)</u>	<u>(3,013,881)</u>	<u>(9,144,407)</u>
<u>64,945</u>	<u>2,995</u>	<u>115,559</u>	<u>188,036</u>	<u>87,848</u>	<u>85,113</u>
<u>\$ (4,636,016)</u>	<u>\$ 971,178</u>	<u>\$ 434,919</u>	<u>\$ 5,567,766</u>	<u>\$ 6,956,038</u>	<u>\$ 11,782,019</u>
4.88%	2.80%	2.82%	2.40%	2.36%	2.27%

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

PRIMARY ASSESSED VALUE

<u>Fiscal Year</u>	<u>Residential and Vacant Property</u>	<u>Commercial Property</u>	<u>Unattached Personal Property</u>	<u>Total Taxable Assessed Value</u>	<u>*Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
**2011	683,204,674	365,730,626	20,353,287	1,069,288,587	1.2035	9,625,529,702	11.11%
2012	634,214,647	371,913,522	19,936,077	1,026,064,246	1.2447	9,350,503,687	10.97%
2013	575,074,783	380,102,301	19,084,628	974,261,712	1.2864	8,838,891,218	11.02%
2014	513,683,811	371,638,224	18,023,142	903,345,177	1.3850	8,029,406,641	11.25%
2015	468,337,874	359,094,468	17,584,375	845,016,717	1.5615	7,573,933,720	11.16%
2016	473,702,904	344,422,319	14,676,214	832,801,437	1.5917	7,591,032,171	10.97%
2017	483,652,421	305,141,610	14,268,450	803,062,481	1.5849	7,599,284,336	10.57%
2018	523,091,303	292,051,730	13,705,100	828,848,133	1.6203	7,391,612,457	11.21%
2019	518,753,473	296,391,993	13,702,667	828,848,133	1.6223	7,660,041,799	10.82%
2020	539,795,594	297,179,363	15,665,288	852,640,245	1.5992	7,660,041,799	11.13%

Source: Navajo County Assessor's office

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

** Revised abstract resulting from centrally assessed Transwestern lawsuit.

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

County Direct Rates

Fiscal Year	Fire District Assistance Tax		Library District	Flood Control District	Public Health District	Total Direct
	Primary	Tax				
2011	0.5572	0.1000	0.0500	0.3000	0.1963	1.2035
2012	0.5984	0.1000	0.0500	0.3000	0.1963	1.2447
2013	0.6401	0.1000	0.0500	0.3000	0.1963	1.2864
2014	0.6995	0.1000	0.0704	0.3000	0.2151	1.3850
2015	0.8185	0.1000	0.1000	0.3000	0.2430	1.5615
2016	0.8417	0.1000	0.1000	0.3000	0.2500	1.5917
2017	0.8471	0.1000	0.1000	0.2878	0.2500	1.5849
2018	0.8903	0.1000	0.0990	0.2834	0.2476	1.6203
2019	0.8951	0.1000	0.0995	0.2788	0.2489	1.6223
2020	0.8820	0.1000	0.0980	0.2724	0.2453	1.5977

Overlapping rates

Fiscal Year	School Equalization	School Districts	Cities	Other Special Districts	Community College District
2011	0.3564	3.0839-8.0000	0.2789-0.8567	0.0707-3.5500	1.1308
2012	0.4259	3.1634-7.3012	0.2789-0.9815	0.0835-3.5500	1.2387
2013	0.4717	2.9606-8.000	0.2789-0.9880	0.0910-3.5500	1.3515
2014	0.5123	2.8322-8.000	0.2789-1.1934	0.1131-3.550	1.4769
2015	0.5089	2.6662-8.000	1.2831-1.2831	0.1291-3.550	1.6610
2016	0.5054	2.8027-7.3012	1.3646-1.3646	0.1401-3.550	1.7423
2017	0.5010	3.5669-7.3012	1.4021-1.4021	0.1401-3.550	1.7884
2018	0.4875	3.6681-8.0000	1.4231-1.4231	0.1401-3.550	1.8067
2019	0.4741	3.6764-7.3012	1.4123-1.4123	0.1401-3.2500	1.8164
2020	0.4566	3.7749-8.0000	0.5115-1.3916	0.1396-3.2500	1.8164

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

- 1) All tax rates are per \$100 assessed valuation.
- 2) Includes both primary and secondary tax rates.

