



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2013

## NAVAJO COUNTY ARIZONA

*Proudly Serving, Continuously Improving*



# NAVAJO COUNTY BOARD OF SUPERVISORS



**Chairman**

**Jonathan M. Nez**  
**District 1**

Sylvia Allen  
District 3

David Tenney  
District 4

Jesse Thompson  
District 2

Dawnafe Whitesinger  
District 5

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# Navajo County, Arizona

## Comprehensive Annual Financial Report

### Fiscal Year Ended June 30, 2013



Prepared by Navajo County Finance Department

**County Manager**

James G. Jayne

**Assistant County Manager**

Homero Vela

James Menlove, Finance Director

Mary Springer, Deputy Finance Director

Paige Peterson, Accounting Manager



# INTRODUCTORY SECTION



Navajo County  
 Comprehensive Annual Financial Report  
 Year Ended June 30, 2013

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## NAVAJO COUNTY ADMINISTRATION

James G. Jayne  
County Manager

W. James Menlove, CPA  
Finance Director

December 17, 2013

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

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) for fiscal year 2013. The CAFR provides in-depth information regarding the County's financial position. Navajo County presents the CAFR prepared in compliance with generally accepted accounting principles (GAAP) and audited by the Arizona Office of the Auditor General using generally accepted auditing standards and *Government Auditing Standards*.

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

The Arizona Office of the Auditor General has audited the County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements for fiscal year 2013 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 2013 are fairly presented in conformity with GAAP. The Independent Auditors Report is presented at the beginning of the Financial Section of this report.

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

## **NAVAJO COUNTY PROFILE**

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

The 2012 population of the County was estimated to be 107,094. The principal industries are tourism, coal mining, manufacturing, timber production, and ranching.

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

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

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

The Board of Supervisors and the County Manager use the financial policies, budget management policies and strategic plan to guide the overall development of the budget. On an

annual basis, beginning in January, the finance department, under the County Manager’s direction, meets with each elected official and department director to outline the Board’s adopted budget priorities. Each department must provide revenue and expenditure estimates for the remainder of the current fiscal year and planned revenues and expenditures for the following year. The budget team uses these estimates to help update the 5-year financial plan.

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

## **FACTORS AFFECTING NAVAJO COUNTY’S FINANCIAL CONDITION**

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

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

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

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

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

Because of the rural nature of Navajo County, the local economy continues to be impacted by the stagnant, slowly recovering state and national economies. The County's unemployment rate (15.1 percent for June 2013) has been significantly higher than the State's (8.5 percent for June 2013). To address the economic challenges, Navajo County has reduced expenses through reductions in workforce, position vacancies from attrition, no salary increases, decreased benefits, and reductions in operating expenses while maintaining excellent customer service.

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

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

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

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

The recession of 2008-2009 continues to have a significant negative impact on the County. At the worst point of the recession the County saw monthly revenues from state shared sales tax, county sales tax, and vehicle license tax drop by as much as 27 percent, 38 percent, and 26 percent, respectively. As a rural county the negative effects of the recession have been severe and long-lasting. Beginning in February 2011, nearly two years after the recession officially ended, the county began to see a modest economic recovery through nominal increases in sales tax revenues; however, these revenues are still below amounts received by the County in 2004. In addition, assessed property values continue to decline with a corresponding negative impact on property tax revenues. It is anticipated that property values will continue to drop through fiscal year 2014.

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

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

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

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

## **SIGNIFICANT FINANCIAL POLICIES**

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

The policies have been developed to:

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

## **AWARDS**

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Navajo County, Arizona for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the third consecutive year that Navajo County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The GFOA presented the Distinguished Budget Presentation Award to Navajo County for its annual budget for the fiscal year beginning July 1, 2012. This was the fourth consecutive year that Navajo County has received this prestigious award. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as a financial plan, an operations guide, and as a communications device.

