



# Annual Comprehensive Financial Report

Navajo County Arizona

Fiscal Year Ended June 30, 2021

100 East Code Talkers Drive

South Highway 77

PO Box 668

Holbrook, AZ 86025

[navajocountyaz.gov](http://navajocountyaz.gov)



# Board of Supervisors



Fern Benally, District I



Alberto Peshlakai, District II



Jason Whiting, District III



Daryl Seymore, District IV



Dawnafe Whitesinger  
District V

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# Navajo County, Arizona

## Annual Comprehensive Financial Report

### Fiscal Year Ended June 30, 2021

Prepared by Navajo County Finance

**County Manager**

Glenn Kephart

**Assistant County Manager**

Bryan Layton

**Finance Team**

Jayson Vowell, Finance Director

Jackie Walker, Accountant

Rebecca Robertson, Finance Operations Supervisor

Julye Barton Todacheenie, Senior Accountant

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# *Introductory Section*



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# NAVAJO COUNTY

## Administration

**Bryan Layton**  
Assistant County Manager

**Glenn Kephart**  
County Manager

**Jayson Vowell**  
Finance Director

## We are Navajo County

April 28, 2022

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

We are pleased to provide you with the Annual Comprehensive Financial Report (ACFR) for fiscal year 2021. The ACFR provides in-depth information regarding the County's financial position. Navajo County presents the ACFR prepared in compliance with generally accepted accounting principles (GAAP) and audited by the Arizona 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 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 2021 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 2021 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. The county seat is Holbrook, in central Navajo County, and the 2021 population of the County was estimated to be 112,112. Navajo County's diversity is evident not only in its population, but also in its landscapes. Northern Navajo County is home to the Navajo and Hopi Tribes, and is known for its spectacular buttes, canyons, clean air, diversity of plants and wildlife, and areas of beauty and solitude. Central Navajo County is home to rural communities such as Winslow, Holbrook, Snowflake and Taylor where country charm and rich pioneer history contribute to the performing arts, schools, parks, and many community celebrations. Southern Navajo County is home to the White Mountain Apache Tribe and the communities of Show Low and Pinetop-Lakeside where forests of Ponderosa Pine offer a variety of outdoor recreational activities, including hiking, hunting, fishing, and snow skiing with casino gaming and fine dining amenities.

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, utilities, construction, 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).

The local and State economy are dependent on visitors to the State, which adds to the County's largest source of revenue, sales tax. Tourism is aided by Route 66, one of the original highways and most famous roads in the United States, which runs across most of the County as well as U.S. Interstate 40. Visitors frequent the many attractions within the County, including Monument Valley, the Petrified Forest National Park, the Painted Desert, Homolovi State Park, Sunrise Park Resort, and Fool Hollow Lake Recreation area along with many other outdoor and camping activities. The local communities offer celebrations including Fourth of July and Pioneer Days which include parades, softball tournaments, celebration runs, rodeo events, and fireworks. Other events that draw visitors to the area include triathlons, bicycle races, harvest festivals, balloon festivals, western reenactments, and holiday light displays.

Construction has increased in the County as new residential permits increased by 50.76% from the previous year. According to Redfin.com, in December 2021, Navajo County home prices were up 36.3% compared to last year, selling for a median price of \$423,000. Partially due to the COVID-19 pandemic and the ability to work remotely, many people are looking to relocate to rural communities like those found within the County causing demand for homes to increase. Due to relocations and the demand for homes, the County's population has increased year over year seeing a modest increase with per capita income increasing by 8.72% between fiscal year 2020 and fiscal year 2021.

Ranching continues to be an important aspect of the local economy. Cattle comprise the major livestock population, followed by sheep and pigs. Horses and horse-related events are popular activities in the western-oriented lifestyle of County residents. Along with the many rodeos, the Navajo County Fair continues to offer livestock events along with many other entertainment and show exhibits.

The Navajo Generating Station and related Kayenta Mine located in the County were closed in December 2019 in settlement of an environmental lawsuit with the United States Environmental Protection Agency (EPA). These closures have not had an adverse impact on the County's total

collections of sales and property taxes versus preclosing levels. In addition, the EPA settlement calls for the Cholla Power Plant, also located in the County, to completely close by 2025, or possibly sooner. While the closure of the Cholla Power Plant is not expected to have an impact on sales tax collections, the County estimates that such closure will cause an approximately \$750,000 reduction in property tax collections beginning in fiscal year 2026. The County determined that the resulting revenue losses from the closures, together with earlier reductions incurred during the most recent national recession, would require significant staff terminations and service reductions. In order to offset the effects of the revenue loss, the County proposed and secured voter approval in August 2019 for the formation of a Jail District in the County. The newly formed Jail District levies an additional separate excise tax in support of public safety expenses, which reduces the amount of General Fund monies budgeted towards those expenses. The County believes this will help the County balance its budget and maintain its services. Should the Jail District excise tax not offset the revenue losses from the closures, the County would need to either reduce expenditures and/or increase the primary property tax rate to maintain its revenues and balance its budget.

*Financial Outlook* - Over the past decade, Navajo County has redefined and restructured itself as an organization to meet the financial challenges of the Great Recession, closure of power plants, and increasing pension costs. Restructuring included many efficiencies and reductions in administrative overhead costs, cost savings in healthcare, debt refinancing, as well as new innovations such as leveraging drone technology.

Arizona's economy has been following suit with the national and most other state economies. Similar to the national and state economies, Navajo County follows the pattern of moderate growth. Increase demand in the residential home market and modest growth in retail sales across the state resulted in greater sales tax revenue, both County and State shared. Also, as the State economy has improved, the State 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. In fiscal year 2021, these financial improvements allowed the County to make a larger than typical investment in IT, maintain staffing levels, and address some of our capital needs.

Due to the COVID-19 public health crisis and the corresponding potential impacts on local economies, the County has received economic relief from the U.S. Treasury to support the public health response and lay the foundation for a strong and equitable economic recovery. The Coronavirus Relief Fund (CARES Act Fund), received through the State, provided \$8 million in economic relief in fiscal years 2020 and 2021 in support of public safety and health and welfare functions. In addition, the American Rescue Plan Act was signed into law in March 2021 and established the Coronavirus State and Local Fiscal Recovery Funds ("SLFRF") program (American Rescue Plan Act Fund). The County received over \$10.7 million in fiscal year 2021 and will receive another \$10.7 million toward the end of fiscal year 2022. These funds may be used for lost public sector revenue, to respond to the public health and

negative economic impacts of the pandemic, to provide premium pay for essential workers, and to invest in water, sewer, and broadband infrastructure.

County management has identified multiple projects that the relief funds may be used for that will benefit the region and the citizens of the County. The main project is to expand broadband capabilities as the absence of reliable broadband access is one of the key inhibitors of economic growth in the County. The County is developing an infrastructure plan for the region that will identify additional funding sources and improve the reliability and resiliency of the services. In addition to economic development, the County expects this project to improve public safety communication, healthcare telemedicine and medical workforce issues, education, and the ability for residents to work from home. This and other projects will begin to be implemented in fiscal year 2022 and subsequent fiscal years.

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 fiscal year 2020-2021.

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.

Major Initiatives – During fiscal year 2020-2021 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.

Initiatives to shape and maintain Navajo County as a sustainable community include:

- Focus on maintaining a strong credit rating in order to obtain desirable rates and terms for any necessary financing. Standard & Poor’s rated the Navajo County Excise Tax Revenue Refunding Bonds, Series 2021 at AA with a stable outlook.
- Cost containment and improving efficiencies continue to be a top priority to help ensure the financial well-being of the County, while maintaining an adequate level of reserves.
- Seeking support at the state and federal level for necessary approval and funding for the following:
  - Expansion of broadband capabilities within the region to support economic growth, public safety communication, workforce and educational opportunities.

- For the Winslow Levee Project, to refurbish the levee system along the Little Colorado River, improving flood protection for families, businesses, and facilities located in Winslow.
- Efforts to plan and engineer ways to implement wildland fuel mitigation treatments, fire protection measures, and improve forest health for areas that are at risk from severe wildfire threats.

## **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, 2020. This was the tenth 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 annual comprehensive 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 annual comprehensive 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 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

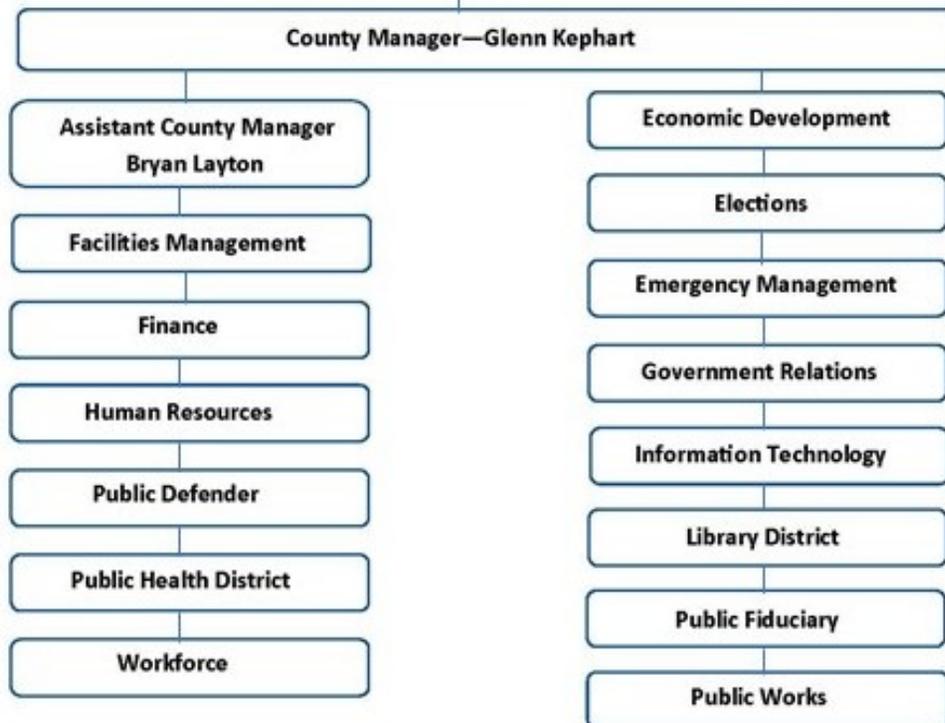
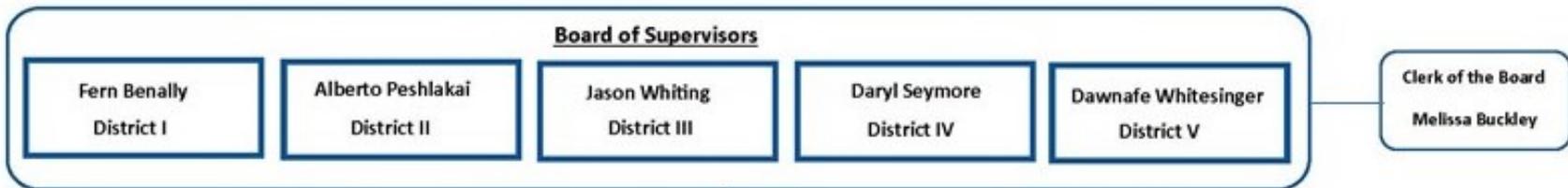
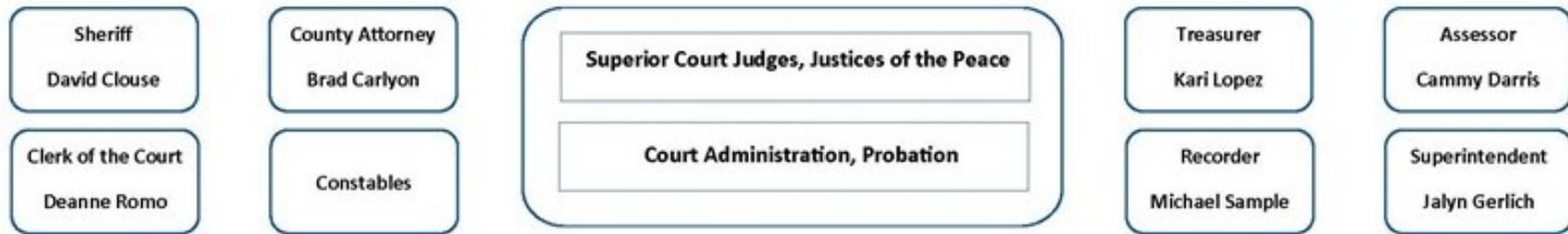


Bryan Layton  
Assistant County Manager



Jayson Vowell  
Finance Director

# Navajo County Voters





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, 2020

*Christopher P. Morrill*

Executive Director/CEO

# Financial Section



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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, 2021, 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, 2021, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

## **Emphasis of matter**

As discussed in Note 1 to the financial statements, for the year ended June 30, 2021, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

## **Other matters**

### *Required supplementary information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5 through 14, budgetary comparison schedules on pages 65 through 69, schedule of the County's proportionate share of the net pension liability—cost-sharing plans on pages 72 through 73, schedule of changes in the County's net pension liability and related ratios—agent plans on pages 74 through 76, and schedule of County pension contributions on pages 77 through 78 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 County's Board of Supervisors and 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*

Lindsey A. Perry, CPA, CFE  
Auditor General

April 28, 2022

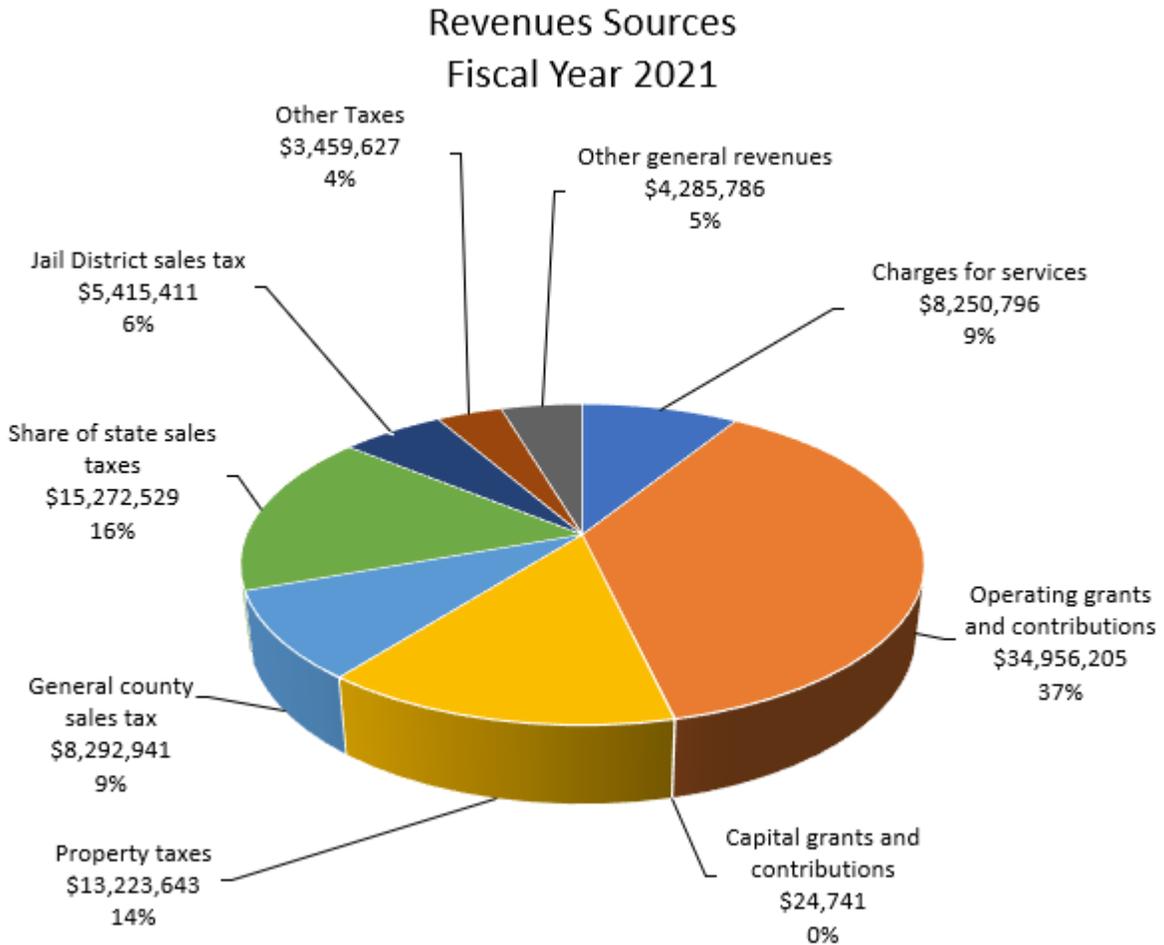
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# Navajo County Management's Discussion and Analysis Year Ended June 30, 2021

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, 2021. We encourage readers to consider the information presented here in conjunction with the financial statements.

## FINANCIAL HIGHLIGHTS

- Due to the ongoing public health emergency related to the COVID-19 pandemic, the County received \$10.7 million in Coronavirus State and Local Fiscal Recovery Fund (SLFRF) funds in June of 2021 as part of the American Rescue Plan Act (ARPA). Of that amount \$35,175 was spent on eligible expenses by June 30, 2021, and the remainder must be spent by December 31, 2026.
- The County's primary sources of revenues are from operating grants and contributions, share of state sales taxes, property taxes, county sales taxes, and charges for services.

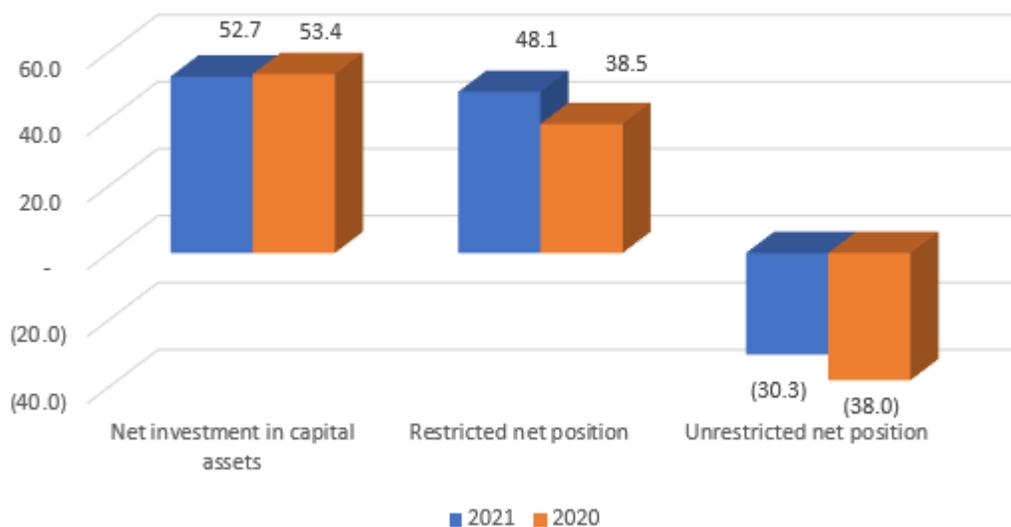


- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by \$70.5 million (net position). This was an increase of

## Navajo County Management's Discussion and Analysis Year Ended June 30, 2021

\$16.6 million, or 30.9 percent when compared to the prior year's total net position of \$53.9 million. Of this amount, \$52.7 million is the net investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, infrastructure and construction in progress); \$48.1 million is restricted for specific purposes (restricted net position); and \$(30.3) million is the unrestricted net position deficit balance that is primarily a result of recognizing long-term liabilities related to pensions. The composition of the County's total net position at June 30, 2020 and 2021 is illustrated in the chart below.

**Composition of Net Position, as of June 30, 2020 and 2021  
(in millions)**



- At June 30, 2021, total assets were \$157.2 million, an increase of \$28.0 million or 21.7 percent in comparison with the prior fiscal year's balance of \$129.2 million. The majority of the increase is due to the increase in cash and investments due to economic relief from the U.S. Treasury in the American Rescue Plan Act Fund and additional state shared and county sales tax revenues in the General Fund.
- At June 30, 2021, total liabilities were \$96.2 million, an increase of \$17.8 million or 22.6 percent in comparison with the prior fiscal year's balance of \$78.5 million. The majority of the increase is due to unearned revenues in the American Rescue Plan Act Fund and recognizing additional pension liabilities.
- At June 30, 2021, the governmental funds reported combined fund balances of \$76.2 million, an increase of \$17.5 million or 29.8 percent in comparison with the prior year's combined fund balances of \$58.7 million.
- At June 30, 2021, \$44.9 million or 58.9 percent of governmental fund balances were restricted, \$27.0 million or 35.5 percent were unassigned, \$3.1 million or 4.1 percent were assigned, and \$1.2 million or 1.5 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

# Navajo County Management's Discussion and Analysis Year Ended June 30, 2021

fund balances include amounts that cannot be spent because they are not in spendable form, such as inventory.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

### **Government-wide financial statements**

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

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

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

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

All of the County's basic services are considered to be governmental activities, including general government, public safety, highways and streets, health and welfare, culture and recreation, education and economic opportunity, environmental and conservation and urban redevelopment and housing. Sales taxes, property taxes, intergovernmental revenues, and user fees finance most of these activities. *The government-wide financial statements can be found on pages 17 and 18 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

# Navajo County Management's Discussion and Analysis Year Ended June 30, 2021

that have been segregated for specific activities or objectives. Some funds are required to be established by federal or state law, contractual provisions, or by bond covenants. However, the Board of Supervisors established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies. All of the County's funds can be divided into two categories: *governmental and fiduciary*.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for the governmental activities in the government-wide financial statements. Reconciliations between governmental activities, as reported in the Statement of Net Position and the Statement of Activities, and the governmental funds, as reported in the fund financial statements, are provided to facilitate this comparison.