Navajo County
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Primary Assessed Value	Rank	Percentage of Total Primary Assessed Value	Primary Assessed Value	Rank	Percentage of Total Primary Assessed Value
Arizona Public Service Company	\$101,784,627	1	11.94%	\$ 116,232,825	1	10.98%
PacifiCorp Electric Operations	34,200,000	2	4.01%	39,885,091	2	3.77%
Transwestern Pipeline Co	12,986,457	3	1.52%	13,530,348	4	1.28%
Burlington Northern/Santa Fe Railway	8,554,363	4	1.00%	5,096,633	8	0.48%
El Paso Natural Gas Company	7,853,077	5	0.92%	9,462,004	5	0.89%
Navopache Electric Co-Op Inc.	6,821,066	6	0.80%	4,850,600	10	0.46%
Unisource Energy Corporation	6,451,116	7	0.76%	4,854,664	9	0.46%
Wal-Mart Stores, Inc.	5,171,176	8	0.61%	N/A	N/A	N/A
Citizens Telecomm of White Mtns	4,572,977	9	0.54%	7,214,064	6	0.68%
Peabody Western Coal Co.	4,500,000	10	0.53%	15,225,000	3	1.44%
Total Principal Property Taxpayers	<u>\$192,894,859</u>		<u>22.62%</u>	<u>\$216,351,229</u>		<u>20.43%</u>
Total Navajo County Assessed Value	\$ 852,640,245			\$ 1,059,004,850		

Source: Navajo County Assessor's office

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
2011	\$ 5,857,939	\$ 5,569,913	95.08%	\$ 176,635	\$5,746,548	98.10%
2012	\$ 6,104,482	\$ 5,887,544	96.45%	\$ 99,380	\$5,986,924	98.07%
2013	\$ 6,178,444	\$ 6,001,505	97.14%	\$ 57,562	\$6,059,067	98.07%
2014	\$ 6,265,198	\$ 6,070,355	96.89%	\$ 77,665	\$6,148,019	98.13%
2015	\$ 6,863,137	\$ 6,652,088	96.92%	\$ 91,242	\$6,743,330	98.25%
2016	\$ 6,986,971	\$ 6,748,980	96.59%	\$ 115,343	\$6,864,323	98.24%
2017	\$ 6,793,141	\$ 6,579,938	96.86%	\$ (95,792)	\$ 6,484,146	95.45%
2018	\$ 7,310,322	\$ 7,073,899	96.77%	\$ 70,886	\$ 7,144,785	97.74%
2019	\$ 7,425,867	\$ 7,198,951	96.94%	\$ 68,033	\$ 7,198,951	96.94%
2020	\$ 7,510,018	\$ 7,282,019	96.96%	\$ -	\$7,282,019	96.96%

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

Note: General Fund Levies and Collections Only.

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

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

Governmental Activities							
Fiscal Year	Revenue Bonds	Certificates of Participation	Special Assessment Bonds	Capital Leases & Installment Purchase Contracts	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2011	5,915,000	4,700,000	1,309,455	12,693	11,937,148	0.43	111.38
2012	5,545,000	4,345,000	1,172,771	282,887	11,345,658	0.4	105.94
2013	13,665,000	-	985,235	320,638	14,970,873	0.52	137.73
2014	19,125,000	-	786,508	571,035	20,482,543	0.69	187.59
2015	16,845,000	-	573,542	326,188	17,744,730	0.56	163.88
2016	15,840,000	-	352,575	172,822	16,365,397	0.51	148.22
2017	14,660,000	-	130,000	109,821	14,899,821	0.43	133.91
2018	13,460,000	-	67,000	134,274	13,661,274	0.40	123.69
2019	12,230,000	-	-	102,480	12,332,480	0.33	112.99
2020	10,975,000	-	-	69,251	11,044,251	N/A (2)	99.57

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

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

(2) Personal income was not available for 2020.