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

## **ACKNOWLEDGMENTS**

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

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

Respectfully submitted,

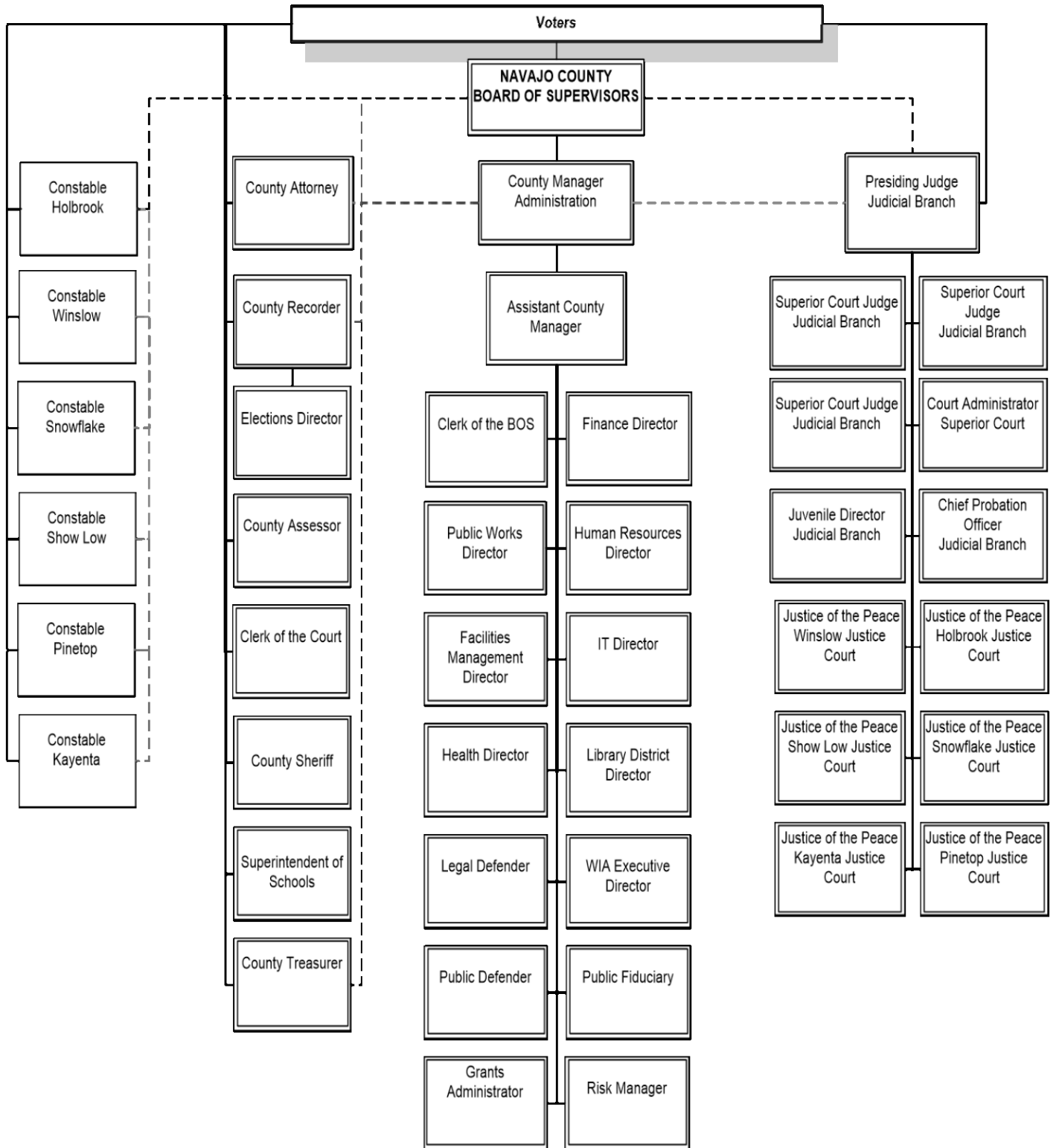
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James G. Jayne  
County Manager

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W. James Menlove  
Finance Director

# Organizational Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Navajo County  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



# FINANCIAL SECTION







**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

**STATE OF ARIZONA**  
OFFICE OF THE  
**AUDITOR GENERAL**

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report**

Members of the Arizona State Legislature

The Board of Supervisors of  
Navajo County, Arizona

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Navajo County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of Navajo County as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

***Other Matters***

*Required Supplementary Information*

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 3 through 9, the Budgetary Comparison Schedules on pages 46 through 51, and the Schedule of Agent Retirement Plans' Funding

Progress on page 52 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 the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

#### *Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies*

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

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

#### **Other Reporting Required by Government Auditing Standards**

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

Debbie Davenport  
Auditor General

December 17, 2013

# Navajo County Management's Discussion and Analysis June 30, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with the financial statements.

## FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the current fiscal year by \$92.8 million (net position). Of this amount, \$7.0 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The total decrease in the County's net position was \$4.4 million in fiscal year 2013.
- At the close of fiscal year 2013, the County's governmental funds reported combined ending fund balances of \$35.6 million, an increase of \$902 thousand in comparison with the prior year's balances of \$34.7 million.
- At the end of the fiscal year, 77.7 percent (\$27.6 million) of fund balance was restricted; 8.6 percent (\$3.1 million) was assigned; 10.8 percent (\$3.8 million) was unassigned, and 2.9 percent (\$1.0 million) was 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 balance is designated by management. The nonspendable fund balances includes amounts that cannot be spent because they are not in spendable form such as inventory and prepaid items.

## 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.

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

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

All of the County's basic services are considered to be governmental activities, including general government, public safety, highways and streets, health and welfare, culture and recreation, education, environmental and conservation, and urban redevelopment and housing. Sales taxes, property taxes, intergovernmental revenues, and user fees finance most of these activities. *The government-wide financial statements can be found on pages 12 and 13 of this report.*

#### **Fund financial statements**

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

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

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

The County maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues,

Navajo County  
 Management's Discussion and Analysis  
 June 30, 2013

expenditures, and changes in fund balances for the General Fund, Public Works/HURF Fund, Flood Control District Fund, and the Detention Facility Construction 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 14 through 17 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 18 and 19 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 20 through 43 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 46 through 54 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, 2013, compared to the prior year.

	Governmental Activities	
	2013	2012*
Current and other assets	\$ 40,779,514	\$ 39,378,378
Capital assets	73,774,320	75,551,539
Total assets	114,553,834	114,929,917
Other liabilities	4,282,976	3,687,095
Long-term liabilities outstanding	17,513,907	14,054,503
Total liabilities	21,796,883	17,741,598
Net Position:		
Net investment in capital assets	58,803,447	64,205,881
Restricted	26,943,489	25,830,803
Unrestricted	7,010,015	7,151,635
Total net position	\$ 92,756,951	\$ 97,188,319

\* 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. See Note 13—Beginning Net Position Restated for additional information.

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Management's Discussion and Analysis  
June 30, 2013

The County's current and other assets and net position from governmental activities at the end of the fiscal year were \$40.8 million and \$92.8 million, respectively. The decrease of \$1.8 million in capital assets and \$4.4 million in net position was due to normal depreciation expense of existing capital assets and construction and remodel of the County jail.