The County maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Works/HURF Fund, Jail District Fund, and American Rescue Plan 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 19 through 22 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 23 and 24 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 25 through 61 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 65 through 80 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, 2021, compared to the prior year.

Navajo County  
Management's Discussion and Analysis  
Year Ended June 30, 2021

	Governmental Activities	
	2021	2020
Current and other assets	\$ 93,531,094	\$ 63,918,945
Net pension/OPEB asset	1,117,729	1,056,916
Capital assets	62,578,127	64,255,033
Total assets	157,226,950	129,230,894
Deferred outflows of resources		
Total deferred outflows of resources	12,432,530	9,982,057
Current and other liabilities	14,933,534	3,662,120
Long-term liabilities	81,308,895	74,826,063
Total liabilities	96,242,429	78,488,183
Deferred inflows of resources		
Total deferred inflows of resources	2,923,300	6,857,696
Net Position:		
Net investment in capital assets	52,683,191	53,427,360
Restricted	48,074,074	38,510,287
Unrestricted (deficit)	(30,263,514)	(38,070,575)
Total net position	\$ 70,493,751	\$ 53,867,072

Overall, total assets and deferred outflows of resources increased by \$30.4 million or 21.9 percent and total liabilities and deferred inflows of resources increased by \$13.8 million or 16.2 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 \$29.6 million or 46.3 percent in the current year largely due to increases in cash and investments of \$32.0 million which was offset by a decrease in due from other governments of \$3.2 million. The cash and investments increase was due to the following: unspent grant funds of \$10.7 million received in June 2021 as part of the American Rescue Plan Act (ARPA); additional cash of \$2.3 million accumulated in the Insurance Trust Fund from conservative spending; additional charges for services, county and state shared sales taxes and miscellaneous revenues of \$8.1 million collected and their related receivables decreased by \$243,000; and the collection of \$3.9 million due from other governments in the CARES Act fund for public health and safety expenses already incurred in the prior period.
- As a result of an actuarial valuation of the total pension liability for the measurement date of June 30, 2020, deferred outflows and inflows of resources related to pensions and OPEB increased by \$2.5 million and decreased by \$3.9 million, respectively.

A large portion of the County's net position, \$52.7 million, reflects its investment in capital assets net of accumulated depreciation and related debt. The County uses these assets to provide services to citizens and, therefore, they are not available for future spending. The County's restricted net position of \$48.1 million is subject to external restrictions on how they may be used. Finally, the County's unrestricted (deficit) in net position of \$(30.3) million decreased by \$7.8 million from the prior year primarily due to increased charges for services, county and state shared sales taxes and miscellaneous revenues.

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**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 2021 compared to the prior year.

	Governmental Activities	
	2021	2020
Program revenues:		
Charges for services	\$ 8,250,796	\$ 7,297,669
Operating grants and contributions	34,956,205	31,731,377
Capital grants and contributions	24,741	125,480
Total program revenues	<u>43,231,742</u>	<u>39,154,526</u>
General revenues:		
Property taxes	13,223,643	13,179,014
Sales taxes	13,708,352	9,825,975
State shared revenues	18,732,156	15,984,931
Payments in lieu of taxes	1,664,719	1,680,097
Investment earnings	714,866	839,212
Gain on disposal of capital assets	14,689	81,469
Miscellaneous	1,891,512	1,344,682
Total general revenues	<u>49,949,937</u>	<u>42,935,380</u>
Total revenues	<u>\$ 93,181,679</u>	<u>\$ 82,089,906</u>
Program expenses:		
General government	\$ 24,839,724	\$ 19,717,997
Public safety	19,619,517	17,389,682
Highways and streets	13,900,151	13,428,606
Health and welfare	9,408,467	7,867,404
Culture and recreation	821,881	906,722
Education and economic opportunity	6,069,282	4,702,040
Environmental and conservation	1,066,890	261,874
Urban redevelopment and housing	471,100	27,500
Interest and fiscal charges	357,988	349,744
Total program expenses	<u>76,555,000</u>	<u>64,651,569</u>
Change in net position	<u>16,626,679</u>	<u>17,438,337</u>
Net position, beginning	<u>53,867,072</u>	<u>36,428,735</u>
Net position, ending	<u>\$ 70,493,751</u>	<u>\$ 53,867,072</u>

Overall total revenues increased by almost \$11.1 million or 13.5 percent and total program expenses increased by \$11.9 million or 18.4 percent from the prior year. The following summarizes the significant changes in revenues and expenses compared to the prior year.

- Program revenues increased by \$4.1 million or 10.4 percent largely due to a net increase of \$3.2 million in operating grants and contributions. Specifically, the Public Works HURF fund received additional highway user revenue funds of \$1.7 million. In addition, the Workforce and Elections departments received additional federal and state grants and contributions of \$1.7 million.
- General revenues increased by \$7.0 million or 16.3 percent primarily due to a new jail excise sales tax being approved by the County voters and additional general county excise taxes and state shared revenues collected in the current fiscal year.

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- General government expenses increased by \$5.1 million or 26.0 percent primarily due to increases in pension/OPEB expenses and compensated absences expenses.
- Public Safety expenses increased by \$2.2 million or 12.8 percent primarily due to increases in health care costs and depreciation expense.
- Health and welfare expenses increased by \$1.5 million or 19.6 percent primarily due to increases in health care costs and additional grants and contributions received and spent in the current fiscal year.
- Education and economic opportunity expenses increased by \$1.4 million or 29.1 percent due to additional 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 American Rescue Plan Act Fund. At the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$76.2 million, which is an increase of \$17.5 million or 29.8 percent in comparison with the prior year's combined fund balances of \$58.7 million. Of the total, \$30.1 million constitutes unrestricted (assigned and unassigned) fund balances.

For governmental funds, overall revenues increased \$5.2 million or 5.9 percent and expenditures decreased \$0.5 million or 0.7 percent. Governmental fund revenues exceeded expenditures by \$17.4 million in the current fiscal year.

The General Fund is the County's primary operating fund. At the end of the current fiscal year, fund balances of the General Fund totaled \$41.7 million. Fund balances represent 130.1 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. The County has been self-insured since fiscal year 2015. Through implementing and refining our wellness program, claims analysis, provider partnerships and employee education and resources, employees have not seen an increase in their premiums since January 2017, and the County has only seen moderate increases. The activity to administer the self-insured trust fund for the last five years and the current fiscal year is presented below.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
<b>Revenues:</b>						
Employer contributions and employee premiums	\$ 6,467,366	\$ 5,941,050	\$ 8,088,571	\$ 7,845,063	\$ 7,826,839	\$ 9,133,561
Investment earnings	13,787	10,319	6,665	34,548	81,206	89,364
Miscellaneous refunds	498,732	104,167	394,432	470,385	564,708	585,606
Total revenues	<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>	<u>9,808,531</u>
<b>Expenditures:</b>						
General government healthcare costs	<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>	<u>7,452,553</u>
Excess (deficiency) of revenues over expenditures	344,364	(2,276,612)	1,595,842	1,859,250	3,184,047	2,355,978
<b>Beginning fund balances</b>	<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>
<b>Ending fund balances</b>	<u>\$ 2,649,008</u>	<u>\$ 372,396</u>	<u>\$ 1,968,238</u>	<u>\$ 3,827,488</u>	<u>\$ 7,011,535</u>	<u>\$ 9,367,513</u>

# Navajo County Management's Discussion and Analysis Year Ended June 30, 2021

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

## General Fund

- Cash and investments increased by \$16.3 million or 83.3 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 decreased by \$3.2 million or 77.3 percent in the current year primarily due to COVID grant funding due from the CARES Act Fund that was collected during the fiscal year.
- Total revenues decreased by \$2.0 million or 4.0 percent in the current year primarily due to a change in classification for charges for services in the self-insured trust fund which was offset by the increase in intergovernmental revenue due to additional state shared revenues collected.
- Total expenditures decreased by \$11.0 million or 25.6 percent in the current year primarily due to a change in classification for charges for services in the self-insured trust fund in general government and the shift of costs associated with operating the county jail to the Jail District Fund in public safety.

## Public Works/HURF Fund

- Intergovernmental revenues increased by \$1.9 million or 14.6 percent in the current year largely due to additional highway user revenues received from the state due to the collection of motor fuel taxes and fees charged relating to the registration and operation of motor vehicles.

## 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 \$5.4 million of excise sales tax and received \$1.2 million of maintenance of effort funding from the General Fund.

## American Rescue Plan Act Fund

- In June 2021, the American Rescue Plan Act Fund was created to account for SLFRF funds allocated to the county to support the response to and recovery from the COVID-19 public health emergency. These resources will be used to support families and businesses struggling with public health and economic impacts; to maintain vital public services; and make investments that support long-term growth and opportunity. At the end of the current fiscal year, the Fund recognized \$10.7 million in unearned grant revenues received from the United States Department of the Treasury.

## GENERAL FUND BUDGETARY HIGHLIGHTS

For the General Fund, actual revenues were more than the original and final budget amounts by \$4.1 million, while the actual expenditures were \$33.2 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. The budget variance for expenditures was primarily due to conservative budgeting practices and minimal spending.

# Navajo County Management's Discussion and Analysis Year Ended June 30, 2021

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The County's investment in capital assets as of June 30, 2021, totaled \$62.6 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 a net of \$2.1 million (\$3.7 million of purchases and \$1.6 million in retirements).

*Additional information on capital assets can be found in Note 5 on page 36 of this report.*

### Debt Administration

At the end of the current fiscal year, the County had total long-term liabilities outstanding of \$81.3 million consisting of the following liabilities that were over \$1 million:

- Net pension liability – \$66.0 million
- Pledged revenue obligations payable –\$9.5 million
- Unamortized premium - \$1.6 million
- Compensated absences payable – \$2.2 million
- Incurred but not reported healthcare claims payable –\$1.2 million

There were no significant changes to the County's credit ratings or debt limitations during the current fiscal year. *Additional information on long-term debt can be found in Note 6 on pages 37 through 38 of this report.*

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The current fiscal year 2021-22 budget is based on the County's response to challenges from a variety of outside sources. As the State economy has improved, the Arizona 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. 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).

State shared sales tax revenues is projected to increase by \$4.7 million in fiscal year 2021-22 from the prior year's budgeted amount as more businesses reopen and the local and state economies recover from the COVID-19 pandemic. Also, general county sales tax is projected to increase by \$2.6 million from the prior year's budgeted amount as the tourism industry improves and due to the increase in permits for new construction of residential homes.

Navajo County  
Management's Discussion and Analysis  
Year Ended June 30, 2021

The fiscal year 2021-22 Adopted Budget includes a \$0.0156 decrease in the County's regular primary property tax rate; a \$0.0079 decrease in the Navajo County Flood Control District secondary property tax rate; a \$0.0043 decrease in the Navajo County Public Health Services District secondary property tax rate; a \$0.0017 decrease in the Navajo County Library District secondary property tax rate; and no change in either the Fire District Assistance and the Little Colorado River Flood Control Zone secondary property tax rates. The total property tax rate for Navajo County decreased from \$1.7667 to \$1.7372 per \$100 of net taxable value, a net decrease of \$0.0295.

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

Overall, 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 East Code Talker Drive, Holbrook, AZ 86025.

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# Basic Financial Statements



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Navajo County  
Statement of Net Position  
June 30, 2021

	Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 81,158,238
Cash and investments held by trustee	1,360,720
Receivables (net of allowance for uncollectibles):	
Property taxes	411,442
Accounts receivable	94,014
Special assessments	20,365
Due from other governments	9,316,343
Prepaid items	770,318
Inventories	399,654
Net other postemployment benefits asset	1,117,729
Capital assets, not being depreciated	5,897,825
Capital assets, being depreciated, net	56,680,302
Total assets	157,226,950
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to other postemployment benefits	461,901
Deferred outflows related to pensions	11,970,629
Total deferred outflows of resources	12,432,530
<b>Liabilities</b>	
Accounts payable	2,182,515
Accrued payroll and employee benefits	1,388,834
Due to other governments	513,796
Interest payable	110,720
Unearned revenue	10,737,669
Noncurrent liabilities	
Due within one year	4,158,422
Due in more than one year	10,938,618
Net other postemployment benefit liability	206,356
Net pension liability	66,005,499
Total liabilities	96,242,429
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to other postemployment benefits	473,825
Deferred inflows related to pensions	2,449,475
Total deferred inflows of resources	2,923,300
<b>Net Position</b>	
Net investment in capital assets	52,683,191
Restricted for:	
Highways and streets	11,685,180
Public safety	1,343,957
Judicial activities	4,791,841
Education and economic opportunity	1,389,034
Law enforcement	5,509,906
Environment, library, and community services	1,119,614
Health and welfare	3,613,567
Flood control projects	7,395,702
Health insurance trust	8,263,190
Road and other capital projects	633,055
Special districts	118,480
Other postemployment benefits	1,117,729
Other purposes	1,092,819
Unrestricted (Deficit)	(30,263,514)
Total net position	\$ 70,493,751

See accompanying notes to financial statements.

Navajo County  
Statement of Activities  
Year Ended June 30, 2021

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	\$ 24,839,724	\$ 7,474,687	\$ 3,928,599	\$ -	\$ (13,436,438)
Public safety	19,619,517	293,119	8,072,282	24,741	(11,229,375)
Highways and streets	13,900,151	80,575	14,525,824	-	706,248
Health and welfare	9,408,467	228,338	2,649,620	-	(6,530,509)
Culture and recreation	821,881	174,077	41,656	-	(606,148)
Education and economic opportunity	6,069,282	-	4,929,666	-	(1,139,616)
Environmental and conservation	1,066,890	-	337,458	-	(729,432)
Urban redevelopment and housing	471,100	-	471,100	-	0
Interest and fiscal charges	357,988	-	-	-	(357,988)
Total governmental activities	\$ 76,555,000	\$ 8,250,796	\$ 34,956,205	\$ 24,741	\$ (33,323,258)
General revenues:					
Taxes:					
Property taxes, general purpose				\$ 8,355,690	
Property taxes, flood control				1,915,859	
Property taxes, public health district				2,109,364	
Property taxes, library district				842,730	
General county sales tax				8,292,941	
Jail District sales tax				5,415,411	
Shared revenue - state sales tax				15,272,529	
Shared revenues - state vehicle license tax				3,459,627	
Payments in lieu of taxes				1,664,719	
Investment earnings				714,866	
Gain on sales of capital assets				14,689	
Miscellaneous				1,891,512	
Total general revenues				49,949,937	
Change in net position				16,626,679	
Net position, July 1, 2020				53,867,072	
Net position, June 30, 2021				\$ 70,493,751	

See accompanying notes to financial statements.

Navajo County  
Balance Sheet  
Governmental Funds  
June 30, 2021

	General Fund	Public Works/ HURF Fund	Jail District Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$ 35,842,356	\$ 11,307,088	\$ 4,099,330	\$ 10,737,669	\$ 19,171,795	\$ 81,158,238
Cash and investments held by trustee					1,360,720	1,360,720
Receivables (net of allowance for uncollectibles):						
Property taxes	250,430				161,012	411,442
Accounts Receivable	4,968				89,046	94,014
Special assessments					20,365	20,365
Due from:						
Other funds	941,455	29,112			49,232	1,019,799
Other governments	5,625,588	1,173,149	1,052,101		1,465,505	9,316,343
Prepaid items	725,625		37,707		6,986	770,318
Inventories		399,654				399,654
Total assets	<u>\$ 43,390,422</u>	<u>\$ 12,909,003</u>	<u>\$ 5,189,138</u>	<u>\$ 10,737,669</u>	<u>\$ 22,324,661</u>	<u>\$ 94,550,893</u>
<b>Liabilities</b>						
Accounts payable	\$ 406,983	\$ 1,510,937	\$ 61,566		\$ 203,029	\$ 2,182,515
Accrued payroll and employee benefits	943,779	125,009	92,080		227,966	1,388,834
Due to:						
Other funds	76,526	292,588	203,418		447,267	1,019,799
Other governments	105,740	39,127	52,562		316,367	513,796
Pledged revenue obligations payable					1,250,000	1,250,000
Interest payable					110,720	110,720
Unearned revenue				\$ 10,737,669		10,737,669
Total liabilities	<u>1,533,028</u>	<u>1,967,661</u>	<u>409,626</u>	<u>10,737,669</u>	<u>2,555,349</u>	<u>17,203,333</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue-property taxes	111,741				91,287	203,028
Unavailable revenues-special assessments					15,430	15,430
Unavailable revenues-intergovernmental	40,920				914,585	955,505
Total deferred inflows of resources	<u>152,661</u>				<u>1,021,302</u>	<u>1,173,963</u>
<b>Fund balances:</b>						
Nonspendable	725,625	399,654	37,707		6,986	1,169,972
Restricted	8,272,190	10,541,688	4,741,805		21,301,453	44,857,136
Assigned	2,987,378				118,675	3,106,053
Unassigned (Deficit)	29,719,540				(2,679,104)	27,040,436
Total fund balances	<u>41,704,733</u>	<u>10,941,342</u>	<u>4,779,512</u>		<u>18,748,010</u>	<u>76,173,597</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 43,390,422</u>	<u>\$ 12,909,003</u>	<u>\$ 5,189,138</u>	<u>\$ 10,737,669</u>	<u>\$ 22,324,661</u>	<u>\$ 94,550,893</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, 2021

Fund balances—total governmental funds	\$ 76,173,597
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.	62,578,127
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.	1,173,963
Net OPEB assets held in trust for future benefits are not available for County operations and, therefore, are not reported in the funds.	1,117,729
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.	(80,058,895)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore not reported in the funds.	<u>9,509,230</u>
Net position of governmental activities	<u><u>\$ 70,493,751</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, 2021

	General Fund	Public Works/ HURF Fund	Jail District Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property taxes	\$ 8,459,190				\$ 4,916,782	\$ 13,375,972
County sales taxes	8,292,941		\$ 5,415,411			13,708,352
Special assessments					266,409	266,409
Licenses and permits	812,537				197,095	1,009,632
Fines and forfeits	584,961				780,220	1,365,181
Intergovernmental	23,426,662	\$ 14,525,824		\$ 35,175	16,374,215	54,361,876
Charges for services	4,265,658	6,216	73,164		1,282,509	5,627,547
Investment earnings	335,681	146,361	27,005		205,819	714,866
Contributions					629,400	629,400
Miscellaneous	908,424	76,373	17,271		889,444	1,891,512
<b>Total revenues</b>	<u>47,086,054</u>	<u>14,754,774</u>	<u>5,532,851</u>	<u>35,175</u>	<u>25,541,893</u>	<u>92,950,747</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	20,041,192			35,175	3,156,531	23,232,898
Public safety	6,797,337		4,435,865		7,136,069	18,369,271
Highways and streets		10,515,608			83,143	10,598,751
Health and welfare	3,586,929				5,805,953	9,392,882
Culture and recreation					807,140	807,140
Education and economic opportunity	296,079				5,646,724	5,942,803
Environmental and conservation					1,068,040	1,068,040
Urban redevelopment and housing					471,100	471,100
<b>Debt service:</b>						
Principal	2,269				1,282,913	1,285,182
Interest and other charges	98				357,890	357,988
Cost of issuance					230,601	230,601
Capital Outlay	1,338,154	1,945,675	148,002		353,193	3,785,024
<b>Total expenditures</b>	<u>32,062,058</u>	<u>12,461,283</u>	<u>4,583,867</u>	<u>35,175</u>	<u>26,399,297</u>	<u>75,541,680</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>15,023,996</u>	<u>2,293,491</u>	<u>948,984</u>		<u>(857,404)</u>	<u>17,409,067</u>
<b>Other financing sources (uses):</b>						
Bond proceeds					9,535,000	9,535,000
Premium on refunding bonds					1,575,866	1,575,866
Payment to bond refunding escrow agent					(10,795,000)	(10,795,000)
Sale of capital assets	14,689					14,689
Transfers in	2,413,864		1,192,497		3,748,995	7,355,356
Transfers out	(3,802,179)	(1,388,258)	(306,389)		(1,858,530)	(7,355,356)
<b>Total other financing sources (uses)</b>	<u>(1,373,626)</u>	<u>(1,388,258)</u>	<u>886,108</u>		<u>2,206,331</u>	<u>330,555</u>
<b>Net change in fund balances</b>	<u>13,650,370</u>	<u>905,233</u>	<u>1,835,092</u>		<u>1,348,927</u>	<u>17,739,622</u>
Fund balances, July 1, 2020	28,054,363	10,307,580	2,944,420		17,399,083	58,705,446
Changes in nonspendable resources:						
Decrease in reserve for inventories		(271,471)				(271,471)
<b>Fund balances, June 30, 2021</b>	<u>\$ 41,704,733</u>	<u>\$ 10,941,342</u>	<u>\$ 4,779,512</u>	<u>\$ -</u>	<u>\$ 18,748,010</u>	<u>\$ 76,173,597</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, 2021

Net change in fund balances—total governmental funds		\$ 17,739,622
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Capital outlay	\$ 3,785,024	
Depreciation expense	<u>(5,486,671)</u>	(1,701,647)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Capital contributions	24,741	
State appropriation to EORP	<u>388,918</u>	413,659
<p>Collection of revenues in the governmental funds exceeded revenues reported in the statement of activities</p>		
Property taxes	(152,329)	
Special assessments	(17,973)	
Intergovernmental revenues	<u>(27,114)</u>	(197,416)
<p>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.</p>		
County pension and OPEB contributions	5,741,699	
Pension and OPEB expense	<u>(5,613,882)</u>	127,817
<p>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.</p>		
Face amount of long-term debt issued	(9,535,000)	
Premium on bonds	(1,575,867)	
Principal repaid	11,010,182	
Payment to escrow agent for refunding	<u>1,070,000</u>	969,315
<p>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.</p>		
Increase in IBNR healthcare claim costs	(115,423)	
Increase in compensated absences	(222,864)	
Increase in claims and judgments	(116,063)	
Decrease in landfill closure and post-closure care costs	<u>1,150</u>	(453,200)
<p>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.</p>		
Decrease in inventories		<u>(271,471)</u>
Change in net position of governmental activities		<u>\$ 16,626,679</u>

See accompanying notes to financial statements.