Navajo County
 Computation of Direct and Overlapping Debt
 Governmental Activities - Debt Outstanding
 June 30, 2020

	Net Debt Outstanding	Percent Applicable to Navajo County	Amount Applicable to Navajo County
Governmental Activities			
Navajo County – Pledged Revenue Obligations	\$10,975,000	100	\$10,975,000
Navajo County - Capital Leases & Installment Purchase Contracts	\$69,251	100	\$69,251

NOTE: Overlapping governments are those that coincide with the geographic boundaries of the County. All overlapping governments are 100% within the County's boundaries. This schedule estimates the portion of the outstanding debt borne by the residents and businesses of Navajo County. When considering the County's ability to issue and repay long-term debt, the process should recognize the entire debt burden by the residents and businesses therein. However, this does not imply that every taxpayer is a resident of each government and therefore is responsible for the repayment of debt of each overlapping government.

SOURCE: Basic Financial Statements, Note 6

Navajo County
Pledged Revenue Coverage
Last Ten Fiscal Years

Pledged Revenue Obligations

Fiscal Year	County Excise Tax	State Shared Sales Tax	AHCCCS / ALTCS Contribution	Net Available Revenue	Debt Service		Coverage Ratio
					Principal	Interest	
2011	\$5,846,576	\$9,285,088	\$2,585,062	\$12,546,602	\$350,000	\$228,585	21.68
2012	6,200,729	9,553,213	3,212,767	12,541,175	370,000	215,985	21.4
2013	6,239,089	10,087,589	3,059,882	13,266,796	380,000	253,228	20.95
2014	6,667,433	10,763,214	3,099,601	14,331,046	385,000	395,003	18.37
2015	6,674,867	10,891,962	2,847,818	14,719,011	2,280,000	732,437	4.89
2016	6,365,510	10,874,837	2,859,803	14,380,544	1,155,000	453,330	8.94
2017	6,534,686	11,362,457	2,887,718	15,009,425	1,180,000	426,662	9.34
2018	7,381,671	12,547,093	3,010,181	16,918,583	1,200,000	401,800	10.56
2019	7,792,310	13,346,165	2,910,550	18,227,925	1,230,000	373,858	11.37
2020	7,597,916	13,222,608	3,214,078	17,606,446	1,255,000	349,744	10.97

Special Assessment Debt

Fiscal Year	Revenues	Debt Service		Coverage Ratio
		Principal	Interest	
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	0.9
2016	224,359	220,967	39,763	0.86
2017	226,853	222,575	19,690	0.94
2018	118,940	63,000	7,475	1.69
2019	82,238	67,000	3,853	1.16
2020	N/A	N/A	N/A	N/A

Source: Navajo County Finance Department

Navajo County Legal Debt Margin Information Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 852,640,245
Debt limit (15% of assessed value)	127,896,037
Debt applicable to limit:	
General obligation bonds	
Less: Amount set aside for repayment of general obligation debt	
Total net debt applicable to limit	\$ 127,896,037
Legal debt margin	\$ 127,896,037

	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%
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	Fiscal Year				
	2016	2017	2018	2019	2020
Debt Limit	\$ 126,455,560	\$ 126,213,556	\$ 124,327,220	\$ 124,327,220	\$ 127,896,037
Total net debt applicable to limit					
Legal debt margin	126,455,560	126,213,556	124,327,220	124,327,220	127,896,037