The County's other liabilities and long-term liabilities outstanding at the end of the fiscal year were \$4.3 million and \$17.5 million, respectively. The overall increase of \$596 thousand in other liabilities and \$3.5 million in long-term liabilities outstanding was due to the Navajo County jail expansion and remodel.

A large portion of the County's net position, 63.4 percent (\$58.8 million), reflects its investment in capital assets net of accumulated depreciation and related debt. The County uses these assets to provide services to citizens and, therefore, they are not available for future spending.

Approximately 29.0 percent of the County's net position (\$26.9 million) is subject to external restrictions on how they may be used. The County's restricted net position increased by 4 percent (\$1.1 million) as compared to the prior fiscal year due to issuing pledged revenue obligations, which are restricted for capital projects.

The remaining balance of the County's net position, 7.6 percent (\$7.0 million), is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors without constraints established by debt covenants or other legal requirements. The County's unrestricted net assets decreased 2 percent (\$142 thousand) in the current fiscal year due to normal operations.

**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 2013 compared to the prior year:

	Governmental Activities	
	2013	2012*
Program revenues:		
Charges for services	\$ 5,304,439	\$ 4,963,062
Operating grants and contributions	12,173,131	12,152,783
Capital grants and contributions	<u>9,939,261</u>	<u>9,803,553</u>
Total program revenues	27,416,831	26,919,398
General revenues:		
Property taxes	11,924,765	12,087,700
Sales taxes	6,239,089	6,246,077
State shared revenues	12,024,496	11,475,113
Grants and contributions not restricted to specific programs	3,024,985	3,175,428
Investment earnings	(109,711)	202,500
Gain on disposal of capital assets	52,473	13,116
Miscellaneous	<u>892,976</u>	<u>1,170,658</u>
Total general revenues	<u>34,049,073</u>	<u>34,370,592</u>
Total revenues	<u>61,465,904</u>	<u>61,289,990</u>



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	Governmental Activities	
	2013	2012*
Program expenses:		
General government	\$ 20,944,578	\$ 21,607,586
Public safety	19,123,378	18,238,891
Highways and streets	10,935,566	8,023,409
Health and welfare	7,734,191	5,909,936
Culture and recreation	788,127	966,000
Education	5,498,285	6,164,792
Environmental and conservation	303,402	16,352
Urban redevelopment and housing	42,701	784
Interest on long-term debt	<u>527,044</u>	<u>721,020</u>
Total program expenses	<u>65,897,272</u>	<u>61,648,770</u>
Change in net position	<u>(4,431,368)</u>	<u>(358,780)</u>
Net position, beginning, as restated	<u>97,188,319</u>	<u>104,110,435</u>
Capital asset restatement		<u>(6,563,336)</u>
Net position, ending	<u>\$ 92,756,951</u>	<u>\$ 97,188,319</u>

\* Amounts 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. See Note 13—Beginning Net Position Restated for additional information.

Overall revenues increased by 0.3 percent (\$176 thousand) and program expenses increased by 6.9 percent (\$4.2 million) in the current fiscal year. The following summarizes the significant changes in revenues and expenses compared to the prior year.

Charges for services revenues increased 6.9 percent (\$341 thousand) in the current year due to increased court, jail and adult probation revenues.

State shared revenues increased 4.8 percent (\$549 thousand) in the current year due to modest improvement in the state economy that increased state shared sales tax revenues.

Investment earnings decreased 154.2 percent (\$312 thousand) in the current year due to declines in the fair market value of the County's investments held at fiscal year-end. At maturity these investments will increase to full value.

Highways and streets expenses increased 36.3 percent (\$2.9 million) in the current fiscal year due to 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.

Health and welfare expenses increased 30.9 percent (\$1.8 million) in the current fiscal year due to new grants administered by the County through an intergovernmental agreement with the Navajo Nation.

Education expenses decreased 10.8 percent (\$667 thousand) in the current fiscal year due to due to economic conditions which reduced revenues for the Superintendent of Schools' Hope School, Accommodation School, and School Consortium.

# Navajo County Management's Discussion and Analysis June 30, 2013

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County reported four major funds for this fiscal year: the General Fund, Public Works/HURF Fund, Flood Control District Fund, and Detention Facility Construction Fund. At year-end, the County's governmental funds reported combined fund balances of \$35.6 million, which is an increase of \$902 thousand from last year or a change of 2.6 percent. Of the total, \$6.9 million constitutes unrestricted fund balances.

For governmental functions overall revenues increased \$676 thousand (1.1 percent) and expenditures increased \$1.1 million (1.7 percent). Governmental function expenditures exceeded revenues by \$3.6 million in the current fiscal year.

The General Fund is the County's primary operating fund. At the end of the current fiscal year, unrestricted fund balances of the General Fund totaled \$5.9 million. Unrestricted fund balances represent 17.4 percent of total General Fund expenditures. This ratio indicates a strong fund balance position in comparison to expenditures.

The Detention Facility Construction fund balance increased by \$3.3 million (3.102.5 percent) in the current fiscal year due to the County entering into a long-term revenue obligation for financing an addition and remodel of the County jail.