Navajo County  
Statement of Fiduciary Net Position - Fiduciary Funds  
June 30, 2021

		<b>Custodial funds</b>	
<b><u>Assets</u></b>	<b>Private-purpose trust funds</b>	<b>External investment pool</b>	<b>Other</b>
Cash and investments	\$ 1,411,569	\$ 212,272,350	\$ 1,798,283
Property tax receivable for other governments			2,603,709
Interest receivable		497,319	
Total assets	\$ 1,411,569	\$ 212,769,669	\$ 4,401,992
<b><u>Liabilities</u></b>			
Property tax payable to other governments			\$ 466,141
Total liabilities			\$ 466,141
<b><u>Net Position</u></b>			
Restricted for:			
Pool participants		\$ 212,769,669	
Individuals, organizations, and other governments	\$ 1,411,569		\$ 3,935,851
Total net position	\$ 1,411,569	\$ 212,769,669	\$ 3,935,851

See accompanying notes to financial statements

Navajo County  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2021

	Private-purpose trust funds	Custodial funds	
		External investment pool	Other
<b>Additions</b>			
Contributions from pool participants		\$ 266,935,356	
Property tax collections for other governments			\$ 79,121,702
Fines and fees collections for other governments			2,038,168
Fines and fees collections for victims			2,297,669
Investment earnings	\$ 15,956	3,218,804	6,212
Inmate collections			1,319,212
Other	1,404,334		6,822,707
Total additions	\$ 1,420,290	\$ 270,154,160	\$ 91,605,670
<b>Deductions</b>			
Distributions to pool participants		\$ 254,333,299	
Property tax distributions to other governments			\$ 76,796,404
Fines and fees distributions to other governments			2,035,216
Restitution and reimbursement payments to victims			2,230,048
Payments to inmates			1,279,009
Other	\$ 1,376,024		7,017,878
Total deductions	\$ 1,376,024	\$ 254,333,299	\$ 89,358,555
Change in net position	\$ 44,266	\$ 15,820,861	\$ 2,247,115
Net position as restated, July 1, 2020	\$ 1,367,303	\$ 196,948,808	\$ 1,688,736
Net position June 30, 2021	\$ 1,411,569	\$ 212,769,669	\$ 3,935,851

See accompanying notes to financial statements

Navajo County  
Notes to Financial Statements  
June 30, 2021

Note 1 - Summary of Significant Accounting Policies

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

For the year ended June 30, 2021, the County implemented the following GASB statements:

GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes. As a result, the County's fiduciary fund financial statements have been modified to reflect the implementation of this new guidance, including reclassifying activities previously reported in agency funds to custodial or governmental funds, as applicable.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, which establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

**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**  
**Notes to Financial Statements**  
**June 30, 2021**

<b>Component Unit</b>	<b>Description; Criteria for Inclusion</b>	<b>Reporting Method</b>	<b>For Separate Financial Statements</b>
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 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.

Navajo County  
Notes to Financial Statements  
June 30, 2021

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

The *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 *American Rescue Plan Act Fund* is used to account for monies allocated to the county for the support of urgent COVID-19 response efforts, to replace lost revenue and support for vital public services, and to address public health and economic challenges caused by the pandemic. It is funded by the U.S. Department of the Treasury's Coronavirus State and Local Fiscal Recovery Funds.

Navajo County  
Notes to Financial Statements  
June 30, 2021

The County also reports the following fiduciary fund types:

The *private purpose trust funds*, which account for assets the County's Public Fiduciary holds in trust for the benefit of various parties.

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

### 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. 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

All investments are stated at fair value.

Navajo County  
Notes to Financial Statements  
June 30, 2021

**E. Inventories**

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

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

**F. Prepaid Items**

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

**G. Property Tax Calendar**

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

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

**H. Capital Assets**

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

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

	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
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

Navajo County  
Notes to Financial Statements  
June 30, 2021

## I. Deferred Outflows/Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

## J. Postemployment Benefits

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

## K. Fund Balance Classifications

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

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

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors approved, which is the highest level of decision-making authority within the County. Only the Board can remove or change the constraints placed on committed fund balances. The County did not commit any fund balances at June 30, 2021.

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.

Navajo County  
Notes to Financial Statements  
June 30, 2021

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 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.

Navajo County  
Notes to Financial Statements  
June 30, 2021

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 \$3,378 in credit card rebates during fiscal year 2021.

Note 2 - Stewardship, Compliance, and Accountability

Deficit fund balance—At June 30, 2021, the following nonmajor fund reported a deficit in fund balance:

Governmental fund  
Special Revenue – Workforce Innovation & Opportunity Act \$254,594

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.

Navajo County  
Notes to Financial Statements  
June 30, 2021

**Custodial credit risk**

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

**Concentration of credit risk**

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

**Interest rate risk**

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

**Foreign currency risk**

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

**Deposits**—At June 30, 2021, the carrying amount of the County's deposits was \$42,942,271, and the bank balance was \$44,720,316. The County's formal policy is to follow collateralization requirements set forth in A.R.S. §35-323 as described above. At June 30, 2021, \$1,110,938 of the County's bank balance was uninsured and uncollateralized.

**Investments**—The County's investments at June 30, 2021, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	Amount	Fair value measurement using <u>Quoted prices in active markets for identical assets (Level 1)</u>
<b>Investments by fair value level</b>		
U.S. Treasury securities	\$ 17,225,077	\$ 17,225,077
U.S. agency securities	68,367,650	68,367,650
Corporate notes	59,149,970	59,149,970
Government money market mutual funds	110,306,348	110,306,348
	<u>\$ 255,049,045</u>	<u>\$ 255,049,045</u>

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments.

Navajo County  
Notes to Financial Statements  
June 30, 2021

**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, 2021, credit risk for the County’s investments was as follows:

Investment Type	Rating	Rating Agency	Amount
U.S. agency securities	Aaa	Moody’s	\$ 68,367,650
Corporate notes	Aa2	Moody’s	19,950,150
Corporate notes	A1	Moody’s	10,000,000
Corporate notes	A2	Moody’s	29,199,820
Government money market mutual funds	Unrated	Not Applicable	110,306,348
Total			<u>\$ 237,823,968</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, 2021, the County did not have investments exposed to custodial credit risk.

**Concentration of credit risk**—The County’s formal policy stipulates that the County will diversify the investment portfolio by limiting investments to avoid over-concentration in securities from a specific issuer, excluding obligations issued or guaranteed by the United States or any of the senior debt of its agencies or sponsored agencies. The County had investments at June 30, 2021, of 5 percent or more in Federal Home Loan Banks, Federal Farm Credit Banks, and JP Morgan Chase Banks. These investments were 12.51 percent, 10.38 percent and 6.61 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, 2021, the County had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity (In Years)
U.S. agency securities	\$ 68,367,650	1.463
U.S. Treasury securities	17,225,077	0.378
Corporate notes	59,149,970	2.211
Government money market mutual funds	110,306,348	0.082
	<u>\$ 255,049,045</u>	

At June 30, 2021, \$19,950,150 of investments were in corporate notes floating rate securities and considered to be highly sensitive to interest rate changes. Of this amount, \$9,937,060 is callable and \$10,013,090 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.

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

Cash, deposits, and investments:

Cash, deposits, and investments		
Cash on hand	\$	9,844
Amount of deposits		42,942,271
Amount of investments		255,049,045
<b>Total</b>	<b>\$</b>	<b>298,001,160</b>

	Governmental Activities	Private-Purpose Trust Funds	Custodial funds		Total
			External Investment Pool	Other	
Statement of Net Position					
Cash and investments	\$ 81,158,238	\$ 1,411,569	\$ 212,272,350	\$ 1,798,283	\$ 296,640,440
Cash and investments held by trustee	1,360,720				1,360,720
<b>Total</b>	<b>\$ 82,518,958</b>	<b>\$ 1,411,569</b>	<b>\$ 212,272,350</b>	<b>\$ 1,798,283</b>	<b>\$ 298,001,160</b>

#### Note 4 - Due From Other Governments

Amounts due from other governments at June 30, 2021, are shown as follows:

	General Fund	Public Works/ HURF Fund	Jail District Fund	Other Governmental Funds	Total
State-shared sales tax	\$ 3,002,579				\$ 3,002,579
County sales tax	1,592,635		\$ 1,041,080		2,633,715
State-shared vehicle license tax	157,325	\$ 150,025			307,350
Highway user revenue		964,254			964,254
Grants and contributions from local, state and federal governments	349,777	56,306		\$ 1,424,415	1,830,498
Reimbursements for services provided for governmental units	523,272	2,564	11,021	41,090	577,947
	<u>\$ 5,625,588</u>	<u>\$ 1,173,149</u>	<u>\$ 1,052,101</u>	<u>\$ 1,465,505</u>	<u>\$ 9,316,343</u>

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Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 5,721,386			\$ 5,721,386
Construction in progress	133,221	\$ 43,218		176,439
Total capital assets not being depreciated	<u>5,854,607</u>	<u>43,218</u>	<u>-</u>	<u>5,897,825</u>
Capital assets being depreciated:				
Buildings and improvements	50,717,666	83,630		50,801,296
Infrastructure	77,727,474			77,727,474
Machinery and equipment	37,526,552	3,682,917	\$ 1,628,392	39,581,077
Total	<u>165,971,692</u>	<u>3,766,547</u>	<u>1,628,392</u>	<u>168,109,847</u>
Less accumulated depreciation for:				
Buildings and improvements	25,361,796	1,364,919		26,726,715
Infrastructure	50,983,021	2,155,367		53,138,388
Machinery and equipment	31,226,449	1,966,385	1,628,392	31,564,442
Total	<u>107,571,266</u>	<u>5,486,671</u>	<u>1,628,392</u>	<u>111,429,545</u>
Total capital assets being depreciated, net	<u>58,400,426</u>	<u>(1,720,124)</u>	<u>-</u>	<u>56,680,302</u>
Governmental activities capital assets, net	<u>\$ 64,255,033</u>	<u>\$ (1,676,906)</u>	<u>\$ -</u>	<u>\$ 62,578,127</u>

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
General government	\$ 670,902
Public safety	1,323,060
Highways and streets	3,199,230
Health and welfare	152,259
Culture and recreation	14,741
Education and economic opportunity	126,479
Total governmental activities depreciation expense	<u>\$ 5,486,671</u>

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Note 6 - Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2021:

Governmental activities	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due within 1 year
Pledged revenue obligations payable	\$ 10,975,000	\$ 9,535,000	\$ 10,975,000	\$ 9,535,000	\$ 1,250,000
Unamortized premium	-	1,575,867	-	1,575,867	214,056
Capital leases payable	4,131	-	1,258	2,873	1,335
Installment purchase contracts payable	65,120	-	33,924	31,196	28,190
Net OPEB liabilities	182,242	24,114	-	206,356	-
Net pension liabilities	60,100,666	5,915,167	10,334	66,005,499	-
Landfill closure and post-closure care costs payable	242,201	-	1,150	241,051	1,150
Compensated absences payable Incurred but not reported	1,937,408	1,486,456	1,263,592	2,160,272	1,400,756
healthcare claims payable	1,114,514	3,749,453	3,634,030	1,229,937	1,209,764
Claims and judgments payable	204,781	150,000	33,937	320,844	53,171
<b>Total</b>	<b>\$ 74,826,063</b>	<b>\$ 22,436,057</b>	<b>\$ 15,953,225</b>	<b>\$ 81,308,895</b>	<b>\$ 4,158,422</b>

**Pledged revenue refunding obligations—** On March 25, 2021, the County issued \$9,535,000 in pledged revenue refunding obligations, Series 2021, with a premium of \$1,575,867. The net proceeds of \$10,880,265 (after payment of underwriting fees and other issuance costs) were deposited as follows: \$7,445,092 for principal and interest to the Series 2012 Trustee for deposit to the Payment Fund established pursuant to the 2012 Trust Agreement for defeasance of the Series 2012 A&B obligations (remaining \$7,560,000 paid off on April 9, 2021); and \$3,435,173 for principal and interest to the Series 2013 Trustee for deposit to the Payment Fund established pursuant to the 2013 Trust Agreement for defeasance of the Series 2013 obligations (remaining \$3,415,000 paid off on April 9, 2021). The Series 2012 A&B obligations were originally issued to construct and remodel jail facilities and to refund the outstanding principal balance relating to the Series 2000 Jail Facility certificates of participation. The Series 2013 obligations were originally issued to be used for construction projects and the refunding of the Series 2008 Navajo County pledged revenue obligations. The Series 2021 obligations, which are not subject to prepayment prior to their stated payment dates, have interest rates ranging from 3% to 5%, payable semiannually on January 1 and July 1 of each year through 2032. The issuance of the refunding bonds resulted in a \$769,435 reduction in future debt service payments with an economic gain of \$726,208 based upon the present value savings.

Pledged revenue refunding obligations outstanding at June 30, 2021, were as follows:

Description	Original Amount Issued	Maturity Ranges	Interest Rates	Outstanding Principal
Navajo County Pledged Revenue Refunding Obligations, Series 2021	\$ 9,535,000	2021-2032	3.0-5.0%	\$ 9,535,000

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The following schedule details debt service requirements to maturity for the County's pledged revenue obligations payable at June 30, 2021:

Year ending June 30	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2022	\$ 1,250,000	\$ 299,570
2023	1,135,000	355,000
2024	1,175,000	308,800
2025	660,000	272,100
2026	685,000	245,200
2027-2031	3,765,000	703,125
2032	865,000	21,625
Total	\$ 9,535,000	\$ 2,205,420

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, 2021. At June 30, 2021, future pledged revenues through final maturity at July 1, 2031 totaled \$11,740,420, consisting of \$9,535,000 for principal and \$2,205,420 for interest. State shared revenues have averaged \$12.3 million per year over the last 5 years, whereas excise tax revenues have averaged \$7.1 million per year over the last 5 years. For the current year, state shared sales and general county sales tax revenues recognized by the County were \$15.3 million and \$8.3 million, respectively. In the current year, the principal and interest payments were \$0 and \$0, respectively.

**Compensated absences**—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2021, the County paid for compensated absences as follows: 54 percent from the General Fund, 12 percent from the Public Works/HURF Fund, 10 percent from the Jail District Fund, and 24 percent from the Other Governmental Funds.

**Incurred but not reported healthcare claims payable**—On July 1, 2014, Navajo County implemented a self-insured health benefits program as described in Note 7. The liability for medical, dental and pharmacy claims is based on fiscal year 2020 actuarial report. Changes in incurred but not reported (IBNR) healthcare claims payable for the years ended June 30, 2020 and 2021 were as follows:

	<b>2020</b>	<b>2021</b>
IBNR healthcare claims payable beginning of year	\$ 1,028,274	\$ 1,114,514
Current-year claims and changes in estimates	3,374,815	3,749,453
Claim payments	3,288,575	3,634,030
IBNR healthcare claims payable, end of year	\$ 1,114,514	\$ 1,229,937

**Net pension and other postemployment benefits liability**—During fiscal year 2021, the County paid for pension and other postemployment benefits from various funds as described in Note 10.

**Line of Credit**—At June 30, 2021, the County had an unused line of credit in the amount of \$5,000,000.

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

The Arizona 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.

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**Self-insured employee benefits program**—On July 1, 2014, Navajo County implemented a self-insured health benefits program and currently offers two medical plan options. The uninsured risk of loss per individual is \$175,000 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, 2021, 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 2021. The remaining \$725,625 is reported in the General Fund as prepaid items at June 30, 2021. 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.

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**Note 9 - Fund Balance Classifications of the Governmental Funds**

The fund balance classifications of the governmental funds as of June 30, 2021, were as follows:

	General Fund	Public Works/ HURF Fund	Jail District Fund	Other Governmental Funds	Total
<b>Fund balances</b>					
<b>Nonspendable:</b>					
Inventories		\$ 399,654			\$ 399,654
Prepaid items	\$ 725,625		\$ 37,707	\$ 6,986	770,318
	<u>\$ 725,625</u>	<u>\$ 399,654</u>	<u>\$ 37,707</u>	<u>\$ 6,986</u>	<u>\$ 1,169,972</u>
<b>Restricted for:</b>					
Highways and streets		\$ 10,541,688		\$ 740,135	\$ 11,281,823
Flood control projects				7,347,217	7,347,217
Health				2,991,330	2,991,330
Judicial activities	\$ 9,000			4,782,841	4,791,841
Law enforcement			\$ 4,741,805	730,394	5,472,199
Education				1,200,510	1,200,510
Environmental and conservation				766,680	766,680
Social services				53,640	53,640
Library				80,922	80,922
Public safety				575,724	575,724
Recreation				199,433	199,433
Special Districts				118,480	118,480
Road projects				207,057	207,057
Capital projects				425,998	425,998
Health insurance trust	8,263,190				8,263,190
Other purposes				1,081,092	1,081,092
Total restricted	<u>8,272,190</u>	<u>10,541,688</u>	<u>4,741,805</u>	<u>21,301,453</u>	<u>44,857,136</u>
<b>Assigned to:</b>					
Health insurance reserve	1,104,323				1,104,323
Economic stabilization and development	10,659				10,659
Law enforcement	278,330				278,330
Education				72,464	72,464
Other capital projects	1,085,701			46,211	1,131,912
Other purposes	508,365				508,365
Total assigned	<u>2,987,378</u>			<u>118,675</u>	<u>3,106,053</u>
<b>Unassigned (Deficit)</b>	<u>29,719,540</u>			<u>(2,679,104)</u>	<u>27,040,436</u>
Total fund balances	<u>\$ 41,704,733</u>	<u>\$ 10,941,342</u>	<u>\$ 4,779,512</u>	<u>\$ 18,748,010</u>	<u>\$ 76,173,597</u>

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Note 10 - Pensions and Other Postemployment Benefits

The County contributes to the Arizona State Retirement System (ASRS), the Public Safety Personnel Retirement System (PSPRS) consisting of Navajo County Sheriffs and Navajo County Attorney Investigators, the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP), the Corrections Officer Retirement Plan (CORP), the Corrections Officer Retirement Plan - Administrative Office of the Courts (CORP AOC), the Elected Officials Retirement Plan (EORP), and the Elected Officials Defined Contribution Retirement System (EODCRS), all component units of the State of Arizona.

At June 30, 2021, the County reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

<b>Statement of Net Position and Statement of Activities</b>	<b>Governmental Activities</b>
Net OPEB asset	\$ 1,117,729
Net OPEB liability	206,356
Net pension liability	66,005,499
Deferred outflows of resources related to OPEB	461,901
Deferred outflows of resources related to pensions	11,970,629
Deferred inflows of resources related to OPEB	473,825
Deferred inflows of resources related to pensions	2,449,475
OPEB expense	5,052
Pension expense	5,608,830

The County's accrued payroll and employee benefits includes \$89,274 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2021. Also, the County reported \$5,622,288 of pension contributions and \$119,411 of OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

The ASRS, PSPRS Sheriff, PSPRS Attorney Investigators, CORP, CORP AOC and EORP pension plans are described below. The PSPDCRP, EODCRS pension plans, and all OPEB plans are not described due to 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](http://www.azasrs.gov).

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**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:

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

\*With actuarially reduced benefits.

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

**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, 2021, statute required active ASRS members to contribute at the actuarially determined rate of 12.04 percent for retirement of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 11.65 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 10.14 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, 2021, were \$2,264,136.

During fiscal year 2021, the County paid for ASRS pension contributions as follows: 55 percent from the General Fund, 16 percent from the Public Works/HURF Fund, 3 percent from the Jail District Fund and 26 percent from other governmental funds.

**Pension liability**—At June 30, 2021, the County reported a net pension liability of \$29,702,865 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the

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net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020. 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, 2020. The County's proportion measured as of June 30, 2020, was 0.17143 percent, which was a decrease of 0.00336 from its proportion measured as of June 30, 2019.

**Pension expense and deferred outflows/inflows of resources**—For the year ended June 30, 2021, the County recognized pension expense for ASRS of \$1,076,922. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>ASRS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 268,713	\$ -
Net difference between projected and actual earnings on pension plan investments	2,864,875	-
Changes in proportion and differences between county contributions and proportionate share of contributions	-	1,000,994
County contributions subsequent to the measurement date	2,264,136	
Total	<u>\$ 5,397,724</u>	<u>\$ 1,000,994</u>

The \$2,264,136 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, 2022. 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	
2022	\$(508,754)
2023	719,002
2024	1,036,256
2025	886,090

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

<b>ASRS</b>	
Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
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

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

ASRS		Target	Long-Term
	Asset Class	Allocation	Expected Geometric Real Rate of Return
	Equity	50%	6.39%
	Fixed income - credit	20%	5.44%
	Fixed income - interest rate sensitive	10%	0.22%
	Real estate	20%	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 (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County’s proportionate share of the net pension liability	\$ 40,618,249	\$ 29,702,865	\$ 20,578,143

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

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

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

<b>PSPRS</b>	<b>Initial membership date:</b>	
	<b>Before January 1, 2012</b>	<b>On or after January 1, 2012 and before July 1, 2017</b>
<b>Retirement and Disability</b>		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of 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
<b>Benefit benefit</b>		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%

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**PSPRS**

Accidental disability retirement 50% or normal retirement, whichever is greater

**Initial membership date:**

<b>Before January 1, 2012</b>	<b>On or after January 1, 2012 and before July 1, 2017</b>
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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:**

	<b>On or after January 1, 2012 and before July 1, 2018</b>	<b>AOC probation and surveillance officers: On or after July 1, 2018</b>
<b>Before January 1, 2012</b>		

**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
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Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years	
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**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%
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Accidental disability retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service	
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Navajo County  
Notes to Financial Statements  
June 30, 2021

CORP	Initial membership date:		AOC probation and surveillance officers: On or after July 1, 2018
	Before January 1, 2012	On or after January 1, 2012 and before 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, 2021, 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	35	1	13
Inactive employees entitled to but not yet receiving benefits	17		44
Active employees	28		22
Total	80	1	79

**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, 2021, are indicated below. Rates are a percentage of active members' annual covered payroll.