Total net debt applicable to the limit as a percentage of the debt

	0%	0%	0%	0%	0%
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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 (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2011	107,174	2,780,847	\$ 25,947	15.8
2012	107,094	2,826,523	\$ 26,393	15.2
2013	108,694	2,869,655	\$ 26,401	13.1
2014	109,185	2,965,679	\$ 27,162	11.2
2015	108,277	3,154,284	\$ 29,132	9.6
2016	110,413	3,235,693	\$ 29,305	9.4
2017	111,266	3,472,946	\$ 31,213	7.6
2018	110,445	3,400,882	\$ 31,213	7.6
2019	109,144	3,690,208	\$ 33,268	7.9
2020	110,924	(1)	(1)	8.5

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 2020.

Navajo County
Employment by Sector
Current Year and Ten Years Ago

Employment Sector (1)	2020			2011		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Government	9,195	1	36.70%	9,500	1	36.40%
Education & Health Servs	4,459	2	17.80%	3,200	4	13.36%
Trade, Transportation, Utilities	4,406	3	17.59%	5,025	2	19.26%
Leisure & Hospitality	3,243	4	12.94%	3,625	3	11.76%
Mining & Construction	1,252	5	5.00%	1,325	5	5.44%
Professional & Business Services	1,037	6	4.14%	1,025	7	3.48%
Financial Activities	492	7	1.96%	425	9	1.56%
Other Services	489	8	1.95%	525	8	2.57%
Manufacturing	248	9	0.99%	525	8	1.85%
Information	232	10	0.93%	1150	6	4.32%
Total for Employment Sector	25,053		100.00%	26,325		100.00%

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

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

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

Function	Fiscal Year				
	2011	2012	2013	2014	2015
General government	294	295	278	277	278
Public safety	239	243	238	236	238
Highways and streets	81	82	78	83	91
Health and welfare	65	66	73	80	81
Culture and recreation	6	5	8	4	5
Total	<u>685</u>	<u>691</u>	<u>675</u>	<u>680</u>	<u>693</u>
Function	2016	2017	2018	2019	2020
General government	288	266	174	180	161
Public safety	235	229	197	188	192
Highways and streets	96	72	80	82	88
Health and welfare	81	80	54	59	61
Culture and recreation	4	4	0	0	0
Other			104	106	104
Total	<u>704</u>	<u>651</u>	<u>609</u>	<u>615</u>	<u>606</u>

Source: Navajo County Budget 2011 - 2020

Navajo County
Operating Indicators by Function
Last Ten Fiscal Years

Function	2011	2012	2013
General Government			
Assessor			
Number of parcels assessed	86,304	88,148	85,773
Elections			
Elections	4	5	4
Number voting	50,969	17,330	57,960
Planning & Zoning			
Building permits issued	926	994	1,023
Public Fiduciary			
Guardianships/conservatorships	99	108	109
Public Safety			
Adult Probation			
Community service hours	40,687	39,135	40,306
Pre-sentence reports written for courts	637	641	566
Probationers actively supervised	1,349	1,270	1,313
Juvenile Probation			
Average length of detention (days)	12	11	12
Juveniles in detention	408	449	336
Probationers	182	148	122
Community restitution hours	5,173	7,346	6,401
Sheriff			
Inmate population	319	274	283
Highways & Streets			
Public Works			
Crack sealing (miles)	49	82	59
Street resurfacing (miles)	42	32	13
Waste Tire Program			
Waste tires collected	60,117	47,962	57,742
Health & Welfare			
Public Health District			
Certified copies of birth or death certificates	4,949	4,678	5,031
Childhood immunization visits	5,154	4,592	2,165
Restaurant inspections and re-inspections	709	423	621
Culture & Recreation			
Library District			
Number of items circulated	441,232	438,916	425,272
Number of library cards issued (by member libraries)	6,170	5,406	5,054
Number of prints, media and electronic items	333,901	343,659	333,193
Number of items owned by Library District	24,199	25,837	28,827
Education			
School Superintendent			
Charter schools	7	7	7
Charter students	352	399	630
District students	19,071	18,606	18,495
School districts	14	14	13