## GENERAL FUND BUDGETARY HIGHLIGHTS

For the General Fund, actual revenues were less than the original and final budget amounts by \$1.1 million while the actual expenditures were \$9.5 million less than the amount budgeted. The budget variance for revenues was due to the loss of a contract with the federal Bureau of Prisons to house federal inmates at the County jail. New contracts to house federal, state and tribal inmates have been enacted with the U.S. Marshall's Service, the Arizona Department of Corrections, the Hopi Tribe and the White Mountain Apache Tribe. The budget variance for expenditures in the General Fund was primarily due to conservative budgeting practices and minimal spending due to continued poor economic conditions.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

During the current fiscal year, the net book value of capital assets being depreciated decreased \$3.6 million due to normal depreciation expense of existing capital assets and construction and remodel of the County jail, which had not been completed as of the fiscal year end. *Additional information on capital assets can be found in Notes 4 and 5 on page 30 of this report.*

### Debt Administration

At the end of the current fiscal year, the County had total long-term liabilities outstanding of \$17.5 million, which included \$13.7 million in revenue bonds that financed the acquisition, construction, and improvements of county buildings and facilities and financed the construction of new facilities and the remodel of existing facilities at the Navajo County jail. Included in long-term liabilities is \$1.0 million of

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special assessment debt with governmental commitment and \$2.2 million for the future payment of compensated absences for unused employee vacation and sick leave. The remainder of the long-term liabilities consists of capital leases, claims and judgments, and estimated landfill closure and post-closure care costs. 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 31 through 33 of this report.*

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The significant downturn in the national and state economies that began the latter part of 2008 continued to affect the County in fiscal year 2013. The U.S. and State economies continued to experience a moderate recovery during 2013 and continued minimal improvement is expected in fiscal year 2014. However, one of the major employers in the County discontinued operations in fiscal year 2013 causing a significant setback in the local economic recovery. The County closely monitors revenues, expenditures and applicable economic indicators to ensure that the County remains fiscally strong. The County continues to budget conservatively for revenue estimates and other factors affecting the County.

#### REQUEST FOR INFORMATION

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



# BASIC FINANCIAL STATEMENTS



Navajo County  
Statement of Net Position  
Year Ended June 30, 2013

	Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 29,581,394
Receivables (net of allowance for uncollectibles):	
Property taxes	636,680
Accrued interest	41,817
Due from other governments	4,081,168
Cash and investments held by trustee - restricted	5,403,683
Inventories	986,516
Prepaid items	48,256
Capital assets, not being depreciated	9,330,221
Capital assets, being depreciated, net	64,444,099
Total assets	\$ 114,553,834
<b>Liabilities</b>	
Accounts payable	\$ 2,915,806
Accrued payroll and employee benefits	1,367,170
Noncurrent liabilities	
Due within 1 year	2,183,398
Due in more than 1 year	15,330,509
Total liabilities	\$ 21,796,883
<b>Net Position</b>	
Net investment in capital assets	\$ 58,803,447
Restricted for:	
General government	435,538
Highways and streets	8,642,890
Public safety	7,421,438
Judicial activities	2,629,587
Education	1,798,155
Law enforcement	975,536
Environment, library, and community services	247,820
Health and welfare	409,904
Debt service	1,200,697
Capital projects	3,181,924
Unrestricted	7,010,015
Total net position	\$ 92,756,951

See accompanying notes to financial statements.

Navajo County  
Statement of Activities  
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 20,944,578	\$ 3,649,106	\$ 1,514,696	\$ (15,780,776)
Public safety	19,123,378	1,146,080	3,358,242	(14,619,056)
Highways and streets	10,935,566	104,133		\$ 9,939,261 (892,172)
Health and welfare	7,734,191	243,393	2,500,943	(4,989,855)
Culture and recreation	788,127	161,727	129,282	(497,118)
Education	5,498,285		4,327,485	(1,170,800)
Environmental and conservation	303,402		301,660	(1,742)
Urban redevelopment and housing	42,701		40,823	(1,878)
Interest on long-term debt	527,044			(527,044)
Total governmental activities	<u>\$ 65,897,272</u>	<u>\$ 5,304,439</u>	<u>\$ 12,173,131</u>	<u>\$ (38,480,441)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purpose				7,221,914
Property taxes, levied for flood control				2,280,770
Property taxes, levied for public health district				1,930,396
Property taxes, levied for library district				491,685
General county sales tax				6,239,089
Shared revenues - state sales tax				10,087,589
Shared revenues - state vehicle license tax				1,936,907
Grants and contributions not restricted to specific programs				3,024,985
Investment earnings				(109,711)
Gain on disposal of capital assets				52,473
Miscellaneous				892,976
Total general revenues				<u>34,049,073</u>
Change in net position				(4,431,368)
Net position, July 1, 2012 (as restated)				<u>97,188,319</u>
Net position, June 30, 2013				<u>\$ 92,756,951</u>

See accompanying notes to financial statements.