Navajo County  
Notes to Financial Statements  
June 30, 2021

	<b>Active member—pension</b>	<b>County—pension</b>
PSPRS Sheriff	7.65 – 11.65%	53.27%
CORP	8.41	16.63
CORP AOC	8.41 or 10.18	33.58 or 32.79

In addition, statute required the County to contribute at the actuarially determined rate of 41.51% 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 \$37,286 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, 2021, were:

PSPRS Sheriff	\$ 1,517,162
CORP	270,796
CORP AOC	488,203

During fiscal year 2021, the County paid for PSPRS and CORP pension contributions as follows: 67 percent from the General Fund, 12 percent from the Jail District Fund and 21 percent from the other governmental funds.

**Pension liability**—At June 30, 2021, the County reported the following net pension liabilities:

	<b>Net Pension Liability</b>
PSPRS Sheriff	\$ 13,485,325
PSPRS Attorney Investigators	519,245
CORP	1,963,958
CORP AOC (County's proportionate share)	5,456,853

The net pension liabilities were measured as of June 30, 2020, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

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

**PSPRS and CORP—Pension**

Actuarial valuation date	June 30, 2020
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

Navajo County  
Notes to Financial Statements  
June 30, 2021

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

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
U.S. public equity	23%	4.93%
International public equity	15%	6.09%
Global private equity	18%	8.42%
Other assets (capital appreciation)	7%	5.61%
Core bonds	2%	0.22%
Private credit	22%	5.31%
Diversifying strategies	12%	3.22%
Cash - Mellon	1%	-0.60%
Total	<u>100%</u>	

**Pension discount rate**—At June 30, 2020, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.3 percent. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the 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, 2021

**Changes in the Net Pension Liability**

**PSPRS Sheriff**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balances at June 30, 2020	\$ 19,808,982	\$ 6,313,323	\$ 13,495,659
Changes for the year:			
Service cost	374,653		374,653
Interest on the total pension liability	1,426,339		1,426,339
Differences between expected and actual experience in the measurement of the pension liability	(234,756)		(234,756)
Changes of assumptions or other inputs			
Contributions—employer		1,347,673	(1,347,673)
Contributions—employee		153,158	(153,158)
Net investment income		82,461	(82,461)
Benefit payments, including refunds of employee contributions	(1,289,493)	(1,289,493)	
Administrative expense		(6,722)	6,722
Net changes	276,743	287,077	(10,334)
Balances at June 30, 2021	<u>\$ 20,085,725</u>	<u>\$ 6,600,400</u>	<u>\$ 13,485,325</u>

**PSPRS Attorney Investigators**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balances at June 30, 2020, adjusted	\$ 585,873	\$ 107,945	\$ 477,928
Changes for the year:			
Interest on the total pension liability	41,397		41,397
Differences between expected and actual experience in the measurement of the pension liability	1,435		1,435
Net investment income		1,650	(1,650)
Benefit payments, including refunds of employee contributions	(37,587)	(37,587)	
Administrative expense		(135)	135
Net changes	5,245	(36,072)	41,317
Balances at June 30, 2021	<u>\$ 591,118</u>	<u>\$ 71,873</u>	<u>\$ 519,245</u>

Navajo County  
Notes to Financial Statements  
June 30, 2021

CORP	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a) – (b)
Balances at June 30, 2020	\$ 5,449,504	\$ 3,917,808	\$ 1,531,696
Changes for the year:			
Service cost	196,443		196,443
Interest on the total pension liability	400,261		400,261
Differences between expected and actual experience in the measurement of the pension liability	144,499		144,499
Changes of assumptions or other inputs			
Contributions—employer		134,522	(134,522)
Contributions—employee		84,963	(84,963)
Net investment income		111,991	(111,991)
Benefit payments, including refunds of employee contributions	(325,831)	(325,831)	
Administrative expense		(4,334)	4,334
Other changes		(18,201)	18,201
Net changes	415,372	(16,890)	432,262
Balances at June 30, 2021	\$ 5,864,876	\$ 3,900,918	\$ 1,963,958

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, 2020. The County's proportion measured as of June 30, 2020, was 1.14240 percent, which was an increase of 0.03478 from its proportion measured as of June 30, 2019.

**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	\$ 16,075,035	\$ 13,485,325	\$ 11,378,109
PSPRS Attorney Investigators			
Net pension liability	594,770	519,245	457,307
CORP			
Net pension liability	2,800,709	1,963,958	1,290,643
CORP AOC			
County's proportionate share of the net pension liability	6,931,958	5,456,853	4,251,876

Navajo County  
Notes to Financial Statements  
June 30, 2021

**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, 2021, the County recognized the following pension expense:

	<b>Pension Expense</b>	
PSPRS Sheriff	\$	1,415,897
PSPRS Attorney Investigators		76,029
CORP		377,172
CORP AOC (County's proportionate share)		346,571

**Pension deferred outflows/inflows of resources**—At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PSPRS Sheriff</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 573,560	\$ 406,998
Changes of assumptions or other inputs	392,497	
Net difference between projected and actual earnings on pension plan investments	352,470	
County contributions subsequent to the measurement date	1,517,162	
Total	\$ 2,835,689	\$ 406,998

<b>PSPRS Attorney Investigators</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 4,044	
Total	\$ 4,044	\$ -

Navajo County  
Notes to Financial Statements  
June 30, 2021

<b>CORP</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 96,332	\$ 128,801
Changes of assumptions or other inputs	100,406	
Net difference between projected and actual earnings on pension plan investments	157,293	
County contributions subsequent to the measurement date	<u>270,796</u>	
Total	<u>\$ 624,827</u>	<u>\$ 128,801</u>

<b>CORP AOC</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 568,366	\$ 64,909
Changes of assumptions or other inputs	175,487	
Net difference between projected and actual earnings on pension plan investments	236,556	
Changes in proportion and differences between county contributions and proportionate share of contributions	105,792	828,400
County contributions subsequent to the measurement date	<u>488,203</u>	
Total	<u>\$ 1,574,404</u>	<u>\$ 893,309</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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>PSPRS Sheriff</b>	<b>PSPRS Attorney Investigators</b>	<b>CORP</b>	<b>CORP AOC</b>
Year ending June 30				
2022	\$ 164,926	\$ 361	\$ 56,957	\$ (150,840)
2023	229,937	1,305	85,747	(66,609)
2024	240,818	1,407	48,532	258,331
2025	275,848	971	33,994	152,010

Navajo County  
Notes to Financial Statements  
June 30, 2021

C. Elected Officials Retirement Plan

**Plan description**—Elected officials and judges participate in the Elected Officials Retirement Plan (EORP) or ASRS. 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. The EORP pension 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](http://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:

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

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

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

Navajo County  
Notes to Financial Statements  
June 30, 2021

**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, 2021, 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 49.39 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members in addition to the County's required contributions to ASRS. The County's contributions to the pension plan for the year ended June 30, 2021, were \$1,020,900.

During fiscal year 2021, the County paid for EORP pension contributions as follows: 100 percent from the General Fund.

**Pension liability**—At June 30, 2021, the County reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the County's proportionate share of the State's appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	\$ 14,873,919
State's proportionate share of the EORP net pension liability associated with the County	1,413,648
Total	<u>\$ 16,287,567</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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, 2020. The County's proportion measured as of June 30, 2020, was 2.20367 percent, which was an increase of 0.01321 from its proportion measured as of June 30, 2019.

**Pension expense and deferred outflows/inflows of resources**—For the year ended June 30, 2021, the County recognized pension expense for EORP of \$2,323,462 and revenue of \$388,918 for the County's proportionate share of the State's appropriation to EORP and the designated court fees. At June 30, 2021, 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, 2021

EORP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 12,207
Changes of assumptions or other inputs		
Net difference between projected and actual earnings on pension plan investments	\$ 286,634	
Changes in proportion and differences between county contributions and proportionate share of contributions	43,662	
County contributions subsequent to the measurement date	1,020,900	
Total	\$ 1,351,196	\$ 12,207

The \$1,020,900 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year ending June 30	
2022	\$ 70,714
2023	92,380
2024	90,379
2025	64,616

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

**EORP**

Actuarial valuation data	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.75%
Price inflation	2.5%
Cost-of-living adjustment	1.75%
Mortality rates	PubG-2010 tables

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

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:

Navajo County  
Notes to Financial Statements  
June 30, 2021

EORP	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Asset Class		
U.S. public equity	23%	4.93%
International public equity	15%	6.09%
Global private equity	18%	8.42%
Other assets (capital appreciation)	7%	5.61%
Core bonds	2%	0.22%
Private credit	22%	5.31%
Diversifying strategies	12%	3.22%
Cash - Mellon	1%	-0.60%
Total	100%	

**Discount rate**—At June 30 2020, the discount rate used to measure the EORP total pension liability was 7.3 percent. 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	\$ 16,968,045	\$ 14,873,919	\$ 13,083,380

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

Navajo County  
Notes to Financial Statements  
June 30, 2021

Note 11 - Interfund Balances and Activity

**Interfund receivables and payables**—Interfund balances at June 30, 2021, were as follows:

	Payable to			Total
	General Fund	Public Works/ HURF Fund	Other Governmental Funds	
<b>Payable from</b>				
General Fund		\$ 29,112	\$ 47,414	\$ 76,526
Public Works/HURF Fund	\$ 292,588	-	-	292,588
Jail District Fund	203,418	-	-	203,418
Other Governmental Funds	445,449	-	1,818	447,267
Total	<u>\$ 941,455</u>	<u>\$ 29,112</u>	<u>\$ 49,232</u>	<u>\$ 1,019,799</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, 2021, were as follows:

	Transfers to			Total
	General Fund	Jail District Fund	Other Governmental Funds	
<b>Transfers from</b>				
General Fund		\$ 1,192,497	\$ 2,609,682	\$ 3,802,179
Public Works/HURF Fund	\$ 408,464		979,794	1,388,258
Jail District Fund	306,389			306,389
Other Governmental Funds	1,699,011		159,519	1,858,530
Total	<u>\$ 2,413,864</u>	<u>\$ 1,192,497</u>	<u>\$ 3,748,995</u>	<u>\$ 7,355,356</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 for a fund or program. In addition, the Treasurer determines the fair value of those pooled investments annually at June 30.

Navajo County  
Notes to Financial Statements  
June 30, 2021

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 \$9,844 in cash on hand, \$1,360,720 in cash with trustee, and \$894,695 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. Treasury securities	\$ 17,100,000	1.88% - 2.75%	08/21 – 04/22	\$ 17,225,077
U.S. agency securities	67,900,000	0.32% - 3.00%	07/21 – 12/24	68,367,650
Corporate notes	60,000,000	Variable	06/22 – 12/24	59,149,970
Government money market funds	110,306,348	N/A	N/A	110,306,348

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

**Statement of fiduciary net position**

Assets	\$ 295,735,901
Net position	<u>\$ 295,735,901</u>

Net position held for:

Internal participants	\$ 83,463,551
External participants	<u>212,272,350</u>
Total net position	<u>\$ 295,735,901</u>

**Statement of changes in fiduciary net position**

Total additions	\$ 381,754,133
Total deductions	<u>331,940,716</u>
Net increase	49,813,417
Net position:	
July 1, 2020	<u>245,922,484</u>
June 30, 2021	<u>\$ 295,735,901</u>

Navajo County  
Notes to Financial Statements  
June 30, 2021

Note 13 - Change in accounting principle

Net position as of July 1, 2020 has been restated as follows for the implementation of GASB Statement No. 84, *Fiduciary Activities*.

	Investment Trust Funds	Private-Purpose Trust Fund	Custodial Funds	
			External Investment Pool	Other
Net Position as previously reported at June 30, 2020	\$ 196,948,808			
Prior period adjustment - implementation of GASB 84:				
Reclassification of investment pools	(196,948,808)		\$ 196,948,808	
Reclassification of agency fund activities		\$ 1,367,303		\$ 1,688,736
Net position as restated, July 1, 2020	<u>\$ -</u>	<u>\$ 1,367,303</u>	<u>\$ 196,948,808</u>	<u>\$ 1,688,736</u>

Note 14 - Subsequent event

On October 26, 2021, the County issued Pledged Revenue Obligations, Taxable Series 2021 for \$16,560,000 with interest rates ranging from 0.357% to 3.041% and maturing from July 1, 2022 to July 1, 2038. The proceeds will be used to fund the County's unfunded pension liabilities associated with Tier 1 and Tier 2 participants in the PSPRS Sheriff and CORP-Detention plans (as described in Note 10) and to pay any related issuance costs incurred. As part of the financing analysis, the County expects the debt financing of the pension liabilities to reduce ongoing annual debt payments, create a more level annual payment structure that provides greater budget stability, and increase the pension funding ratios to or near 100% for these two plans.

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# Required Supplementary Information



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Navajo County  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 8,433,343	\$ 8,459,190	\$ 25,847
County sales taxes	5,352,000	8,292,941	2,940,941
Licenses and permits	542,983	812,537	269,554
Fines and forfeits	492,500	584,961	92,461
Intergovernmental	17,028,931	23,426,662	6,397,731
Charges for services	10,509,348	4,265,658	(6,243,690)
Investment earnings	200,300	335,681	135,381
Miscellaneous	432,350	908,424	476,074
Total revenues	<u>42,991,755</u>	<u>47,086,054</u>	<u>4,094,299</u>
Expenditures:			
General government:			
Board of Supervisors/Administration	2,921,426	2,334,228	587,198
Facilities Management	1,987,083	1,729,535	257,548
Elections	757,784	574,993	182,791
Contracts	1,239,100	1,436,287	(197,187)
State Cost Shifts	168,000	119,440	48,560
Planning and Zoning	678,238	576,182	102,056
Recorder	353,919	284,411	69,508
Voter Registration	219,692	200,504	19,188
Assessor	1,631,321	1,360,720	270,601
Information Technology	999,831	884,958	114,873
Treasurer	559,375	563,998	(4,623)
Personnel Commission	15,850	-	15,850
Fleet Management	50,000	-	50,000
County-wide	17,318,796	3,267,714	14,051,082
County Attorney	2,997,264	2,826,796	170,468
Superior Court	1,741,670	1,641,259	100,411
Public Defender	916,928	833,836	83,092
Clerk of Court	1,497,261	1,337,338	159,923
Holbrook Justice Court	428,508	391,336	37,172
Winslow Justice Court	423,370	399,882	23,488
Snowflake Justice Court	422,851	393,223	29,628
Show Low Justice Court	365,073	358,009	7,064

(Continued)

See accompanying note to budgetary comparison schedules.

Navajo County  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2021  
(Continued)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Pinetop Justice Court	\$ 394,154	\$ 380,060	\$ 14,094
Kayenta Justice Court	149,066	142,534	6,532
Total general government	<u>38,236,560</u>	<u>22,037,243</u>	<u>16,199,317</u>
Public safety			
Kayenta Constable	40,239	31,505	8,734
Pinetop Constable	79,600	76,254	3,346
Snowflake Constable	68,702	65,504	3,198
Holbrook Constable	62,541	60,405	2,136
Winslow Constable	67,602	64,321	3,281
Show Low Constable	79,590	77,528	2,062
Juvenile Dentention	896,539	396,093	500,446
Probation	1,059,081	946,215	112,866
Jail Operations	648,520	543,890	104,630
Sheriff	7,850,067	4,535,622	3,314,445
Total public safety	<u>10,852,481</u>	<u>6,797,337</u>	<u>4,055,144</u>
Health and welfare			
Public Fiduciary	512,903	456,061	56,842
Indigent Health	3,087,050	3,130,868	(43,818)
Total health and welfare	<u>3,599,953</u>	<u>3,586,929</u>	<u>13,024</u>
Education			
School Superintendent	<u>317,952</u>	<u>296,079</u>	<u>21,873</u>
Capital outlay	3,689,736	1,338,154	2,351,582
Contingency	<u>10,557,290</u>	<u>-</u>	<u>10,557,290</u>
Total expenditures	<u>67,253,972</u>	<u>34,055,742</u>	<u>33,198,230</u>

(Continued)

See accompanying note to budgetary comparison schedules.

Navajo County  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2021  
(Continued)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Excess (deficiency) of revenues over expenditures	\$ (24,262,217)	\$ 13,030,312	\$ 37,292,529
Other financing sources (uses):			
Sale of capital assets	-	14,689	14,689
Transfers in	7,638,316	4,407,548	(3,230,768)
Transfers out	(2,870,431)	(3,802,179)	(931,748)
Total other financing sources (uses)	4,767,885	620,058	(4,147,827)
Net change in fund balances	(19,494,332)	13,650,370	33,144,702
Fund balances, July 1, 2020	-	28,054,363	28,054,363
Fund balances, June 30, 2021	\$ (19,494,332)	\$ 41,704,733	\$ 61,199,065

See accompanying note to budgetary comparison schedules.

Navajo County  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Public Works/HURF Fund  
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Intergovernmental	\$ 13,335,754	\$ 14,525,824	\$ 1,190,070
Charges for services	-	6,216	6,216
Investment earnings	211,938	146,361	(65,577)
Miscellaneous	145,593	76,373	(69,220)
Total revenues	<u>13,693,285</u>	<u>14,754,774</u>	<u>1,061,489</u>
<b>Expenditures:</b>			
Highways and streets	11,962,445	9,247,971	2,714,474
Capital Outlay	9,752,230	1,945,675	7,806,555
Total expenditures	<u>21,714,675</u>	<u>11,193,646</u>	<u>10,521,029</u>
Excess (deficiency) of revenues over expenditures	<u>(8,021,390)</u>	<u>3,561,128</u>	<u>11,582,518</u>
<b>Other financing sources (uses):</b>			
Transfers out	(1,774,392)	(2,655,895)	(881,503)
Total other financing sources (uses)	<u>(1,774,392)</u>	<u>(2,655,895)</u>	<u>(881,503)</u>
Net change in fund balances	(9,795,782)	905,233	10,701,015
Fund balances, July 1, 2020	-	10,307,580	10,307,580
Decrease in reserve for inventories	-	(271,471)	(271,471)
Fund balances, June 30, 2021	<u>\$ (9,795,782)</u>	<u>\$ 10,941,342</u>	<u>\$ 20,737,124</u>

See accompanying note to budgetary comparison schedules.

Navajo County  
Required Supplementary Information  
Budgetary Comparison Schedule  
Jail District Fund  
Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
County sales taxes	\$ 3,372,420	\$ 5,415,411	\$ 2,042,991
Intergovernmental	10,000	-	(10,000)
Charges for services	60,000	73,164	13,164
Investment earnings	35,000	27,005	(7,995)
Miscellaneous	100,000	17,271	(82,729)
Total revenues	<u>3,577,420</u>	<u>5,532,851</u>	<u>1,955,431</u>
<b>Expenditures:</b>			
Jail Operations	8,675,310	4,435,865	4,239,445
Capital Outlay	105,000	148,002	(43,002)
Total expenditures	<u>8,780,310</u>	<u>4,583,867</u>	<u>4,196,443</u>
Excess (deficiency) of revenues over expenditures	<u>(5,202,890)</u>	<u>948,984</u>	<u>6,151,874</u>
<b>Other financing sources (uses):</b>			
Transfers in	3,202,890	1,192,497	(2,010,393)
Transfers out	-	(306,389)	(306,389)
Total other financing sources (uses)	<u>3,202,890</u>	<u>886,108</u>	<u>(2,316,782)</u>
Net change in fund balances	(2,000,000)	1,835,092	3,835,092
Fund balances, July 1, 2020	-	2,944,420	2,944,420
Decrease in reserve for inventories	-	-	-
Fund balances, June 30, 2021	<u>\$ (2,000,000)</u>	<u>\$ 4,779,512</u>	<u>\$ 6,779,512</u>

See accompanying note to budgetary comparison schedules.

Navajo County  
 Required Supplementary Information  
 Notes to Budgetary Comparison Schedules  
 June 30, 2021

**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.

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. The County did not budget for the American Rescue Plan Act Fund because 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. For the fiscal year ended June 30, 2021, the Board of Supervisors elected to not appropriate transfers from the contingency account at the department level.

**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:

	<b>General Fund</b>	<b>Public Works/ HURF Fund</b>
Excess/(deficiency) of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 15,023,996	\$ 2,293,491
Indirect costs budgeted in transfers in/(out)	<u>(1,993,684)</u>	<u>1,267,637</u>
Excess of revenues over expenditures from the Budgetary comparison schedules	<u>\$ 13,030,312</u>	<u>\$ 3,561,128</u>

Navajo County  
 Required Supplementary Information  
 Notes to Budgetary Comparison Schedules  
 June 30, 2021

Note 3 - Expenditures in Excess of Appropriations

For the year ended June 30, 2021, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

Fund/Department	Excess
General Fund	
Contracts	\$ 197,187
Treasurer	4,623
Indigent Health	43,818

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, Treasurer's Office and Indigent Health Department. 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's Office. 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 Treasurer's Office received a substantial invoice during the fiscal year (2021) that was budgeted in the previous fiscal year (2020). The invoice did not meet the eligibility requirements for accrual and is typically received annually. This resulted in two payments being processed and paid during the fiscal year causing the excess over the approved budget. The Indigent Health Department accounts for the County's portion of costs associated with both the Arizona Long-Term Care System (ALTCS) and the Arizona Health Care Cost Containment System (AHCCCS). During the fiscal year, the County experienced higher than projected costs associated with these systems.