Source: Navajo County departments monthly and annual performance reports

Navajo County
Operating Indicators by Function
Last Ten Fiscal Years

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
85,752	88,306	88,527	88,363	85,853	88,313	86,189
3	1	3	3	2	3	3
8,569	685	32,969	57,699	6,783	58,821	46,590
970	981	1,009	1,061	1,137	1,157	1,178
163	160	131	116	73	83	81
36,388	33,793	30,408	32,460	33,018	25,765	23,295
571	828	572	453	329	386	484
1,181	1,101	1,086	1,098	1,014	1,040	1,005
10	9	10	14	49	27	23
355	339	353	276	28	67	47
307	297	151	210	154	191	201
5,252	5,093	5,061	4,715	-	3,083	2,119
382	364	301	268	305	276	276
88	102	444	264	193	97	131
12	30	14	20	32	60	47
52,623	47,184	56,331	51,038	67,067	60,282	61,359
5,353	5,341	5,595	6,525	7,137	6,131	5,932
1,096	1,250	1,068	4,076	3,918	2,505	1,869
483	503	696	632	648	668	596
378,584	368,114	361,865	370,800	376,295	359,996	242,235
14,303	13,957	33,223	33,883	11,687	9,658	8,175
334,866	336,617	346,632	330,600	437,610	437,744	462,266
34,214	32,149	33,577	41,422	44,877	49,642	35,261
6	6	9	4	4	4	4
742	829	789	664	624	563	529
17,090	17,575	17,803	16,360	18,014	17,745	17,234
11	13	14	14	14	14	14

Navajo County
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Elections										
Voting Machines	173	173	173	173	173	60	60	60	60	71
Superior Courts										
Divisions	4	4	4	4	4	4	4	4	4	4
Division - Satellite	1	1	1	1	1	1	1	1	1	1
Justice Courts	6	6	6	6	6	6	6	6	6	6
Public Safety										
Sheriff										
Inmate beds available	426	442	442	441	438	438	438	438	438	438
Jail Facilities	1	2	2	2	2	2	2	2	2	2
Stations	0	0	0	0	0	0	0	0	0	0
Improvement Districts										
Flood Warning Sites	31	31	31	31	26	31	43	43	43	41
Flood Control District Properties	12	12	12	13	13	14	13	13	12	14
Road Improvement Districts	1	0	0	0	0	0	0	0	0	0
Highways and Streets										
Public Works										
Miles of maintained roads	733.3	733.65	733.95	733.95	734.66	734.32	731.67	731.67	725.3	725.7
Bridges	14	15	15	15	15	15	15	15	15	15
Sanitation										
Landfill/Environment										
Transfer Stations	0	0	0	0	0	0	0	0	0	0
Health										
Health Care										
Public health facilities										
Heber - Owned	1	1	1	1	1	1	1	1	1	1
Show Low - Owned	1	1	1	1	1	1	1	1	1	1
Snowflake - Operated	1	1	1	1	1	1	1	1	1	1
Holbrook - Owned	1	1	1	1	1	1	1	1	1	1
Winslow - Owned	1	1	1	1	1	1	1	1	1	1
Pinetop - Owned	1	1	1	1	1	1	0	0	0	0
Culture and Recreation										
Parks & Recreation										
County Parks (Tall Timber, Heber)	1	1	1	1	1	1	1	1	1	1
Library District										
Number of facilities owned	0	0	0	0	0	0	0	0	0	0
Facilities operated	1	1	1	1	1	1	1	1	1	1
Bookmobiles	0	0	0	0	0	0	0	0	0	0
Education										
Schools										
Schools	1	1	1	1	1	1	1	1	1	1

Source: Navajo County capital asset reports.