Navajo County  
Balance Sheet  
Governmental Funds  
Year Ended June 30, 2013

	General Fund	Public Works/ HURF Fund	Flood Control District Fund	Detention Facility Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$ 5,092,284	\$ 8,725,181	\$ 7,899,813		\$ 7,864,116	\$ 29,581,394
Receivables (net of allowance for uncollectibles):						
Property taxes	266,556		116,337		253,787	636,680
Accrued interest	7,979	11,080	9,676		13,082	41,817
Due from other funds	592,117	435			115,050	707,602
Due from other governments	1,464,724	900,677			1,715,767	4,081,168
Cash and investments held by trustee—restricted				\$ 4,385,000	1,018,683	5,403,683
Inventories		986,516				986,516
Prepaid items					48,256	48,256
Total assets	<u>\$ 7,423,660</u>	<u>\$ 10,623,889</u>	<u>\$ 8,025,826</u>	<u>\$ 4,385,000</u>	<u>\$ 11,028,741</u>	<u>\$ 41,487,116</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 492,527	\$ 1,571,189	\$ 15,178	\$ 408,927	\$ 427,985	\$ 2,915,806
Accrued payroll and employee benefits	858,487	172,967	6,224		329,492	1,367,170
Due to other funds	1,262			583,117	123,223	707,602
Deferred revenues	201,015		85,251		619,062	905,328
Total liabilities	<u>1,553,291</u>	<u>1,744,156</u>	<u>106,653</u>	<u>992,044</u>	<u>1,499,762</u>	<u>5,895,906</u>
Fund balances:						
Nonspendable		986,516			48,256	1,034,772
Restricted		7,893,217	7,919,173	3,392,956	8,434,473	27,639,819
Assigned	2,021,131				1,046,263	3,067,394
Unassigned	3,849,238				(13)	3,849,225
Total fund balances	<u>5,870,369</u>	<u>8,879,733</u>	<u>7,919,173</u>	<u>3,392,956</u>	<u>9,528,979</u>	<u>35,591,210</u>
Total liabilities and fund balances	<u>\$ 7,423,660</u>	<u>\$ 10,623,889</u>	<u>\$ 8,025,826</u>	<u>\$ 4,385,000</u>	<u>\$ 11,028,741</u>	<u>\$ 41,487,116</u>

See accompanying notes to financial statements.



Navajo County  
Reconciliation of the Balance Sheet to the Statement of Net Position  
Governmental Funds  
Year Ended June 30, 2013

Fund balances—total governmental funds	\$ 35,591,210
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.	73,774,320
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	905,328
Some liabilities, including bonds and certificates of participation payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(17,513,907)</u>
Net position of governmental activities	<u>\$ 92,756,951</u>

See accompanying notes to financial statements.

Navajo County  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2013

	General Fund	Public Works/ HURF Fund	Flood Control District Fund	Detention Facility Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property taxes	\$ 7,355,796		\$ 2,280,770		\$ 2,422,082	\$ 12,058,648
Special assessments					502,434	502,434
Licenses and permits	345,480				124,171	469,651
Fines and forfeits	900,873				638,790	1,539,663
Intergovernmental	21,251,426	\$ 9,690,517			12,108,618	43,050,561
Charges for services	1,288,142	12,171			1,741,122	3,041,435
Investment earnings	(19,219)	(37,371)	(27,180)		(25,940)	(109,710)
Contributions					64,512	64,512
Miscellaneous	419,552	66,407			407,017	892,976
Total revenues	<u>31,542,050</u>	<u>9,731,724</u>	<u>2,253,590</u>		<u>17,982,806</u>	<u>61,510,170</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	17,517,338				3,229,151	20,746,489
Public safety	11,875,491		1,350,730		4,289,168	17,515,389
Highways and streets		9,549,268			34,731	9,583,999
Health and welfare	3,567,982				4,419,628	7,987,610
Culture and recreation					785,901	785,901
Education	319,996				5,006,173	5,326,169
Environmental and conservation					303,402	303,402
Urban redevelopment and housing					42,701	42,701
<b>Debt service:</b>						
Principal	797				675,982	676,779
Interest and other charges	15				527,029	527,044
Bond issuance costs				15,000	100,290	115,290
Capital outlay	371,277			1,097,991		1,469,268
Total expenditures	<u>33,652,896</u>	<u>9,549,268</u>	<u>1,350,730</u>	<u>1,112,991</u>	<u>19,414,156</u>	<u>65,080,041</u>
Excess (deficiency) of revenues over expenditures	<u>(2,110,846)</u>	<u>182,456</u>	<u>902,860</u>	<u>(1,112,991)</u>	<u>(1,431,350)</u>	<u>(3,569,871)</u>
<b>Other financing sources (uses):</b>						
Pledged revenue obligations issued				4,400,000	4,100,000	8,500,000
Payment to bond refunding escrow agent					(4,345,000)	(4,345,000)
Capital lease agreements					146,994	146,994
Sale of capital assets	78,863					78,863
Transfers in	2,494,875	25,000			7,638,024	10,157,899
Transfers out	(1,065,638)	(749,803)	(1,176,082)		(7,166,376)	(10,157,899)
Total other financing sources and uses	<u>1,508,100</u>	<u>(724,803)</u>	<u>(1,176,082)</u>	<u>4,400,000</u>	<u>373,642</u>	<u>4,380,857</u>
Net change in fund balances	<u>(602,746)</u>	<u>(542,347)</u>	<u>(273,222)</u>	<u>3,287,009</u>	<u>(1,057,708)</u>	<u>810,986</u>
Fund balances, July 1, 2012	6,473,115	9,331,072	8,192,395	105,947	10,586,687	34,689,216
<b>Changes in nonspendable resources:</b>						
Increase in reserve for inventories		91,008				91,008
Fund balances, June 30, 2013	<u>\$ 5,870,369</u>	<u>\$ 8,879,733</u>	<u>\$ 7,919,173</u>	<u>\$ 3,392,956</u>	<u>\$ 9,528,979</u>	<u>\$ 35,591,210</u>

See accompanying notes to financial statements.

Navajo County  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities  
Governmental Funds  
Year Ended June 30, 2013

Net change in fund balances—total governmental funds \$ 810,986

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	2,824,221	
Depreciation expense	<u>(4,575,050)</u>	(1,750,829)

In the Statement of Activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.

(26,390)

Some revenues reported in the Statement of Activities do not represent the collection of current financial resources and, therefore, are not reported as revenues on the governmental funds

Intergovernmental revenues		37,143
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Collection of revenues in the governmental funds exceeded revenues reported in the Statement of Activities

Property taxes		(133,882)
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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.

Debt Issued	(8,646,994)	
Principal repaid	<u>5,021,779</u>	(3,625,215)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.