Navajo County  
Required Supplementary Information  
Schedule of the County's Proportionate Share of the Net Pension Liability  
Cost-Sharing Pension Plans  
June 30, 2021

**Arizona State Retirement System**

	Reporting Fiscal Year (Measurement Date)							2014 through 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
County's proportion of the net pension liability	0.17%	0.17%	0.19%	0.20%	0.21%	0.21%	0.21%	Information not available
County's proportionate share of the net pension liability	\$ 29,702,865	\$ 25,433,978	\$ 26,385,347	\$ 31,575,151	\$ 33,707,260	\$ 32,861,924	\$ 30,957,928	
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 proportionate share of the net pension liability as a percentage of its covered payroll	158.56%	138.35%	141.44%	156.86%	173.49%	169.39%	164.85%	
Plan fiduciary net position as a percentage of the total pension liability	69.33%	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							2014 through 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
County's proportion of the net pension liability	1.14%	1.11%	1.17%	1.62%	1.74%	1.69%	1.74%	Information not available
County's proportionate share of the net pension liability	\$ 5,456,853	\$ 4,673,477	\$ 4,207,648	\$ 6,507,694	\$ 4,896,487	\$ 4,108,278	\$ 3,902,859	
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 proportionate share of the net pension liability as a percentage of its covered payroll	397.75%	349.90%	305.21%	335.20%	258.91%	218.58%	210.51%	
Plan fiduciary net position as a percentage of the total pension liability	50.07%	51.99%	53.72%	49.21%	54.81%	57.89%	58.59%	

See accompanying notes to pension plan schedules.

Navajo County  
Required Supplementary Information  
Schedule of the County's Proportionate Share of the Net Pension Liability  
Cost-Sharing Pension Plans  
June 30, 2021

**Elected Officials Retirement Plan**

	Reporting Fiscal Year (Measurement Date)							2014 through 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
County's proportion of the net pension liability	2.20%	2.19%	2.01%	1.87%	1.87%	1.82%	1.84%	Information not available
County's proportionate share of the net pension liability	\$ 14,873,919	\$ 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	1,413,648	1,365,355	2,172,763	4,726,116	3,647,430	4,435,153	3,773,504	
<b>Total</b>	<b>\$ 16,287,567</b>	<b>\$ 15,892,004</b>	<b>\$ 14,853,506</b>	<b>\$ 27,497,637</b>	<b>\$ 21,312,750</b>	<b>\$ 18,661,404</b>	<b>\$ 16,080,710</b>	
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 proportionate share of the net pension liability as a percentage of its covered payroll	848.00%	826.51%	688.98%	1365.08%	1152.95%	917.01%	722.11%	
Plan fiduciary net position as a percentage of the total pension liability	29.80%	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, 2021

**PSPRS Sheriff**

	Reporting Fiscal Year (Measurement Date)							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability								
Service cost	\$ 374,653	\$ 426,220	\$ 383,988	\$ 499,570	\$ 468,580	\$ 397,350	\$ 426,843	Information not available
Interest on the total pension liability	1,426,339	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	(234,756)	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	(1,289,493)	(1,427,957)	(1,211,042)	(1,170,410)	(1,161,727)	(1,109,711)	(1,167,336)	
Net change in total pension liability	276,743	1,522,219	442,862	706,656	(117,122)	219,746	2,742,791	
Total pension liability—beginning	19,808,982	18,286,763	17,843,901	17,137,245	17,254,367	17,034,621	14,291,830	
Total pension liability—ending (a)	<u>\$ 20,085,725</u>	<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	\$ 1,347,673	\$ 1,203,208	\$ 785,359	\$ 1,047,332	\$ 1,205,254	\$ 790,385	\$ 691,037	
Contributions—employee	153,158	198,531	215,008	262,773	295,080	261,993	233,105	
Net investment income	82,461	326,870	381,885	633,913	31,020	191,904	675,189	
Benefit payments, including refunds of employee contributions	(1,289,493)	(1,427,957)	(1,211,042)	(1,170,410)	(1,161,727)	(1,109,711)	(1,167,336)	
Administrative expense	(6,722)	(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	287,077	281,293	100,148	442,630	149,206	15,303	417,935	
Plan fiduciary net position—beginning	6,313,323	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>\$ 6,600,400</u>	<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>\$ 13,485,325</u>	<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	32.86%	31.87%	32.99%	33.24%	32.03%	30.95%	31.26%	
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 net pension liability as a percentage of covered payroll	525.69%	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, 2021

**PSPRS Attorney Investigators**

	Reporting Fiscal Year (Measurement Date)								
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)		2014 through 2012
Total pension liability									
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Information not available
Interest on the total pension liability	41,397	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	1,435	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	(37,587)	(36,849)	(38,355)	(35,451)	(35,451)	(35,451)	(34,741)		
Net change in total pension liability	5,245	14,980	6,584	30,943	(57,109)	(380,769)	561,461		
Total pension liability—beginning	585,873	570,893	564,309	533,366	590,475	971,244	409,783		
Total pension liability—ending (a)	<u>\$ 591,118</u>	<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									
Net investment income	1,650	6,765	6,364	8,673	390	744	6,765		
Benefit payments, including refunds of employee contributions	(37,587)	(36,849)	(38,355)	(35,451)	(35,451)	(35,451)	(34,741)		
Administrative expense	(135)	(1,118)	(797)	(477)	(456)	(308)	(54)		
Other changes	-	-	1	1	(1)	(37)	-		
Net change in plan fiduciary net position	(36,072)	44,757	39,241	11,467	29,938	(14,871)	(28,030)		
Plan fiduciary net position—beginning	107,945	101,909	62,668	51,201	21,263	36,134	64,164		
Plan fiduciary net position—ending (b)	<u>\$ 71,873</u>	<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>\$ 519,245</u>	<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	12.16%	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%	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, 2021

**CORP**

	Reporting Fiscal Year (Measurement Date)							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability								
Service cost	\$ 196,443	\$ 250,314	\$ 288,583	\$ 243,603	\$ 226,516	\$ 229,853	\$ 262,381	Information not available
Interest on the total pension liability	400,261	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	144,499	(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	(325,831)	(432,464)	(369,299)	(318,158)	(290,765)	(445,789)	(275,163)	
Net change in total pension liability	415,372	338,403	(173,191)	957,821	380,781	(7,923)	146,855	
Total pension liability—beginning	5,449,504	5,111,101	5,284,292	4,326,471	3,945,690	3,953,613	3,806,758	
Total pension liability—ending (a)	\$ 5,864,876	\$ 5,449,504	\$ 5,111,101	\$ 5,284,292	\$ 4,326,471	\$ 3,945,690	\$ 3,953,613	
Plan fiduciary net position								
Contributions—employer	\$ 134,522	\$ 174,388	\$ 147,102	\$ 139,477	\$ 137,367	\$ 123,062	\$ 142,344	
Contributions—employee	84,963	112,339	134,290	139,124	130,513	137,233	141,818	
Net investment income	111,991	208,336	253,700	392,801	19,994	120,952	417,329	
Benefit payments, including refunds of employee contributions	(325,831)	(432,464)	(369,299)	(318,158)	(290,765)	(445,789)	(275,163)	
Administrative expense	(4,334)	(4,418)	(4,538)	(3,836)	(3,227)	(3,354)	(3,281)	
Other changes	(18,201)	(13,107)	12,725	62,915	(10,869)	9,359	(82,179)	
Net change in plan fiduciary net position	(16,890)	45,074	173,980	412,323	(16,987)	(58,537)	340,868	
Plan fiduciary net position—beginning	3,917,808	3,872,734	3,698,754	3,286,431	3,303,418	3,361,955	3,021,087	
Plan fiduciary net position—ending (b)	\$ 3,900,918	\$ 3,917,808	\$ 3,872,734	\$ 3,698,754	\$ 3,286,431	\$ 3,303,418	\$ 3,361,955	
County's net pension liability—ending (a)-(b)	\$ 1,963,958	\$ 1,531,696	\$ 1,238,367	\$ 1,585,538	\$ 1,040,040	\$ 642,272	\$ 591,658	
Plan fiduciary net position as a percentage of the total pension liability	66.51%	71.89%	75.77%	70.00%	75.96%	83.72%	85.04%	
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 net pension liability as a percentage of covered payroll	133.67%	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, 2021**

	Reporting Fiscal Year								2013 through 2012
	2021	2020	2019	2018	2017	2016	2015	2014	
<b>Arizona State Retirement System</b>									
Statutorily required contribution	\$ 2,264,136	\$ 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	2,264,136	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	\$ 19,434,644	\$ 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	11.65%	11.41%	11.16%	10.87%	10.79%	10.96%	10.82%	10.70%	
<b>Corrections Officer Retirement Plan—Administrative Office of the Courts</b>									
	Reporting Fiscal Year								
	2021	2020	2019	2018	2017	2016	2015	2014	2013 through 2012
Statutorily required contribution	\$ 488,203	\$ 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	488,203	414,800	417,492	294,854	379,356	367,198	279,677	267,905	
County's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
County's covered payroll	\$ 1,453,850	\$ 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	33.58%	30.24%	31.26%	21.39%	19.54%	19.42%	14.88%	14.45%	
<b>Elected Officials Retirement Plan</b>									
	Reporting Fiscal Year								
	2021	2020	2019	2018	2017	2016	2015	2014	2013 through 2012
Statutorily required contribution	\$ 1,020,900	\$ 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	1,020,900	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	\$ 1,661,892	\$ 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	61.43%	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, 2021**

**PSPRS Sheriff**

	Reporting Fiscal Year								2013 through 2012
	2021	2020	2019	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ 1,517,162	\$ 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	1,517,162	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	\$ 2,848,062	\$ 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	53.27%	53.37%	46.69%	32.50%	44.08%	49.27%	33.18%	30.86%	

**PSPRS Attorney Investigators**

	Reporting Fiscal Year								2013 through 2012
	2021	2020	2019	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ 37,286	\$ 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	37,286	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%	0.00%	

**CORP**

	Reporting Fiscal Year								2013 through 2012
	2021	2020	2019	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ 270,796	\$ 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	270,796	134,564	182,970	151,162	144,735	138,748	123,060	146,738	
County's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
County's covered payroll	\$ 1,628,357	\$ 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	16.63%	9.16%	11.94%	10.02%	8.67%	8.82%	7.54%	8.50%	

See accompanying notes to pension plan schedules.

Navajo County  
 Required Supplementary Information  
 Notes to Pension Plan Schedules  
 June 30, 2021

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 2019 actuarial valuation	18 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, 2021

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.

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# Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds



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Navajo County  
Nonmajor Governmental Funds  
June 30, 2021

**Special Revenue Funds**

<b>Administration</b>	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.
<b>County Attorney</b>	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.
<b>Courts</b>	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.
<b>Environmental and Conservation</b>	Accounts for forest health and energy conservation programs. Funding is provided by federal grants.
<b>Flood Control District</b>	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.
<b>Housing</b>	Accounts for housing and community development programs. Funding is provided by federal Community Development Block Grants.
<b>Library District</b>	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.
<b>Probation</b>	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.
<b>Public Defense</b>	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.
<b>Public Health</b>	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.
<b>Recreation District</b>	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, 2021**

**Sheriff's Office**

Accounts for various jail and law enforcement programs including Jail Enhancement, Drug Enforcement, Anti-Racketerring, 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.

**CARES Act Fund**

Accounts for public health and public safety personnel expenditures due to the Coronavirus (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).

**Debt Service Funds**

**General Government**

Accounts for the accumulation of resources for payment of principal and interest on the 2021 Series Pledged Revenue Refunding Obligations.

**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, 2021

	Special Revenue			
	Administration	County Attorney	Courts	Environmental and Conservation
<b>Assets</b>				
Cash and investments	\$ 241,830	\$ 2,466,602	\$ 1,743,361	\$ 773,107
Cash and investments held by trustee				
Receivables (net of allowance for uncollectibles):				
Property taxes				
Accounts receivable		1,245	10	
Special assessments				
Due from:				
Other funds		349	47,122	
Other governments	133,196	120,163	7,604	
Prepaid items				
Total assets	\$ 375,026	\$ 2,588,359	\$ 1,798,097	\$ 773,107
<b>Liabilities</b>				
Accounts payable	\$ 131,312	\$ 11,725		\$ 758
Accrued payroll and employee benefits	41,053	28,595	\$ 11,618	5,608
Due to:				
Other funds		1,641		
Other governments	1,350	4,137	8,035	61
Pledged revenue obligations payable				
Interest payable				
Total liabilities	173,715	46,098	19,653	6,427
<b>Deferred Inflows of Resources</b>				
Unavailable revenue-property taxes				
Unavailable revenues-special assessments				
Unavailable revenues-intergovernmental	132,564		421	
Total deferred inflows of resources	132,564		421	
<b>Fund balances</b>				
Nonspendable				
Restricted	944,817	2,780,040	1,742,463	766,680
Assigned			46,211	
Unassigned (Deficit)	(876,070)	(237,779)	(10,651)	
Total fund balances	68,747	2,542,261	1,778,023	766,680
Total liabilities, deferred inflows of resources and fund balances	\$ 375,026	\$ 2,588,359	\$ 1,798,097	\$ 773,107

(continued)

Navajo County  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021

Special Revenue

	Flood Control District	Housing	Library District	Probation
<b>Assets</b>				
Cash and investments	\$ 7,348,971		\$ 89,750	\$ 747,521
Cash and investments held by trustee				
Receivables (net of allowance for uncollectibles):				
Property taxes	63,145		27,682	
Accounts receivable				
Special assessments				
Due from:				
Other funds				
Other governments				
Prepaid items				
Total assets	<u>\$ 7,412,116</u>	<u>\$ -</u>	<u>\$ 117,432</u>	<u>\$ 747,521</u>
<b>Liabilities</b>				
Accounts payable	\$ 8,397		\$ 291	\$ 11,989
Accrued payroll and employee benefits	1,907		9,819	23,742
Due to:				
Other funds	5,826		15,080	552
Other governments	284		96	138,502
Pledged revenue obligations payable				
Interest payable				
Total liabilities	<u>16,414</u>	<u>-</u>	<u>25,286</u>	<u>174,785</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue-property taxes	48,485		11,953	
Unavailable revenues-special assessments				
Unavailable revenues-intergovernmental				
Total deferred inflows of resources	<u>48,485</u>	<u>-</u>	<u>11,953</u>	<u>-</u>
<b>Fund balances</b>				
Nonspendable				
Restricted	7,347,217		80,922	573,077
Assigned				
Unassigned (Deficit)			(729)	(341)
Total fund balances	<u>7,347,217</u>	<u>-</u>	<u>80,193</u>	<u>572,736</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,412,116</u>	<u>\$ -</u>	<u>\$ 117,432</u>	<u>\$ 747,521</u>

(continued)

Navajo County  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021

	Special Revenue			
	Public Defense	Public Health	Recreation District	Sheriff's Office
<b>Assets</b>				
Cash and investments	\$ 259,256	\$ 1,649,346	\$ 195,008	\$ 640,662
Cash and investments held by trustee				
Receivables (net of allowance for uncollectibles):				
Property taxes		70,185		
Accounts receivable		77,700		
Special assessments			16,281	
Due from:				
Other funds				1,761
Other governments	3,745	618,194	180	121,866
Prepaid items				
Total assets	<u>\$ 263,001</u>	<u>\$ 2,415,425</u>	<u>\$ 211,469</u>	<u>\$ 764,289</u>
<b>Liabilities</b>				
Accounts payable	\$ 2,651	\$ 10,259	\$ 309	\$ 3,374
Accrued payroll and employee benefits		78,460		9,992
Due to:				
Other funds		55,611		682
Other governments	12	10,646		22,891
Pledged revenue obligations payable				
Interest payable				
Total liabilities	<u>2,663</u>	<u>154,976</u>	<u>309</u>	<u>36,939</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue-property taxes		30,849		
Unavailable revenues-special assessments			11,727	
Unavailable revenues-intergovernmental		591,388		1,688
Total deferred inflows of resources		<u>622,237</u>	<u>11,727</u>	<u>1,688</u>
<b>Fund balances</b>				
Nonspendable				
Restricted	260,338	2,871,794	199,433	730,394
Assigned				
Unassigned (Deficit)		(1,233,582)		(4,732)
Total fund balances	<u>260,338</u>	<u>1,638,212</u>	<u>199,433</u>	<u>725,662</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 263,001</u>	<u>\$ 2,415,425</u>	<u>\$ 211,469</u>	<u>\$ 764,289</u>

(continued)

Navajo County  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021

	Special Revenue			
	Special Districts	Superintendent of Schools	Workforce Innovation & Opportunity Act	CARES Act Fund
<b>Assets</b>				
Cash and investments	\$ 741,144	\$ 1,263,943	\$ 1,301	
Cash and investments held by trustee				
Receivables (net of allowance for uncollectibles):				
Property taxes				
Accounts receivable		10,091		
Special assessments	4,067			
Due from:				
Other funds				
Other governments			460,557	
Prepaid items			6,986	
Total assets	<u>\$ 745,211</u>	<u>\$ 1,274,034</u>	<u>\$ 468,844</u>	<u>\$ -</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,390		\$ 20,574	
Accrued payroll and employee benefits		\$ 1,060	16,112	
Due to:				
Other funds			367,875	
Other governments			130,353	
Pledged revenue obligations payable				
Interest payable				
Total liabilities	<u>1,390</u>	<u>1,060</u>	<u>534,914</u>	
<b>Deferred Inflows of Resources</b>				
Unavailable revenue-property taxes				
Unavailable revenues-special assessments	3,686			
Unavailable revenues-intergovernmental			188,524	
Total deferred inflows of resources	<u>3,686</u>		<u>188,524</u>	
<b>Fund balances</b>				
Nonspendable			6,986	
Restricted	740,135	1,200,510	53,640	
Assigned		72,464		
Unassigned (Deficit)			(315,220)	
Total fund balances	<u>740,135</u>	<u>1,272,974</u>	<u>(254,594)</u>	
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 745,211</u>	<u>\$ 1,274,034</u>	<u>\$ 468,844</u>	<u>\$ -</u>

(continued)

Navajo County  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021

	Debt Service		Total Nonmajor Governmental Funds
	General Government	Special Districts	
<b>Assets</b>			
Cash and investments	\$ 891,513	\$ 118,480	\$ 19,171,795
Cash and investments held by trustee	1,360,720		1,360,720
Receivables (net of allowance for uncollectibles):			
Property taxes			161,012
Accounts receivable			89,046
Special assessments		17	20,365
Due from:			
Other funds			49,232
Other governments			1,465,505
Prepaid items			6,986
Total assets	\$ 2,252,233	\$ 118,497	\$ 22,324,661
<b>Liabilities</b>			
Accounts payable			\$ 203,029
Accrued payroll and employee benefits			227,966
Due to:			
Other funds			447,267
Other governments			316,367
Pledged revenue obligations payable	\$ 1,250,000		1,250,000
Interest payable	110,720		110,720
Total liabilities	1,360,720		2,555,349
<b>Deferred Inflows of Resources</b>			
Unavailable revenue-property taxes			91,287
Unavailable revenues-special assessments		\$ 17	15,430
Unavailable revenues-intergovernmental			914,585
Total deferred inflows of resources		17	1,021,302
<b>Fund balances</b>			
Nonspendable			6,986
Restricted	891,513	118,480	21,301,453
Assigned			118,675
Unassigned (Deficit)			(2,679,104)
Total fund balances	891,513	118,480	18,748,010
Total liabilities, deferred inflows of resources and fund balances	\$ 2,252,233	\$ 118,497	\$ 22,324,661

Navajo County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2021

	Special Revenue			
	Administration	County Attorney	Courts	Environmental and Conservation
Revenues:				
Property taxes				
Special assessments				
Licenses and permits				
Fines and forfeits		\$ 379,910	\$ 43,170	
Intergovernmental	\$ 621,218	962,303	610,459	\$ 285,000
Charges for services	182,081	101,954	588,886	
Investment earnings	12,257	18,138	18,232	8,795
Contributions	614,420			
Miscellaneous	45	144,803	53,063	
Total revenues	<u>1,430,021</u>	<u>1,607,108</u>	<u>1,313,810</u>	<u>293,795</u>
Expenditures:				
Current:				
General government	913,215	1,298,116	840,629	
Public Safety	231,580	55,735	221,652	
Highways and streets				
Health and welfare	977,234			
Culture and recreation				
Education and economic opportunity	2,143			
Environmental and conservation	59,301			252,451
Urban redevelopment and housing				
Debt Service:				
Principal				
Interest and other charges				
Cost of issuance				
Capital Outlay	87,550		5,884	
Total expenditures	<u>2,271,023</u>	<u>1,353,851</u>	<u>1,068,165</u>	<u>252,451</u>
Excess (deficiency) of revenues over expenditures	<u>(841,002)</u>	<u>253,257</u>	<u>245,645</u>	<u>41,344</u>
Other financing sources (uses):				
Bond proceeds				
Premium on refunding bonds				
Payment to bond refunding escrow agent				
Transfers in		229,073	230,027	
Transfers out	(76,205)	(19,491)	(127,374)	(1,691)
Total other financing sources (uses)	<u>(76,205)</u>	<u>209,582</u>	<u>102,653</u>	<u>(1,691)</u>
Net change in fund balances	(917,207)	462,839	348,298	39,653
Fund balances, July 1, 2020	<u>985,954</u>	<u>2,079,422</u>	<u>1,429,725</u>	<u>727,027</u>
Fund balances, June 30, 2021	<u>\$ 68,747</u>	<u>\$ 2,542,261</u>	<u>\$ 1,778,023</u>	<u>\$ 766,680</u>