Decrease in compensated absences	132,545	
Decrease in claims and judgments	16,016	
Decrease in landfill closure and post-closure care costs	<u>17,250</u>	165,811

Some cash outlays, such as purchases of inventories, are reported as expenditures in the governmental funds when purchased. In the Statement of Activities, however, they are reported as expenses when consumed.

Increase in inventories		<u>91,008</u>
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Change in net position of governmental activities		<u>\$ (4,431,368)</u>
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See accompanying notes to financial statements.

Navajo County  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2013

	Investment Trust Funds	Agency Funds
<b>Assets</b>		
Cash and investments	\$ 128,335,432	\$ 4,490,649
Interest receivable	160,643	2,839
Total assets	\$ 128,496,075	\$ 4,493,488
<b>Liabilities</b>		
Due to other governments		\$ 2,387,067
Deposits held for others		2,106,421
Total liabilities		\$ 4,493,488
<b>Net Position</b>		
Held in trust for investment trust participants	\$ 128,496,075	

See accompanying notes to financial statements.

Navajo County  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended June 30, 2013

	Investment Trust Funds
Additions:	
Contributions from participants	\$ 227,612,612
Net investment income	(399,648)
Total additions	227,212,964
Deductions:	
Distributions to participants	222,274,047
Change in net position	4,938,917
Net position, July 1, 2012	123,557,158
Net position, June 30, 2013	\$ 128,496,075

See accompanying notes to financial statements.

Navajo County  
Notes to Financial Statements  
June 30, 2013

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, 2013, the County implemented the provisions of GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*; GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 60 improves consistency in financial reporting for service concession arrangements. GASB Statement No. 61 modifies existing requirements for determining which component units should be included in the financial reporting entity and the related display and disclosure requirements. GASB Statement No. 62 incorporates certain accounting and financial reporting guidance in FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins into GASB's authoritative literature. GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The implementation of GASB Statement No. 60 had no impact on the County's fiscal year 2013 financial statements, and the implementation of GASB Statement Nos. 61-63 had an insignificant effect on the financial statement amounts; therefore, no additional note disclosures were required.

#### A. Reporting Entity

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

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

Navajo County  
Notes to Financial Statements  
June 30, 2013

The following table describes the County's component units:

<b>Component Unit</b>	<b>Description; Criteria for Inclusion</b>	<b>Reporting Method</b>	<b>For Separate Financial Statements</b>
Navajo County Flood Control District	A tax-levying district that provides flood control systems; the County's Board of Supervisors serves as the board of directors	Blended	Not available
Navajo County Library District	A tax-levying district that provides and maintains library services for the County's residents; the County's Board of Supervisors serves as the board of directors	Blended	Not available
Navajo County Health District	A tax-levying district that provides health services for the County's residents; the County's Board of Supervisors serves as the board of directors	Blended	Not available
White Mountain Lake Recreation District	A tax-levying district that provides recreational services for the White Mountain Lake Community; the County's Board of Supervisors serves as the board of directors	Blended	Not available
Navajo County Municipal Property Corporation (MPC)	A nonprofit corporation that assists in the acquisition of tangible real and personal property; the County's Board of Supervisors appoints all members of the governing board, is able to impose its will on the MPC, and the MPC exists only to serve the County	Blended	Not available
Navajo County Special Assessment Districts	Legally separate entities that provide improvements to various properties within the County; the County's Board of Supervisors serves as the board of directors	Blended	Not available

Navajo County  
Notes to Financial Statements  
June 30, 2013

## 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 usefulness of the information.

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

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

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

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes levied or imposed by the County, 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.

**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 other governmental 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.



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

The *Detention Facility Construction Fund* is used for construction of medical, kitchen and laundry facilities and remodeling the existing county jail and is funded through pledged revenue obligations.

The County reports the following fund types:

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

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

### C. Basis of Accounting

The government-wide and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

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

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The County's major revenue sources that are susceptible to accrual are property taxes, intergovernmental, and charges for services. 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.

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#### D. Cash and Investments

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

#### E. Inventories

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

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

#### F. Property Tax Calendar

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

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

#### G. Capital Assets

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

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements 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	3-7 years
Infrastructure	10,000	Straight-line	35 years

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## H. Fund Balance Classifications

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. 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 approved by the County's Board of Supervisors, which is the highest level of decision-making authority within the County. The County did not commit any fund balances at June 30, 2013.

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The County's fiscal policies adopted by the Board of Supervisors has authorized the county manager to make assignments of resources for a specific purpose.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, the County uses restricted fund balance first. For the disbursement of unrestricted fund balances, the County will use assigned amounts first, followed by unassigned amounts.

## I. Investment Earnings

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

## J. Compensated Absences

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

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Employees may accumulate up to 488 hours of annual leave during a calendar year (depending on years of service) with a maximum carryforward of 320 hours as of December 31 of each year. Upon terminating employment, all unused vacation benefits up to a maximum of 320 hours (488 upon retirement) are paid to the employee.

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative. Upon retirement or death, employees who have accumulated 301 hours or more of unused sick leave and have 5 or more years of continuous service will receive a partial sick leave payment, not to exceed \$5,000, based on the number of years of continuous service. Accordingly, annual and 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 resignations and retirements by fiscal year-end.

## Note 2 - 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 and notes; interest earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States; 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. Corporate bonds, debentures, and notes must be rated within the top three ratings by a nationally recognized rating agency.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

### **Custodial credit risk**

Statutes require collateral for deposits and certificates of deposit at 101 percent of all deposits not covered by federal depository insurance.