(continued)

Navajo County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2021

	Special Revenue			
	Flood Control District	Housing	Library District	Probation
Revenues:				
Property taxes	\$ 1,923,245		\$ 854,550	
Special assessments				
Licenses and permits				
Fines and forfeits				
Intergovernmental		\$ 471,100	64,316	\$ 1,892,082
Charges for services				347,077
Investment earnings	91,628		1,629	7,785
Contributions				
Miscellaneous	13,287		197	5,714
Total revenues	<u>2,028,160</u>	<u>471,100</u>	<u>920,692</u>	<u>2,252,658</u>
Expenditures:				
Current:				
General government				
Public Safety				2,167,038
Highways and streets				
Health and welfare				
Culture and recreation			637,263	
Education and economic opportunity				
Environmental and conservation	756,288			
Urban redevelopment and housing		471,100		
Debt Service:				
Principal				
Interest and other charges				
Cost of issuance				
Capital Outlay	32,559		27,457	
Total expenditures	<u>788,847</u>	<u>471,100</u>	<u>664,720</u>	<u>2,167,038</u>
Excess (deficiency) of revenues over expenditures	<u>1,239,313</u>		<u>255,972</u>	<u>85,620</u>
Other financing sources (uses):				
Bond proceeds				
Premium on refunding bonds				
Payment to bond refunding escrow agent				
Transfers in				6,758
Transfers out	(637,873)		(219,530)	(46,388)
Total other financing sources (uses)	<u>(637,873)</u>		<u>(219,530)</u>	<u>(39,630)</u>
Net change in fund balances	601,440		36,442	45,990
Fund balances, July 1, 2020	<u>6,745,777</u>		<u>43,751</u>	<u>526,746</u>
Fund balances, June 30, 2021	<u>\$ 7,347,217</u>	<u>\$ -</u>	<u>\$ 80,193</u>	<u>\$ 572,736</u>

(continued)

Navajo County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2021

	Special Revenue			
	Public Defense	Public Health	Recreation District	Sheriff's Office
Revenues:				
Property taxes		\$ 2,138,987		
Special assessments			\$ 191,302	
Licenses and permits		197,095		
Fines and forfeits				\$ 357,140
Intergovernmental	\$ 11,108	1,523,646		1,000,293
Charges for services		34,378		28,133
Investment earnings	3,208	8,361	1,866	6,819
Contributions		14,980		
Miscellaneous		184,021	28,358	50,549
Total revenues	<u>14,316</u>	<u>4,101,468</u>	<u>221,526</u>	<u>1,442,934</u>
Expenditures:				
Current:				
General government	104,571			
Public Safety				1,047,131
Highways and streets				
Health and welfare		4,050,104		
Culture and recreation			169,877	
Education and economic opportunity				
Environmental and conservation				
Urban redevelopment and housing				
Debt Service:				
Principal	1,258	11,182		20,473
Interest and other charges	211	934		1,591
Cost of issuance				
Capital Outlay		75,166		89,114
Total expenditures	<u>106,040</u>	<u>4,137,386</u>	<u>169,877</u>	<u>1,158,309</u>
Excess (deficiency) of revenues over expenditures	<u>(91,724)</u>	<u>(35,918)</u>	<u>51,649</u>	<u>284,625</u>
Other financing sources (uses):				
Bond proceeds				
Premium on refunding bonds				
Payment to bond refunding escrow agent				
Transfers in	60,814	266,263		
Transfers out		(132,329)		(3,649)
Total other financing sources (uses)	<u>60,814</u>	<u>133,934</u>		<u>(3,649)</u>
Net change in fund balances	(30,910)	98,016	51,649	280,976
Fund balances, July 1, 2020	<u>291,248</u>	<u>1,540,196</u>	<u>147,784</u>	<u>444,686</u>
Fund balances, June 30, 2021	<u>\$ 260,338</u>	<u>\$ 1,638,212</u>	<u>\$ 199,433</u>	<u>\$ 725,662</u>

(continued)

Navajo County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2021

	Special Revenue			
	Special Districts	Superintendent of Schools	Workforce Innovation & Opportunity Act	CARES Act Fund
Revenues:				
Property taxes				
Special assessments	\$ 75,107			
Licenses and permits				
Fines and forfeits				
Intergovernmental		\$ 2,574,724	\$ 2,166,418	\$ 4,191,548
Charges for services				
Investment earnings	2,722	16,277		
Contributions				
Miscellaneous	43,535	364,571	1,301	
Total revenues	<u>121,364</u>	<u>2,955,572</u>	<u>2,167,719</u>	<u>4,191,548</u>
Expenditures:				
Current:				
General government				
Public Safety				3,412,933
Highways and streets	83,143			
Health and welfare				778,615
Culture and recreation				
Education and economic opportunity		3,510,852	2,133,729	
Environmental and conservation				
Urban redevelopment and housing				
Debt Service:				
Principal				
Interest and other charges				
Cost of issuance				
Capital Outlay			35,463	
Total expenditures	<u>83,143</u>	<u>3,510,852</u>	<u>2,169,192</u>	<u>4,191,548</u>
Excess (deficiency) of revenues over expenditures	<u>38,221</u>	<u>(555,280)</u>	<u>(1,473)</u>	
Other financing sources (uses):				
Bond proceeds				
Premium on refunding bonds				
Payment to bond refunding escrow agent				
Transfers in				
Transfers out			(42,800)	
Total other financing sources (uses)			<u>(42,800)</u>	
Net change in fund balances	38,221	(555,280)	(44,273)	
Fund balances, July 1, 2020	<u>701,914</u>	<u>1,828,254</u>	<u>(210,321)</u>	
Fund balances, June 30, 2021	<u>\$ 740,135</u>	<u>\$ 1,272,974</u>	<u>\$ (254,594)</u>	<u>\$ -</u>

(continued)

Navajo County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2021

	Debt Service		Total Nonmajor Governmental Funds
	General Government	Special Districts	
Revenues:			
Property taxes			\$ 4,916,782
Special assessments			266,409
Licenses and permits			197,095
Fines and forfeits			780,220
Intergovernmental			16,374,215
Charges for services			1,282,509
Investment earnings	\$ 6,542	\$ 1,560	205,819
Contributions			629,400
Miscellaneous			889,444
Total revenues	6,542	1,560	25,541,893
Expenditures:			
Current:			
General government			3,156,531
Public Safety			7,136,069
Highways and streets			83,143
Health and welfare			5,805,953
Culture and recreation			807,140
Education and economic opportunity			5,646,724
Environmental and conservation			1,068,040
Urban redevelopment and housing			471,100
Debt Service:			
Principal	1,250,000		1,282,913
Interest and other charges	355,154		357,890
Cost of issuance	230,601		230,601
Capital Outlay			353,193
Total expenditures	1,835,755		26,399,297
Excess (deficiency) of revenues over expenditures	(1,829,213)	1,560	(857,404)
Other financing sources (uses):			
Bond proceeds	9,535,000		9,535,000
Premium on refunding bonds	1,575,866		1,575,866
Payment to bond refunding escrow agent	(10,795,000)		(10,795,000)
Transfers in	2,956,060		3,748,995
Transfers out	(551,200)		(1,858,530)
Total other financing sources (uses)	2,720,726		2,206,331
Net change in fund balances	891,513	1,560	1,348,927
Fund balances, July 1, 2020		116,920	17,399,083
Fund balances, June 30, 2021	\$ 891,513	\$ 118,480	\$ 18,748,010

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Administration  
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 3,118,622	\$ 621,218	\$ (2,497,404)
Charges for services	159,000	182,081	23,081
Investment earnings	6,250	12,257	6,007
Contributions	-	614,420	614,420
Miscellaneous	1,000,000	45	(999,955)
Total revenues	<u>4,283,872</u>	<u>1,430,021</u>	<u>(2,853,851)</u>
Expenditures:			
General government	4,716,429	913,215	3,803,214
Public safety	11,000	231,580	(220,580)
Health and welfare	-	977,234	(977,234)
Education and economic opportunity	-	2,143	(2,143)
Environmental and conservation	-	59,301	(59,301)
Capital Outlay	422,937	87,550	335,387
Total expenditures	<u>5,150,366</u>	<u>2,271,023</u>	<u>2,879,343</u>
Excess (deficiency) of revenues over expenditures	<u>(866,494)</u>	<u>(841,002)</u>	<u>25,492</u>
Other financing sources (uses):			
Transfers out	<u>(93,141)</u>	<u>(76,205)</u>	<u>16,936</u>
Total other financing sources (uses)	<u>(93,141)</u>	<u>(76,205)</u>	<u>16,936</u>
Net change in fund balances	(959,635)	(917,207)	42,428
Fund balances, July 1, 2020	-	985,954	985,954
Fund balances, June 30, 2021	<u>\$ (959,635)</u>	<u>\$ 68,747</u>	<u>\$ 1,028,382</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - County Attorney  
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	\$ 232,024	\$ 379,910	\$ 147,886
Intergovernmental	1,180,830	962,303	(218,527)
Charges for services	65,770	101,954	36,184
Investment earnings	19,202	18,138	(1,064)
Miscellaneous	210,040	144,803	(65,237)
Total revenues	<u>1,707,866</u>	<u>1,607,108</u>	<u>(100,758)</u>
Expenditures:			
General government	3,572,645	1,298,116	2,274,529
Public safety	72,342	55,735	16,607
Capital Outlay	261,165	-	261,165
Total expenditures	<u>3,906,152</u>	<u>1,353,851</u>	<u>2,552,301</u>
Excess (deficiency) of revenues over expenditures	<u>(2,198,286)</u>	<u>253,257</u>	<u>2,451,543</u>
Other financing sources (uses):			
Transfers in	291,428	229,073	(62,355)
Transfers out	(75,165)	(19,491)	55,674
Total other financing sources (uses)	<u>216,263</u>	<u>209,582</u>	<u>(6,681)</u>
Net change in fund balances	(1,982,023)	462,839	2,444,862
Fund balances, July 1, 2020	-	2,079,422	2,079,422
Fund balances, June 30, 2021	<u>\$ (1,982,023)</u>	<u>\$ 2,542,261</u>	<u>\$ 4,524,284</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Courts  
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	\$ 47,450	\$ 43,170	\$ (4,280)
Intergovernmental	826,601	610,459	(216,142)
Charges for services	514,300	588,886	74,586
Investment earnings	950	18,232	17,282
Miscellaneous	500	53,063	52,563
Total revenues	<u>1,389,801</u>	<u>1,313,810</u>	<u>(75,991)</u>
Expenditures:			
General government	2,488,775	840,629	1,648,146
Public safety	216,528	221,652	(5,124)
Capital Outlay	160,551	5,884	154,667
Total expenditures	<u>2,865,854</u>	<u>1,068,165</u>	<u>1,797,689</u>
Excess (deficiency) of revenues over expenditures	<u>(1,476,053)</u>	<u>245,645</u>	<u>1,721,698</u>
Other financing sources (uses):			
Transfers in	465,971	230,027	(235,944)
Transfers out	(341,596)	(127,374)	214,222
Total other financing sources (uses)	<u>124,375</u>	<u>102,653</u>	<u>(21,722)</u>
Net change in fund balances	(1,351,678)	348,298	1,699,976
Fund balances, July 1, 2020	-	1,429,725	1,429,725
Fund balances, June 30, 2021	<u>\$ (1,351,678)</u>	<u>\$ 1,778,023</u>	<u>\$ 3,129,701</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Environmental and Conservation  
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 286,000	\$ 285,000	\$ (1,000)
Investment earnings	9,001	8,795	(206)
Total revenues	<u>295,001</u>	<u>293,795</u>	<u>(1,206)</u>
Expenditures:			
General government	1,016,301	-	1,016,301
Environmental and conservation	-	252,451	(252,451)
Capital Outlay	5,000	-	5,000
Total expenditures	<u>1,021,301</u>	<u>252,451</u>	<u>768,850</u>
Excess (deficiency) of revenues over expenditures	<u>(726,300)</u>	<u>41,344</u>	<u>767,644</u>
Other financing sources (uses):			
Transfers out	-	(1,691)	(1,691)
Total other financing sources (uses)	<u>-</u>	<u>(1,691)</u>	<u>(1,691)</u>
Net change in fund balances	(726,300)	39,653	765,953
Fund balances, July 1, 2020	-	727,027	727,027
Fund balances, June 30, 2021	<u>\$ (726,300)</u>	<u>\$ 766,680</u>	<u>\$ 1,492,980</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Flood Control District  
 Year Ended June 30, 2021

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Property taxes	\$ 1,919,534	\$ 1,923,245	\$ 3,711
Investment earnings	80,936	91,628	10,692
Miscellaneous	-	13,287	13,287
Total revenues	<u>2,000,470</u>	<u>2,028,160</u>	<u>27,690</u>
Expenditures:			
Environmental and conservation	1,089,680	551,845	537,835
Capital Outlay	7,956,602	32,559	7,924,043
Total expenditures	<u>9,046,282</u>	<u>584,404</u>	<u>8,461,878</u>
Excess (deficiency) of revenues over expenditures	<u>(7,045,812)</u>	<u>1,443,756</u>	<u>8,489,568</u>
Other financing sources (uses):			
Transfers out	<u>(834,443)</u>	<u>(842,316)</u>	<u>(7,873)</u>
Total other financing sources (uses)	<u>(834,443)</u>	<u>(842,316)</u>	<u>(7,873)</u>
Net change in fund balances	(7,880,255)	601,440	8,481,695
Fund balances, July 1, 2020	-	6,745,777	6,745,777
Fund balances, June 30, 2021	<u>\$ (7,880,255)</u>	<u>\$ 7,347,217</u>	<u>\$ 15,227,472</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Housing  
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 308,500	\$ 471,100	\$ 162,600
Total revenues	<u>308,500</u>	<u>471,100</u>	<u>162,600</u>
Expenditures:			
General government	293,500	-	293,500
Urban redevelopment and housing	-	471,100	(471,100)
Total expenditures	<u>293,500</u>	<u>471,100</u>	<u>(177,600)</u>
Net change in fund balances	15,000	-	(15,000)
Fund balances, July 1, 2020	-	-	-
Fund balances, June 30, 2021	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ (15,000)</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Library District  
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 848,636	\$ 854,550	\$ 5,914
Intergovernmental	30,982	64,316	33,334
Investment earnings	-	1,629	1,629
Miscellaneous	28,772	197	(28,575)
Total revenues	<u>908,390</u>	<u>920,692</u>	<u>12,302</u>
Expenditures:			
Culture and recreation	416,968	436,658	(19,690)
Capital Outlay	134,429	27,457	106,972
Total expenditures	<u>551,397</u>	<u>464,115</u>	<u>87,282</u>
Excess (deficiency) of revenues over expenditures	<u>356,993</u>	<u>456,577</u>	<u>99,584</u>
Other financing sources (uses):			
Transfers out	(400,605)	(420,135)	(19,530)
Total other financing sources (uses)	<u>(400,605)</u>	<u>(420,135)</u>	<u>(19,530)</u>
Net change in fund balances	(43,612)	36,442	80,054
Fund balances, July 1, 2020	-	43,751	43,751
Fund balances, June 30, 2021	<u>\$ (43,612)</u>	<u>\$ 80,193</u>	<u>\$ 123,805</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Probation  
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 2,161,221	\$ 1,892,082	\$ (269,139)
Charges for services	288,000	347,077	59,077
Investment earnings	3,027	7,785	4,758
Miscellaneous	-	5,714	5,714
Total revenues	<u>2,452,248</u>	<u>2,252,658</u>	<u>(199,590)</u>
Expenditures:			
Public safety	<u>2,986,230</u>	<u>2,167,038</u>	<u>819,192</u>
Total expenditures	<u>2,986,230</u>	<u>2,167,038</u>	<u>819,192</u>
Excess (deficiency) of revenues over expenditures	<u>(533,982)</u>	<u>85,620</u>	<u>619,602</u>
Other financing sources (uses):			
Transfers in	3,165	6,758	3,593
Transfers out	-	(46,388)	(46,388)
Total other financing sources (uses)	<u>3,165</u>	<u>(39,630)</u>	<u>(42,795)</u>
Net change in fund balances	(530,817)	45,990	576,807
Fund balances, July 1, 2020	-	526,746	526,746
Fund balances, June 30, 2021	<u>\$ (530,817)</u>	<u>\$ 572,736</u>	<u>\$ 1,103,553</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Public Defense  
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 16,000	\$ 11,108	\$ (4,892)
Investment earnings	800	3,208	2,408
Total revenues	<u>16,800</u>	<u>14,316</u>	<u>(2,484)</u>
Expenditures:			
General government	234,546	104,571	129,975
Principal	-	1,258	(1,258)
Interest and other charges	-	211	(211)
Capital Outlay	5,000	-	5,000
Total expenditures	<u>239,546</u>	<u>106,040</u>	<u>133,506</u>
Excess (deficiency) of revenues over expenditures	<u>(222,746)</u>	<u>(91,724)</u>	<u>131,022</u>
Other financing sources (uses):			
Transfers in	34,371	60,814	26,443
Total other financing sources (uses)	<u>34,371</u>	<u>60,814</u>	<u>26,443</u>
Net change in fund balances	(188,375)	(30,910)	157,465
Fund balances, July 1, 2020	-	291,248	291,248
Fund balances, June 30, 2021	<u>\$ (188,375)</u>	<u>\$ 260,338</u>	<u>\$ 448,713</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Public Health  
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 2,124,237	\$ 2,138,987	\$ 14,750
Licenses and permits	132,000	197,095	65,095
Fines and forfeits	3,500	-	(3,500)
Intergovernmental	4,516,307	1,523,646	(2,992,661)
Charges for services	42,500	34,378	(8,122)
Investment earnings	3,563	8,361	4,798
Contributions	21,100	14,980	(6,120)
Miscellaneous	122,500	184,021	61,521
Total revenues	<u>6,965,707</u>	<u>4,101,468</u>	<u>(2,864,239)</u>
Expenditures:			
Health and welfare	7,641,885	3,729,105	3,912,780
Principal	-	11,182	(11,182)
Interest and other charges	-	934	(934)
Capital Outlay	277,478	75,166	202,312
Total expenditures	<u>7,919,363</u>	<u>3,816,387</u>	<u>4,102,976</u>
Excess (deficiency) of revenues over expenditures	<u>(953,656)</u>	<u>285,081</u>	<u>1,238,737</u>
Other financing sources (uses):			
Transfers in	1,701,845	266,263	(1,435,582)
Transfers out	(1,475,522)	(453,328)	1,022,194
Total other financing sources (uses)	<u>226,323</u>	<u>(187,065)</u>	<u>(413,388)</u>
Net change in fund balances	(727,333)	98,016	825,349
Fund balances, July 1, 2020	-	1,540,196	1,540,196
Fund balances, June 30, 2021	<u>\$ (727,333)</u>	<u>\$ 1,638,212</u>	<u>\$ 2,365,545</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Recreation District  
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 160,705	\$ -	\$ (160,705)
Special assessments	-	191,302	191,302
Investment earnings	3,000	1,866	(1,134)
Miscellaneous	-	28,358	28,358
Total revenues	<u>163,705</u>	<u>221,526</u>	<u>57,821</u>
Expenditures:			
General government	297,705	-	297,705
Culture and recreation	-	169,877	(169,877)
Capital Outlay	3,000	-	3,000
Total expenditures	<u>300,705</u>	<u>169,877</u>	<u>130,828</u>
Net change in fund balances	(137,000)	51,649	188,649
Fund balances, July 1, 2020	-	147,784	147,784
Fund balances, June 30, 2021	<u>\$ (137,000)</u>	<u>\$ 199,433</u>	<u>\$ 336,433</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Sheriff's Office  
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	\$ 500,000	\$ 357,140	\$ (142,860)
Intergovernmental	782,915	1,000,293	217,378
Charges for services	42,226	28,133	(14,093)
Investment earnings	3,220	6,819	3,599
Miscellaneous	4,400	50,549	46,149
Total revenues	<u>1,332,761</u>	<u>1,442,934</u>	<u>110,173</u>
Expenditures:			
Public safety	1,540,730	1,047,131	493,599
Principal	-	20,473	(20,473)
Interest and other charges	-	1,591	(1,591)
Capital Outlay	237,517	89,114	148,403
Total expenditures	<u>1,778,247</u>	<u>1,158,309</u>	<u>619,938</u>
Excess (deficiency) of revenues over expenditures	<u>(445,486)</u>	<u>284,625</u>	<u>730,111</u>
Other financing sources (uses):			
Transfers in	56,270	-	(56,270)
Transfers out	(56,260)	(3,649)	52,611
Total other financing sources (uses)	<u>10</u>	<u>(3,649)</u>	<u>(3,659)</u>
Net change in fund balances	(445,476)	280,976	726,452
Fund balances, July 1, 2020	-	444,686	444,686
Fund balances, June 30, 2021	<u>\$ (445,476)</u>	<u>\$ 725,662</u>	<u>\$ 1,171,138</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Special Districts  
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 74,759	\$ -	\$ (74,759)
Special assessments	-	75,107	75,107
Investment earnings	2,850	2,722	(128)
Miscellaneous	-	43,535	43,535
Total revenues	<u>77,609</u>	<u>121,364</u>	<u>43,755</u>
Expenditures:			
General government	576,689	-	576,689
Highways and streets	124,603	83,143	41,460
Principal	76,690	-	76,690
Total expenditures	<u>777,982</u>	<u>83,143</u>	<u>694,839</u>
Net change in fund balances	(700,373)	38,221	738,594
Fund balances, July 1, 2020	-	701,914	701,914
Fund balances, June 30, 2021	<u>\$ (700,373)</u>	<u>\$ 740,135</u>	<u>\$ 1,440,508</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Workforce Innovation and Opportunity Act (WIOA)  
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 4,320,197	\$ 2,166,418	\$ (2,153,779)
Miscellaneous	-	1,301	1,301
Total revenues	<u>4,320,197</u>	<u>2,167,719</u>	<u>(2,152,478)</u>
Expenditures:			
Education and economic opportunity	4,326,522	2,133,729	2,192,793
Capital Outlay	16,963	35,463	(18,500)
Total expenditures	<u>4,343,485</u>	<u>2,169,192</u>	<u>2,174,293</u>
Excess (deficiency) of revenues over expenditures	<u>(23,288)</u>	<u>(1,473)</u>	<u>21,815</u>
Other financing sources (uses):			
Transfers out	-	(42,800)	(42,800)
Total other financing sources (uses)	<u>-</u>	<u>(42,800)</u>	<u>(42,800)</u>
Net change in fund balances	(23,288)	(44,273)	(20,985)
Fund balances, July 1, 2020	-	(210,321)	(210,321)
Fund balances, June 30, 2021	<u>\$ (23,288)</u>	<u>\$ (254,594)</u>	<u>\$ (231,306)</u>