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**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.

**Deposits**—At June 30, 2013, cash on hand was \$22,626. The carrying amount of the County's deposits, consisting of checking, savings, and money market savings accounts, was \$51,899,867, and the bank balance was \$52,127,201. The County's formal policy is to follow collateralization requirements set forth in A.R.S. §35-323 as described above.

At June 30, 2013, \$47,016,096 of the County's bank balance was exposed to custodial credit risk for deposits that were uninsured with collateral held by the pledging financial institution.

**Investments**—The County's investments at June 30, 2013, were as follows:

Investment Type	Amount
U.S. agency securities	\$ 88,696,000
U.S. Treasury securities	21,706,140
Corporate notes	4,452,842
U.S. Treasury money market funds	<u>1,033,683</u>
	<u>\$115,888,665</u>

**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, 2013, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
U.S. agency securities	AAA	Moody's	\$88,696,000
Corporate notes	AA+	Standard and Poor's	4,452,842
U.S. Treasury money market funds	Unrated	N/A	<u>1,033,683</u>
Total			<u>\$94,182,525</u>

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**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, 2013, the County had \$1,018,683 of U.S. Treasury money market funds that was uninsured and held by the counterparty not in the County's name.

**Concentration of credit risk**—The County's formal policy stipulates that the County will diversify the investment portfolio by limiting investments to avoid over-concentration in securities from a specific issuer, excluding obligations issued or guaranteed by the United States or any of the senior debt of its agencies or sponsored agencies. The County had investments at June 30, 2013, of 5 percent or more in Federal Home Loan Bank, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation. These investments were 29.65 percent, 29.92 percent, and 16.96 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, 2013, the County had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity (In Years)
U.S. agency securities	\$ 88,696,000	3.724
U.S. Treasury securities	21,706,140	2.809
Corporate notes	4,452,842	1.067
U.S. Treasury money market funds	<u>1,033,683</u>	.003
	<u>\$115,888,665</u>	

At June 30, 2013, \$9,934,100 of the investments in U.S. agency securities and \$4,452,842 of investments in corporate notes were considered to be highly sensitive to interest rate changes:

U.S. agency step-up securities – On specified dates, the issuer can call the security. If the security is not called, the interest rate is increased by a specified amount. Prevailing interest rates may increase faster than the increase in the coupon interest rate. \$ 9,934,100

Corporate notes floating rate securities – The coupon rate is tied to the London Interbank Offered Rate 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. 4,452,842

Total \$14,386,942

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

Cash, deposits, and investments:

Cash on hand	\$ 22,626
Amount of deposits	51,899,867
Amount of investments	<u>115,888,665</u>
Total	<u>\$167,811,158</u>

	<b>Governmental Activities</b>	<b>Investment Trust Funds</b>	<b>Agency Funds</b>	<b>Total</b>
Statement of Net Position				
Cash and investments	\$29,581,394	\$128,335,432	\$4,490,649	\$162,407,475
Cash and investments held by trustee—restricted	<u>5,403,683</u>	<u>                    </u>	<u>                    </u>	<u>5,403,683</u>
Total	<u>\$34,985,077</u>	<u>\$128,335,432</u>	<u>\$4,490,649</u>	<u>\$167,811,158</u>

**Note 3 - Due from Other Governments**

Amounts due from other governments at June 30, 2013, include \$1,248,456 in state and county sales taxes, \$172,307 in vehicle license taxes from the State of Arizona, \$660,804 in state-shared revenue from highway user taxes, and \$1,999,601 in various grants from the state and federal governments.

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Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	<b>Balance July 1, 2012, As Restated*</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2013</b>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 5,562,955			\$ 5,562,955
Construction in progress	<u>1,937,895</u>	<u>\$ 1,829,371</u>		<u>3,767,266</u>
Total capital assets not being depreciated	<u>7,500,850</u>	<u>1,829,371</u>		<u>9,330,221</u>
Capital assets being depreciated:				
Buildings and improvements	37,386,354			37,386,354
Infrastructure	77,064,848	10,849		77,075,697
Machinery and equipment	<u>26,294,475</u>	<u>984,001</u>	<u>\$155,102</u>	<u>27,123,374</u>
Total	<u>140,745,677</u>	<u>994,850</u>	<u>155,102</u>	<u>141,585,425</u>
Less accumulated depreciation for:				
Buildings and improvements	15,869,900	1,085,487		16,955,387
Infrastructure	33,785,827	2,138,732		35,924,559
Machinery and equipment	<u>23,039,261</u>	<u>1,350,831</u>	<u>128,712</u>	<u>24,261,380</u>
Total	<u>72,694,988</u>	<u>4,575,050</u>	<u>128,712</u>	<u>77,141,326</u>
Total capital assets being depreciated, net	<u>68,050,689</u>	<u>(3,580,200)</u>	<u>26,390</u>	<u>64,444,099</u>
Governmental activities capital assets, net	<u>\$ 75,551,539</u>	<u>\$(1,750,829)</u>	<u>\$ 26,390</u>	<u>\$ 73,774,320</u>

\* Capital assets were restated at July 1, 2012 due to certain road project errors. See Note 13—Beginning Net Position Restated for addition information.

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 737,733
Public safety	1,063,001
Highways and streets	2,433,205
Health and welfare	166,769
Culture and recreation	2,226
Education	<u>172,116</u>
Total governmental activities depreciation expense	<u>\$4,575,050</u>

Note 5 - Construction and Other Significant Commitments

The County had major contractual commitments related to various capital projects at June 30, 2013, including the construction of the Winslow Levee, rehabilitation of Cheylon Bridge, and additions and improvements to the Holbrook Jail Complex. At June 30, 2013, the County had spent \$3,767,266 on all projects and had remaining contractual



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commitments with contractors of \$10,712,380. These projects are being primarily financed through the Flood Control District Fund, the Public Works/HURF Fund, and revenue bond monies, respectively.