Navajo County  
 Budgetary Comparison Schedule  
 CARES Act Fund  
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 8,068,031	\$ 4,191,548	\$ (3,876,483)
Total revenues	<u>8,068,031</u>	<u>4,191,548</u>	<u>(3,876,483)</u>
Expenditures:			
Public safety	-	3,412,933	(3,412,933)
Health and welfare	-	778,615	(778,615)
Total expenditures	<u>-</u>	<u>4,191,548</u>	<u>(4,191,548)</u>
Excess (deficiency) of revenues over expenditures	<u>8,068,031</u>	<u>-</u>	<u>(8,068,031)</u>
Other financing sources (uses):			
Transfers out	(8,068,031)	-	8,068,031
Total other financing sources (uses)	<u>(8,068,031)</u>	<u>-</u>	<u>8,068,031</u>
Net change in fund balances	-	-	-
Fund balances, July 1, 2020	-	-	-
Fund balances, June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Navajo County  
 Budgetary Comparison Schedule  
 Debt Service - General Government  
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 6,542	\$ 6,542
Total revenues	<u>-</u>	<u>6,542</u>	<u>6,542</u>
<b>Expenditures:</b>			
Principal	1,267,434	1,250,000	17,434
Interest and other charges	327,906	355,154	(27,248)
Cost of issuance	-	230,601	(230,601)
Total expenditures	<u>1,595,340</u>	<u>1,835,755</u>	<u>(240,415)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,595,340)</u>	<u>(1,829,213)</u>	<u>(233,873)</u>
<b>Other financing sources (uses):</b>			
Bond proceeds	-	9,535,000	9,535,000
Premium on refunding bonds	-	1,575,866	1,575,866
Payment to bond refunding escrow agent	-	(10,795,000)	(10,795,000)
Transfers in	1,595,340	2,956,060	1,360,720
Transfers out	-	(551,200)	(551,200)
Total other financing sources (uses)	<u>1,595,340</u>	<u>2,720,726</u>	<u>1,125,386</u>
Net change in fund balances	-	891,513	891,513
Fund balances, July 1, 2020	-	-	-
Fund balances, June 30, 2021	<u>\$ -</u>	<u>\$ 891,513</u>	<u>\$ 891,513</u>

Navajo County  
 Budgetary Comparison Schedule  
 Debt Service - Special Districts  
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment earnings	\$ -	\$ 1,560	\$ 1,560
Total revenues	<u>-</u>	<u>1,560</u>	<u>1,560</u>
Expenditures:			
Principal	107,512	-	107,512
Total expenditures	<u>107,512</u>	<u>-</u>	<u>107,512</u>
Net change in fund balances	(107,512)	1,560	109,072
Fund balances, July 1, 2020	-	116,920	116,920
Fund balances, June 30, 2021	<u><u>\$ (107,512)</u></u>	<u><u>\$ 118,480</u></u>	<u><u>\$ 225,992</u></u>

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# Combining and Individual Fund Statements

Fiduciary Funds



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Navajo County, Arizona  
Combining Statement of Fiduciary Net Position  
Private Purpose Trust Funds  
June 30, 2021

<u>Assets</u>	<b>Irrevocable Burial Trust</b>	<b>Public Fiduciary Trust Fund</b>	<b>Total Private Purpose Trust Funds</b>
Cash and investments	\$ 102,108	\$ 1,309,461	\$ 1,411,569
Total assets	\$ 102,108	\$ 1,309,461	\$ 1,411,569
 <b><u>Net Position</u></b>			
Restricted for:			
Individuals, organizations, and other governments	\$ 102,108	\$ 1,309,461	\$ 1,411,569
Total Net Position	\$ 102,108	\$ 1,309,461	\$ 1,411,569

Navajo County, Arizona  
Combining Statement of Changes in Fiduciary Net Position  
Private Purpose Trust Funds  
For the Year Ended June 30, 2021

	<u>Irrevocable Burial Trust</u>	<u>Public Fiduciary Trust Fund</u>	<u>Total Private Purpose Trust Funds</u>
<b><u>Additions</u></b>			
Investment earnings	\$ 1,421	\$ 14,535	\$ 15,956
Other	18,848	1,385,486	1,404,334
Total additions	<u>\$ 20,269</u>	<u>\$ 1,400,021</u>	<u>\$ 1,420,290</u>
<b><u>Deductions</u></b>			
Other	\$ 1,323	\$ 1,374,701	\$ 1,376,024
Total deductions	<u>\$ 1,323</u>	<u>\$ 1,374,701</u>	<u>\$ 1,376,024</u>
Change in net position	\$ 18,946	\$ 25,320	\$ 44,266
Net position as restated, July 1, 2020	\$ 83,162	\$ 1,284,141	\$ 1,367,303
Net position, June 30, 2021	<u>\$ 102,108</u>	<u>\$ 1,309,461</u>	<u>\$ 1,411,569</u>

Navajo County  
Combining Statement of Fiduciary Net Position  
Custodial Funds  
June 30, 2021

	External Investment Pool					Other			
	School Districts	Community College District	Fire Districts	Other Governmental Entities	Total External Investment Pool	Property Tax Collection	Special Purpose	Non-County External Bank Accounts	Total Other
<b>Assets</b>									
Cash and investments	\$ 154,291,758	\$ 39,172,909	\$ 7,424,051	\$ 11,383,632	\$ 212,272,350	\$ 466,141	\$ 507,645	\$ 824,497	\$ 1,798,283
Property tax receivable for other governments						2,603,709			\$ 2,603,709
Interest receivable	359,275	93,265	17,676	27,103	497,319				\$ -
Total assets	<u>\$ 154,651,033</u>	<u>\$ 39,266,174</u>	<u>\$ 7,441,727</u>	<u>\$ 11,410,735</u>	<u>\$ 212,769,669</u>	<u>\$ 3,069,850</u>	<u>\$ 507,645</u>	<u>\$ 824,497</u>	<u>\$ 4,401,992</u>
<b>Liabilities</b>									
Property tax payable to other governments						\$ 466,141			\$ 466,141
Total liabilities						<u>\$ 466,141</u>			<u>\$ 466,141</u>
<b>Net Position</b>									
Restricted for:									
Pool Participants	\$ 154,651,033	\$ 39,266,174	\$ 7,441,727	\$ 11,410,735	\$ 212,769,669				
Individuals, organizations and other governments						\$ 2,603,709	\$ 507,645	\$ 824,497	\$ 3,935,851
Total net position	<u>\$ 154,651,033</u>	<u>\$ 39,266,174</u>	<u>\$ 7,441,727</u>	<u>\$ 11,410,735</u>	<u>\$ 212,769,669</u>	<u>\$ 2,603,709</u>	<u>\$ 507,645</u>	<u>\$ 824,497</u>	<u>\$ 3,935,851</u>

Navajo County  
Combining Statement of Changes in Fiduciary Net Position  
Custodial Funds  
For the Year Ended June 30, 2021

	External Investment Pool					Other			
	School Districts	Community College District	Fire Districts	Other Governmental Entities	Total External Investment Pool	Property Tax Collection	Special Purpose	Non-County External Bank Accounts	Total Other
<b>Additions:</b>									
Contributions from pool participants	\$ 230,630,870	\$ 15,749,995	\$ 17,726,772	\$ 2,827,719	\$ 266,935,356				
Property tax collections for other governments						\$ 79,121,702			\$ 79,121,702
Fines and fees collections for other governments							\$ 2,038,168		2,038,168
Fines and fees collections for victims								\$ 2,297,669	2,297,669
Investment earnings	2,495,243	448,646	108,519	166,396	3,218,804		6,212		6,212
Inmate collections								1,319,212	1,319,212
Other							2,664,765	4,157,942	6,822,707
Total additions	<u>\$ 233,126,113</u>	<u>\$ 16,198,641</u>	<u>\$ 17,835,291</u>	<u>\$ 2,994,115</u>	<u>\$ 270,154,160</u>	<u>\$ 79,121,702</u>	<u>\$ 4,709,145</u>	<u>\$ 7,774,823</u>	<u>\$ 91,605,670</u>
<b>Deductions:</b>									
Distributions to pool participants	\$ 236,566,413		\$ 16,101,936	\$ 1,664,950	\$ 254,333,299				
Property tax distributions to other governments						\$ 76,796,404			\$ 76,796,404
Fines and fees distributions to other governments							\$ 2,035,216		\$ 2,035,216
Restitution and reimbursement payments to victims								\$ 2,230,048	\$ 2,230,048
Payments to inmates								1,279,009	\$ 1,279,009
Other							2,835,786	4,182,092	\$ 7,017,878
Total deductions	<u>\$ 236,566,413</u>	<u>\$ -</u>	<u>\$ 16,101,936</u>	<u>\$ 1,664,950</u>	<u>\$ 254,333,299</u>	<u>\$ 76,796,404</u>	<u>\$ 4,871,002</u>	<u>\$ 7,691,149</u>	<u>\$ 89,358,555</u>
Change in net position	\$ (3,440,300)	\$ 16,198,641	\$ 1,733,355	\$ 1,329,165	\$ 15,820,861	\$ 2,325,298	\$ (161,857)	\$ 83,674	\$ 2,247,115
Net position as restated, July 1, 2020	<u>\$ 158,091,333</u>	<u>\$ 23,067,533</u>	<u>\$ 5,708,372</u>	<u>\$ 10,081,570</u>	<u>\$ 196,948,808</u>	<u>\$ 278,411</u>	<u>\$ 669,502</u>	<u>\$ 740,823</u>	<u>\$ 1,688,736</u>
Net position, June 30, 2021	<u>\$ 154,651,033</u>	<u>\$ 39,266,174</u>	<u>\$ 7,441,727</u>	<u>\$ 11,410,735</u>	<u>\$ 212,769,669</u>	<u>\$ 2,603,709</u>	<u>\$ 507,645</u>	<u>\$ 824,497</u>	<u>\$ 3,935,851</u>

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# Statistical Section



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## Navajo County Listing of Statistical Information

This part of the Navajo County's Annual Comprehensive Financial Report presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

**Financial Trends** - Schedules on pages 123 through 129

Financial trend schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

**Revenue Capacity** - Schedules on pages 130 through 133

Revenue capacity schedules present information to help the reader assess the County's most significant revenue sources.

**Debt Capacity** - Schedules on pages 134 through 138

Debt Capacity 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.

**Demographic and Economic Information** - Schedules on pages 139 through 140

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

**Operating Information** - Schedules on pages 141 through 144

Operating information 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.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental activities:					
Net investment in capital assets	\$ 62,767,056	\$ 56,759,014	\$ 62,616,821	\$ 60,649,846	\$ 59,210,246
Restricted	25,830,803	25,924,806	24,056,612	23,521,625	24,226,548
Unrestricted	7,151,635	8,028,698	4,454,331	(51,230,312)	(53,540,230)
Total governmental activities net position	<u>\$ 95,749,494</u>	<u>\$ 90,712,518</u>	<u>\$ 91,127,764</u>	<u>\$ 32,941,159</u>	<u>\$ 29,896,564</u>

	Fiscal Year				
	2017	2018	2019	2020	2021
Governmental activities:					
Net investment in capital assets	\$ 56,729,385	\$ 55,036,226	\$ 53,427,360	\$ 53,427,360	\$ 52,683,191
Restricted	27,519,091	29,179,272	31,085,279	38,510,287	48,074,074
Unrestricted (deficit)	(57,988,587)	(62,383,097)	(47,979,330)	(38,070,575)	(30,263,514)
Total governmental activities net position	<u>\$ 26,259,889</u>	<u>\$ 21,832,401</u>	<u>\$ 36,533,309</u>	<u>\$ 53,867,072</u>	<u>\$ 70,493,751</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			
	2012	2013	2014	2015
<b>Expenses:</b>				
General government	\$ 21,607,586	\$ 20,944,578	\$ 22,213,348	\$ 31,968,411
Public safety (Note 2)	18,406,003	19,728,986	17,393,343	17,313,998
Highways and streets	8,023,409	10,935,566	9,534,493	11,190,411
Health and welfare	5,909,936	7,734,191	8,039,343	7,956,284
Culture and recreation	966,000	788,127	694,108	665,292
Education and economic opportunity	6,164,792	5,498,285	6,190,399	5,669,487
Environmental and conservation	16,352	303,402	329,829	211,478
Urban redevelopment and housing	784	42,701	365,994	73,852
Interest on long-term debt	721,020	527,044	487,808	802,936
Total governmental activities expenses	<u>61,815,882</u>	<u>66,502,880</u>	<u>65,248,665</u>	<u>75,852,149</u>
<b>Program Revenues:</b>				
Charges for services:				
General government	3,326,109	3,649,106	3,537,721	5,079,224
Public Safety	982,588	1,146,080	919,746	1,390,048
Highway and streets	334,513	12,171	252,982	100,758
Health and welfare	163,957	243,393	329,602	274,262
Culture and recreation	155,895			
Education and economic opportunity				
Operating grants and contributions:				
General government	2,215,242	1,966,176	2,700,852	3,613,033
Public Safety	3,252,479	4,500,832	3,976,671	3,715,424
Highway and streets				
Health and welfare	1,819,214	2,500,943	2,820,717	2,898,998
Culture and recreation	152,083	129,282	149,666	128,945
Education and economic opportunity	4,654,668	4,327,485	5,266,695	4,488,394
Environmental and conservation	59,097	301,660	534,722	411,987
Urban redevelopment and housing		40,823	376,628	62,860
Capital grants and contributions:				
General government	220,229			
Public Safety	5,000			
Highway and streets	9,578,324	9,690,517	9,565,055	11,431,446
Total governmental activities program revenues	<u>26,919,398</u>	<u>28,508,468</u>	<u>30,431,057</u>	<u>33,595,379</u>
Net (Expense) Revenue	<u>\$ (34,896,484)</u>	<u>\$ (37,994,412)</u>	<u>\$ (34,817,608)</u>	<u>\$ (42,256,770)</u>
<b>General Revenues:</b>				
Property taxes	\$ 12,087,700	\$ 11,924,765	\$ 11,704,948	\$ 12,536,351
Special assessments (see Note 1)		502,434	542,526	507,456
General county sales tax	6,246,077	6,239,089	6,667,433	6,674,867
Jail District sales tax				
State shared revenues	11,475,113	12,024,496	12,773,729	12,964,950
Payment in lieu of taxes		1,430,914	1,538,954	1,406,936
Grants and contributions not restricted to specific programs	3,175,428			
Investment earnings	202,500	(109,711)	453,017	195,437
Capital contributions				
Gain on disposal of capital assets	13,116	52,473	96,640	35,974
Miscellaneous	1,170,658	892,976	1,455,607	1,072,052
Transfers	-			
Total general revenues and transfers	<u>34,370,592</u>	<u>32,957,436</u>	<u>35,232,854</u>	<u>35,394,023</u>
Change in net position - governmental activities	<u>\$ (525,892)</u>	<u>\$ (5,036,976)</u>	<u>\$ 415,246</u>	<u>\$ (6,862,747)</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					
	2016	2017	2018	2019	2020	2021
\$	29,716,664	\$ 32,717,374	\$ 33,836,072	\$ 19,039,794	\$ 19,717,997	\$ 24,839,724
	17,562,220	18,067,230	19,657,838	15,006,970	17,389,682	19,619,517
	12,008,267	10,710,700	11,773,357	13,019,136	13,428,606	13,900,151
	8,350,410	8,362,293	8,079,274	6,998,047	7,867,404	9,408,467
	798,683	790,379	781,287	834,993	906,722	821,881
	5,479,786	4,297,521	5,042,013	3,896,117	4,702,040	6,069,282
	247,622	303,270	417,465	330,778	261,874	1,066,890
	16,887	165,114	-	-	27,500	471,100
	503,684	461,083	426,770	388,013	349,744	357,988
	<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>	<u>76,555,000</u>
	5,400,182	4,780,321	4,848,807	4,842,304	5,788,697	7,474,687
	1,549,821	1,285,569	1,261,016	1,422,243	1,055,010	293,119
	432,421	330,585	206,020	107,296	70,358	80,575
	333,306	319,505	224,395	190,212	190,946	228,338
	166,881	151,137	156,091	158,428	156,658	174,077
					36,000	-
	3,945,966	3,794,242	4,230,956	2,782,852	3,155,642	3,928,599
	4,911,950	4,571,216	5,433,481	4,269,967	4,642,893	8,072,282
			11,947,902	13,648,124	12,669,984	14,525,824
	2,770,719	2,901,048	2,857,321	1,717,238	6,543,708	2,649,620
	61,754	68,388	22,532	73,000	64,161	41,656
	5,034,340	3,450,856	4,262,294	3,488,160	4,207,895	4,929,666
	364,692	317,752	430,922	416,520	398,455	337,458
	10,000	458,825			48,639	471,100
			5,000	10,000	26,831	-
		67,306	34,303	154,479	67,749	24,741
	11,571,167	12,173,466		32,890	30,900	-
	<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>	<u>43,231,742</u>
\$	(38,131,024)	\$ (41,204,748)	\$ (44,093,036)	\$ (26,200,135)	\$ (25,497,043)	\$ (33,323,258)
\$	12,531,782	\$ 12,131,695	\$ 13,004,998	\$ 13,061,068	\$ 13,179,014	\$ 13,223,643
	6,365,510	6,534,686	7,381,671	7,792,310	7,597,916	8,292,941
					2,228,059	5,415,411
	13,125,229	13,730,314	15,105,931	16,037,990	15,984,931	18,732,156
	1,547,382	1,532,361	1,644,973	1,653,023	1,680,097	1,664,719
	165,384	164,425	264,616	598,634	839,212	714,866
	6,980					
	2,995	9,600	127,321	81,300	81,469	14,689
	1,341,167	1,666,058	1,668,273	1,572,144	1,344,682	1,891,512
	<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>49,949,937</u>
\$	(3,044,595)	\$ (5,435,609)	\$ (4,895,253)	\$ 14,596,334	\$ 17,438,337	\$ 16,626,679

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

	Fiscal Year			
	2012	2013	2014	2015
General fund				
Nonspendable				
Restricted			\$ 437,220	\$ 1,273,833
Assigned	\$ 2,533,698	\$ 2,021,131	2,331,597	2,836,408
Unassigned	3,939,417	3,849,238	3,482,808	3,544,712
Total general fund	<u>\$ 6,473,115</u>	<u>\$ 5,870,369</u>	<u>\$ 6,251,625</u>	<u>\$ 7,654,953</u>
All other governmental funds				
Nonspendable	\$ 933,008	\$ 1,034,772	\$ 1,114,772	\$ 991,663
Restricted	25,696,085	26,621,136	26,720,572	22,055,581
Assigned	1,626,014	2,064,946	3,288,638	2,552,485
Unassigned	(39,006)	(13)	(1,048,472)	(1,686,672)
Total all other governmental funds	<u>\$ 28,216,101</u>	<u>\$ 29,720,841</u>	<u>\$ 30,075,510</u>	<u>\$ 23,913,057</u>

(Continued)

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

	Fiscal Year					
	2016	2017	2018	2019	2020	2021
		\$ 900,000	\$ 896,025	\$ 851,503	\$ 750,532	\$ 725,625
\$ 1,612,513			926,206	2,767,749	5,930,737	8,272,190
2,535,860		2,734,436	3,057,549	2,910,684	2,486,750	2,987,378
3,523,261		4,884,457	8,355,219	14,052,651	18,886,344	29,719,540
<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>	<u>\$ 41,704,733</u>
\$ 619,596	\$ 919,164	\$ 817,171	\$ 1,189,516	\$ 672,643	\$ 444,347	
23,119,737	24,928,694	26,123,297	25,966,488	30,036,815	36,584,946	
966,610	2,182,636	898,747	1,120,057	632,097	118,675	
(210,456)	(2,394,741)	(960,780)	(1,454,759)	(690,472)	(2,679,104)	
<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>	<u>\$ 34,468,864</u>	

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

	Fiscal Year			
	2012	2013	2014	2015
<b>Revenues:</b>				
Property taxes	\$ 12,092,878	\$ 12,058,648	\$ 11,699,519	\$ 12,565,289
County sales taxes			6,667,433	6,674,867
Licenses and permits	397,490	469,651	606,269	522,919
Fines and forfeits	1,228,579	1,539,663	1,247,497	1,789,993
Intergovernmental	42,113,926	43,050,561	39,645,165	40,045,748
Charges for services	2,934,743	3,041,435	3,241,520	9,698,659
Investment earnings	202,499	(109,710)	453,017	195,437
Special assessments	642,688	502,434	518,762	491,734
Contributions	50,540	64,512	42,650	43,061
Miscellaneous	1,170,659	892,976	1,455,607	1,072,052
Total revenues	<u>60,834,002</u>	<u>61,510,170</u>	<u>65,577,439</u>	<u>73,099,759</u>
<b>Expenditures:</b>				
General government	20,650,249	20,746,489	21,296,099	27,228,792
Public safety	17,394,177	17,515,389	17,165,782	16,762,711
Highways and streets	9,452,610	9,583,999	8,446,932	10,245,789
Health and welfare	7,507,775	7,987,610	7,909,342	8,323,596
Culture and recreation	962,712	785,901	691,882	702,563
Education and economic opportunity	6,019,533	5,326,169	6,146,055	5,491,323
Environmental and conservation	16,352	303,402	347,079	223,528
Urban redevelopment and housing	784	42,701	365,994	73,852
Debt service:				
Principal	946,316	676,779	821,698	2,737,814
Interest and other charges	721,020	527,044	461,413	802,936
Bond Issuance Costs		115,290	75,464	
Capital outlay	327,361	1,469,268	7,613,324	5,207,816
Total expenditures	<u>63,998,889</u>	<u>65,080,041</u>	<u>71,341,064</u>	<u>77,800,720</u>
Excess(deficiency) of revenues over expenditures	(3,164,887)	(3,569,871)	(5,763,625)	(4,700,961)
<b>Other financing sources (uses):</b>				
Revenue bonds issued		8,500,000	10,625,000	
Premium on refunding bonds				
Payment to bond refunding escrow agent		(4,345,000)	(4,806,395)	
Capital lease/installment purchase agreements	354,826	146,994	488,368	
Special assessment bonds issued				
Sale of capital assets	68,446	78,863	98,822	64,945
Transfers in	10,017,167	10,157,899	7,753,432	5,625,009
Transfers out	(10,017,167)	(10,157,899)	(7,753,432)	(5,625,009)
Total other financing sources and uses	<u>423,272</u>	<u>4,380,857</u>	<u>6,405,795</u>	<u>64,945</u>
Net change in fund balances	<u>\$ (2,741,615)</u>	<u>\$ 810,986</u>	<u>\$ 642,170</u>	<u>\$ (4,636,016)</u>
Ratio of total debt service expenditures to non-capital expenditures	2.62%	1.89%	2.13%	4.88%

(Continued)

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

		Fiscal Year									
		2016	2017	2018	2019	2020	2021				
\$	12,542,649	\$	12,133,955	\$	12,959,490	\$	13,055,634	\$	13,204,479	\$	13,375,972
	6,365,510		6,534,686		7,381,671		7,792,310		9,825,975		13,708,352
	604,525		567,951		379,350		649,663		666,049		1,009,632
	1,492,927		1,339,324		653,066		1,243,574		972,816		1,365,181
	42,328,108		41,900,493		910,721		44,787,023		48,668,351		54,361,876
	10,369,286		9,280,867		44,123,924		11,407,186		12,017,625		5,627,547
	165,384		164,425		12,076,377		598,635		839,212		714,866
	485,708		488,962		264,616		341,186		228,599		266,409
	39,962		38,784		50,624		35,718		19,013		629,400
	1,341,167		1,666,057		1,668,273		1,431,541		1,344,682		1,891,512
	<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>		<u>92,950,747</u>
	27,475,209		29,089,321		28,518,557		28,044,516		26,282,745		23,232,898
	18,013,055		17,667,900		16,889,504		17,768,169		18,845,097		18,369,271
	9,949,660		9,187,604		10,160,928		11,952,348		11,106,769		10,598,751
	8,698,408		8,676,682		8,788,365		7,771,247		8,507,369		9,392,882
	812,461		803,616		839,205		900,142		933,995		807,140
	5,408,227		4,241,865		5,058,368		4,345,728		4,932,764		5,942,803
	266,428		322,770		441,264		361,453		284,339		1,068,040
	16,887		165,114						27,500		471,100
	1,529,333		1,571,917		1,314,262		1,328,794		1,298,229		1,285,182
	503,684		461,083		426,770		388,013		349,744		357,988
											230,601
	<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>3,785,024</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>		<u>75,541,680</u>
	968,183		319,360		5,379,730		6,868,190		11,696,906		17,409,067
											9,535,000
											1,575,866
											(10,795,000)
			101,341		60,715						
	2,995		14,218		127,321		87,848		85,113		14,689
	4,218,192		4,699,294		5,882,351		3,013,881		9,144,407		7,355,356
	(4,218,192)		(4,699,294)		(5,882,351)		(3,013,881)		(9,144,407)		(7,355,356)
	<u>2,995</u>		<u>115,559</u>		<u>188,036</u>		<u>87,848</u>		<u>85,113</u>		<u>330,555</u>
\$	<u>971,178</u>	\$	<u>434,919</u>	\$	<u>5,567,766</u>	\$	<u>6,956,038</u>	\$	<u>11,782,019</u>	\$	<u>17,739,622</u>
	2.80%		2.82%		2.40%		2.36%		2.27%		2.18%

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

**PRIMARY ASSESSED VALUE**

Fiscal Year	Residential and Vacant Property	Commercial Property	Unattached Personal Property	Total Taxable Assessed Value	*Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
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	7,594,032,171	10.97%
2017	483,652,421	305,141,610	14,268,450	803,062,481	1.5849	7,599,284,336	10.57%
2018	503,253,916	303,982,228	13,871,612	821,107,756	1.6203	7,246,001,436	11.33%
2019	518,753,473	296,391,993	13,702,667	828,848,133	1.6223	7,391,612,457	11.21%
2020	539,795,594	297,179,363	15,665,288	852,640,245	1.5977	7,660,041,799	11.13%
2021	569,482,606	297,624,438	15,051,072	882,158,116	1.5667	8,000,295,495	11.03%

Source: Navajo County Assessor's office

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

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

**County Direct Rates**

Fiscal Year	Primary	Fire District Assistance Tax	Library District	Flood Control District	Public Health District	Total Direct
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
2021	0.8657	0.1000	0.0962	0.2640	0.2408	1.5667

**Overlapping rates**

Fiscal Year	School Equalization	School Districts	Cities	Other Special Districts	Community College District
2012	0.4259	3.1634-7.3012	0.2789-0.9815	0.0835-3.5500	1.2387
2013	0.4717	2.9606-8.0000	0.2789-0.9880	0.0910-3.5500	1.3515
2014	0.5123	2.8322-8.0000	0.2789-1.1934	0.1131-3.5500	1.4769
2015	0.5089	2.6662-8.0000	1.2831-1.2831	0.1291-3.5500	1.6610
2016	0.5054	2.8027-7.3012	1.3646-1.3646	0.1401-3.5500	1.7423
2017	0.5010	3.5669-7.3012	1.4021-1.4021	0.1401-3.5500	1.7884
2018	0.4875	3.6681-8.0000	1.4231-1.4231	0.1401-3.5500	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
2021	0.4466	4.1276-7.3012	0.5022-1.3871	0.0500-3.2500	1.7827

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 and Nine Years Ago

Taxpayer	2021			2012		
	Primary Assessed Value	Rank	Percentage of Total Primary Assessed Value	Primary Assessed Value	Rank	Percentage of Total Primary Assessed Value
Arizona Public Service Company	\$ 103,590,736	1	11.74%	\$ 138,443,733	1	13.49%
PacifiCorp Electric Operations	31,140,000	2	3.53%	47,535,600	2	4.63%
Burlington Northern/Santa Fe Railway	10,909,231	3	1.24%	5,254,993	8	0.51%
Transwestern Pipeline Co	9,176,607	4	1.04%	12,860,000	4	1.25%
El Paso Natural Gas Company	8,890,695	5	1.01%	8,171,176	5	0.80%
Navopache Electric Co-Op Inc.	7,272,341	6	0.82%	4,819,302	10	0.47%
Unisource Energy Corporation	6,862,918	7	0.78%	4,833,454	9	0.47%
Wal-Mart Stores, Inc.	5,821,952	8	0.66%	N/A	N/A	N/A
Citizens Telecomm of White Mtns	4,576,564	9	0.52%	6,415,963	6	0.63%
Smith Bagley Inc.	3,813,977	10	0.43%	N/A	N/A	N/A
<b>Total Principal Property Taxpayers</b>	<b>\$ 192,055,021</b>		<b>21.77%</b>	<b>\$ 228,334,221</b>		<b>22.25%</b>
<b>Total Navajo County Assessed Value</b>	<b>\$ 882,158,116</b>			<b>\$ 1,026,137,125</b>		

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
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	\$ 6,148,020	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%	\$ 116,976	\$ 6,865,956	98.27%
2017	\$ 6,793,141	\$ 6,579,938	96.86%	\$ (94,822)	\$ 6,485,116	95.47%
2018	\$ 7,310,322	\$ 7,073,899	96.77%	\$ 72,920	\$ 7,146,819	97.76%
2019	\$ 7,419,020	\$ 7,198,951	97.03%	\$ 72,596	\$ 7,271,547	98.01%
2020	\$ 7,520,287	\$ 7,282,019	96.83%	\$ 132,456	\$ 7,414,475	98.59%
2021	\$ 7,636,843	\$ 7,545,805	98.81%	\$ -	\$ 7,545,805	98.81%

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)
2012	5,545,000	4,345,000	1,172,771	282,887	11,345,658	0.40	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	0.30	99.57
2021	9,535,000	-	-	34,069	9,569,069	0.24	85.35

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 2021.

Navajo County  
 Computation of Direct and Overlapping Debt  
 Governmental Activities - Debt Outstanding  
 June 30, 2021

	Net Debt Outstanding	Percent Applicable to Navajo County	Amount Applicable to Navajo County
<b>Governmental Activities</b>			
Navajo County – Pledged Revenue Obligations	\$ 9,535,000	100	\$ 9,535,000
Navajo County - Capital Leases & Installment Purchase Contracts	\$ 34,069	100	\$ 34,069

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	Less		Debt Service		Coverage Ratio
			AHCCCS/ALTCS Contributions	Net Available Revenue	Principal	Interest	
2012	\$ 6,200,729	\$ 9,553,213	\$ 3,212,767	\$ 12,541,175	\$ 370,000	215,985	21.40
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	1,265,000	345,154	10.93
2021	8,292,941	15,272,529	3,130,868	20,434,602	1,250,000	355,154	12.73

### Special Assessment Debt

Fiscal Year	Debt Service			Coverage Ratio
	Revenues	Principal	Interest	
2012	241,374	136,684	75,045	1.14
2013	248,745	187,536	74,568	0.95
2014	251,299	198,727	54,482	0.99
2015	231,966	212,967	43,352	0.90
2016	224,359	220,967	39,763	0.86
2017	226,853	222,575	19,690	0.94
2018	118,940	63,000	7,475	1.69
2019	82,238	67,000	3,853	1.16
2020	N/A	N/A	N/A	N/A
2021	N/A	N/A	N/A	N/A

Soure: Navajo County Finance Department

# Navajo County Legal Debt Margin Information Last Ten Fiscal Years

## Legal Debt Margin Calculation for Fiscal Year 2019

Assessed value	\$ 882,158,116
Debt limit (15% of assessed value)	132,323,717
Debt applicable to limit:	
General obligation bonds	
Less: Amount set aside for repayment of general obligation debt	
Total net debt applicable to limit	
Legal debt margin	<u>\$ 132,323,717</u>

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Limit	\$ 153,920,569	\$ 146,139,257	\$ 135,502,778	\$ 126,937,062	\$ 126,455,560
Total net debt applicable to limit					
Legal debt margin	<u>153,920,569</u>	<u>146,139,257</u>	<u>135,502,778</u>	<u>126,937,062</u>	<u>126,455,560</u>
Total net debt applicable to the limit as a percentage of the debt	0%	0%	0%	0%	0%

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt Limit	\$ 126,213,556	\$ 124,327,220	\$ 124,327,220	\$ 127,896,037	\$ 132,323,717
Total net debt applicable to limit					
Legal debt margin	<u>126,213,556</u>	<u>124,327,220</u>	<u>124,327,220</u>	<u>127,896,037</u>	<u>132,323,717</u>
Total net debt applicable to the limit as a percentage of the debt	0%	0%	0%	0%	0%

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

**Navajo County**  
**General Fund Historical and Estimated Excise Tax, State Shared and Vehicle License Tax Revenues**  
**Current and Last Five Fiscal Years**

Source	Actual						Budgeted (a)
	2015/16	2016/17	2017/18	2018/19	2019/20	2020//21	2021/22
County General Excise Tax Revenues	\$ 6,365,510	\$ 6,534,686	\$ 7,381,671	\$ 7,792,310	\$ 7,597,916	\$ 8,292,941	\$ 7,940,000
Gross State Shared Revenues	10,874,837	11,362,457	12,547,093	13,346,165	13,222,608	15,272,529	14,614,000
Less ALTCS contribution (b)	(2,562,200)	(2,588,200)	(2,721,500)	(2,668,000)	(2,981,000)	(2,881,800)	(2,987,800)
Less AHCCCS contribution (c)	(297,603)	(299,518)	(288,681)	(242,550)	(233,078)	(249,068)	(218,550)
Net State Shared Revenues	8,015,034	8,474,739	9,536,912	10,435,615	10,008,530	12,141,661	11,407,650
Vehicle License Tax Revenue	2,244,732	2,374,347	2,547,080	2,678,078	2,762,323	\$ 3,459,627	\$ 3,241,000
PILT Revenues	1,547,382	1,532,361	1,644,973	1,653,023	1,660,272	\$ 1,659,391	\$ 1,415,000
Total Pledged Revenues	<u>\$ 18,172,658</u>	<u>\$ 18,916,133</u>	<u>\$ 21,110,636</u>	<u>\$ 22,559,026</u>	<u>\$ 22,029,041</u>	<u>\$ 25,553,620</u>	<u>\$ 24,003,650</u>

Source: Annual Comprehensive Financial Reports of the County for the years indicated and the FY22 Adopted Budget.

- (a) These are "forward looking" obtained from the FY22 Adopted Budget.
- (b) Pursuant to Section 11-292, Arizona Revised Statutes, The Treasurer of the State withholds an amount of the State Shared Revenue sufficient to meet the County's portion of the non-federal costs of providing the long-term care system in the State ("ALTCS") from moneys otherwise payable to the County in accordance with the State's distribution of the State Shared Revenues. The County's contribution is based on a fixed State formula. In the event that the State Shared Revenues withheld from the County by the Treasurer of the State are insufficient to meet the funding requirement of ALTCS, the Treasurer of the State may withhold any other moneys payable to the County from an available State funding source.
- (c) Pursuant to Section 11-292, Arizona Revised Statutes, the County is also required to make annual appropriations for contributions to the Arizona Health Care Cost Containment System ("AHCCCS") fund. If the County does not make its contributions to the AHCCCS fund, which is used to offset certain indigent and related health care costs, the Treasurer of the State may withhold any amounts owed, plus interest retroactive to the first date the funding was due, from the County's State Shared Revenues.

Navajo County  
Demographic and Economic Statistics  
Last Ten Calendar Years

Fiscal Year	Population <sup>1</sup>	Personal Income <sup>1</sup> (thousands of dollars)	Per Capita <sup>1</sup> Personal Income	Unemployment <sup>2</sup> Rate
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	\$ 30,793	7.6
2019	109,144	\$ 3,690,208	\$ 33,810	7.9
2020	110,924	\$ 3,690,220	\$ 33,268	8.5
2021	112,112	\$ 4,054,959	\$ 36,169	9.9

<sup>1</sup> Population, personal income, and per capita personal income obtained from U.S. Bureau of Economic Analysis ([www.bea.gov](http://www.bea.gov)).

<sup>2</sup> Unemployment data was obtained from Arizona Commerce Authority ([www.azcommerce.com/oeo.labor-market/unemployment](http://www.azcommerce.com/oeo.labor-market/unemployment)).

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

Employment Sector (1)	2021			2012		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Government	9,400	1	36.57%	9,850	1	35.28%
Trade, Transportation, Utilities	4,816	2	18.74%	5,150	2	18.44%
Education & Health Services	4,422	3	17.20%	3,550	4	12.71%
Leisure & Hospitality	3,141	4	12.22%	3,600	3	12.89%
Professional & Business Services	1,288	5	5.01%	1,000	7	3.58%
Mining & Construction	1,162	6	4.52%	1,600	5	5.73%
Financial Activities	554	7	2.16%	575	9	2.06%
Other Services	447	8	1.74%	950	8	3.40%
Manufacturing	318	9	1.24%	475	10	1.70%
Information	156	10	0.60%	1,175	6	4.21%
<b>Total for Employment Sector</b>	<b>25,704</b>		<b>100.00%</b>	<b>27,925</b>		<b>100.00%</b>

2021 Source: Economic & Business Research Center UofA, AZ Commerce /resources, U.S. Department of Labor, Bureau of Labor Statistics.

2012 Source: FY11-12 Navajo County CAFR

(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				
	2012	2013	2014	2015	2016
General government	295	278	277	278	288
Public safety	243	238	236	238	235
Highways and streets	82	78	83	91	96
Health and welfare	66	73	80	81	81
Culture and recreation	5	8	4	5	4
Total	<u>691</u>	<u>675</u>	<u>680</u>	<u>693</u>	<u>704</u>

Function	2017	2018	2019	2020	2021
General government	266	174	180	161	203
Public safety	229	197	188	192	169
Highways and streets	72	80	82	88	86
Health and welfare	80	54	59	61	87
Culture and recreation	4	-	0	0	0
Other			106	104	86
Total	<u>651</u>	<u>505</u>	<u>615</u>	<u>606</u>	<u>631</u>

Source: Navajo County Budget 2020-2021

Navajo County  
Operating Indicators by Function  
Last Ten Fiscal Years

Function	2012	2013	2014
<b>General Government</b>			
Assessor			
Number of parcels assessed	88,148	85,773	85,752
Elections			
Elections	5	4	3
Number voting	17,330	57,960	8,569
Planning & Zoning			
Building permits issued	994	1,023	970
Public Fiduciary			
Guardianships/conservatorships	108	109	163
<b>Public Safety</b>			
Adult Probation			
Community service hours	39,135	40,306	36,388
Pre-sentence reports written for courts	641	566	571
Probationers actively supervised	1,270	1,313	1,181
Juvenile Probation			
Average length of detention (days)	11	12	10
Juveniles in detention	449	336	355
Probationers	148	122	307
Community restitution hours	7,346	6,401	5,252
Sheriff			
Inmate population	274	283	382
<b>Highways &amp; Streets</b>			
Public Works			
Crack sealing (miles)	82	59	88
Street resurfacing (miles)	32	13	12
Waste Tire Program			
Waste tires collected	47,962	57,742	52,623
<b>Health &amp; Welfare</b>			
Public Health District			
Certified copies of birth or death certificates	4,678	5,031	5,353
Childhood immunization visits	4,592	2,165	1,096
Restaurant inspections and re-inspections	423	621	483
<b>Culture &amp; Recreation</b>			
Library District			
Number of items circulated	438,916	425,272	378,584
Number of library cards issued (by member libraries)	5,406	5,054	14,303
Number of prints, media and electronic items	343,659	333,193	334,866
Number of items owned by Library District	25,837	28,827	34,214
<b>Education</b>			
School Superintendent			
Charter schools	7	7	6
Charter students	399	630	742
District students	18,606	18,495	17,090
School districts	14	13	11

Source: Navajo County departments monthly and annual performance reports

Navajo County  
Operating Indicators by Function  
Last Ten Fiscal Years

2015	2016	2017	2018	2019	2020	2021
88,306	88,527	88,363	85,853	88,313	86,189	92,053
1	3	3	2	3	3	2
685	32,969	57,699	6,783	58,821	46,590	74,849
981	1,009	1,061	1,137	1,157	1,178	1,776
160	131	116	73	83	81	91
33,793	30,408	32,460	33,018	25,765	23,295	35,705
828	572	453	329	386	484	465
1,101	1,086	1,098	1,014	1,040	1,005	1,101
9	10	14	49	27	23	13
339	353	276	28	67	47	37
297	151	210	154	191	201	157
5,093	5,061	4,715	-	3,083	2,119	1,500
364	301	268	305	276	276	278
102	444	264	193	97	131	96.25
30	14	20	32	60	47	1
47,184	56,331	51,038	67,067	60,282	61,359	75,104
5,341	5,595	6,525	7,137	6,131	5,932	7,892
1,250	1,068	4,076	3,918	2,505	1,869	2,847
503	696	632	648	668	596	703
368,114	361,865	370,800	376,295	359,996	242,235	203,931
13,957	33,223	33,883	11,687	9,658	8,175	6,752
336,617	346,632	330,600	437,610	437,744	462,266	370,225
32,149	33,577	41,422	44,877	49,642	35,261	50,658
6	9	4	4	4	4	4
829	789	664	624	563	529	475
17,575	17,803	16,360	18,014	17,745	17,234	16,273
13	14	14	14	14	14	14

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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Government</b>										
Elections										
Voting Machines	173	173	173	173	60	60	60	60	71	96
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
<b>Public Safety</b>										
Sheriff										
Inmate beds available	442	442	441	438	438	438	438	438	438	438
Jail Facilities	2	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	26	31	43	43	43	41	
Flood Control District Properties	12	12	13	13	14	13	13	12	14	
Road Improvement Districts	0	0	0	0	0	0	0	0	0	
<b>Highways and Streets</b>										
Public Works										
Miles of maintained roads	733.65	733.95	733.95	734.66	734.32	731.67	731.67	725.3	725.7	
Bridges	15	15	15	15	15	15	15	15	15	
<b>Sanitation</b>										
Landfill/Environment										
Transfer Stations	0	0	0	0	0	0	0	0	0	0
<b>Health</b>										
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	0	0	0	0	0
<b>Culture and Recreation</b>										
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
<b>Education</b>										
Schools	1	1	1	1	1	1	1	1	1	1

Source: Navajo County capital asset reports.