**Note 6 - Long-Term Liabilities**

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2013:

<b>Governmental activities</b>	<b>Balance July 1, 2012</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2013</b>	<b>Due within 1 year</b>
Pledged revenue obligations payable	\$ 5,545,000	\$8,500,000	\$ 380,000	\$13,665,000	\$ 385,000
Certificates of participation payable	4,345,000		4,345,000		
Special assessment debt with governmental commitment	1,172,771		187,536	985,235	196,746
Capital leases payable	282,887	146,994	109,243	320,638	120,776
Landfill closure and post-closure care costs payable	293,250		17,250	276,000	17,250
Compensated absences payable	2,359,613	1,271,894	1,404,439	2,227,068	1,448,626
Claims and judgments payable	<u>55,982</u>	<u>1,799</u>	<u>17,815</u>	<u>39,966</u>	<u>15,000</u>
Total	<u>\$14,054,503</u>	<u>\$9,920,687</u>	<u>\$6,461,283</u>	<u>\$17,513,907</u>	<u>\$2,183,398</u>

**Pledged revenue obligations**—The County has issued revenue obligations that are generally callable with interest payable semiannually. The 2008 obligations were issued to acquire a new regional county service center in Show Low, to construct a new county administrative building in Heber-Overgaard, and to make improvements to the water facility and electrical system at the county complex. The Series 2012 obligations were issued to current-refund the \$4,345,000 of outstanding principal relating to the 2000 Series Municipal Jail Facilities Bonds and for new construction and remodeling of jail facilities.

Pledged revenue obligations outstanding at June 30, 2013, were as follows:

<b>Description</b>	<b>Original Amount Issued</b>	<b>Maturity Ranges</b>	<b>Interest Rates</b>	<b>Outstanding Principal</b>
Navajo County Pledged Revenue Obligations, Series 2008	\$6,600,000	2014 – 2024	3.40 – 4.00%	\$ 5,165,000
Navajo County Pledged Revenue Refunding Obligations, Series 2012A	4,100,000	2014 – 2027	3.24%	4,100,000
Navajo County Pledged Revenue Obligations, Series 2012B	4,400,000	2014 – 2032	3.24%	<u>4,400,000</u>
		Total		<u>\$13,665,000</u>

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The following schedule details debt service requirements to maturity for the County's pledged revenue obligations payable at June 30, 2013:

Year ending June 30	Governmental Activities	
	Principal	Interest
2014	\$ 385,000	\$ 376,076
2015	550,000	448,699
2016	570,000	429,692
2017	585,000	410,080
2018	605,000	389,370
2019-23	3,395,000	1,584,904
2024-28	4,000,000	911,412
2029-32	<u>3,575,000</u>	<u>236,277</u>
Total	<u>\$13,665,000</u>	<u>\$4,786,510</u>

The County has pledged a portion of its general county and state sales tax revenues toward the payment of debt related to pledged revenue obligations outstanding at June 30, 2013. At June 30, 2013, future pledged revenues through final maturity at July 1, 2031 totaled \$18,451,510, consisting of \$13,665,000 for principal and \$4,786,510 for interest. Future principal and interest payments are expected to require less than 5 percent of pledged sales tax revenues. Principal and interest paid for the current year and total current year revenues were \$633,228 and \$16,326,678, respectively.

**Certificate of participation**—On August 12, 2012, the County issued pledged revenue obligations with an average interest rate of 3.24 percent to current-refund older, higher-rate certificates of participation issues with an average interest rate of 6.17 percent. The County realized net proceeds of \$4,528,395 after payment of \$112,398 in underwriting fees, insurance, and other issuance costs, plus \$540,793 of sinking fund monies. These proceeds were used to purchase U.S. government securities that were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. The refunded debt is considered defeased, and related liabilities are not included in the County's financial statements. Details of the refunding transactions are as follows:

Amount of Series 2012A refunding obligations issued	\$4,100,000
Amount of Series 2000 Municipal Jail Facilities certificates refunded	4,345,000
Reduction in debt service payments	194,974
Economic gain	310,115

**Special assessment debt with governmental commitment**—Special assessment bonds are payable from assessments collected from property owners benefited by the respective improvements. The special assessment districts pledged these assessments to repay the principal amount of \$2,103,874 in special assessment bonds. The proceeds were used to finance the construction or improvement of roads, water and wastewater systems, and community facilities. At June 30, 2013, future pledged revenues through final maturity at July 1, 2020 totaled \$1,144,831 consisting of \$985,235 for principal and \$160,596 for interest. Future principal and interest payments are expected to require 100 percent of

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pledged special assessment revenues. Principal and interest paid for the current year and total current year special assessment revenues were \$262,104 and \$248,745, respectively. While there is no legal obligation for the County to further secure the special assessment bonds of the districts below, the County has made a moral commitment to take steps necessary to prevent default.

Special assessment bonds currently outstanding for governmental activities are as follows:

Description	Original Amount Issued	Maturity Ranges	Interest Rates	Outstanding Principal
Shumway Road	\$1,150,000	2014-2017	5.40%	\$530,000
Bucking Horse	524,000	2014-2020	5.75%	348,000
Scott's Pine Tract A	184,124	2014-2017	6.17%	59,159
Sutter Drive	245,750	2014-2016	5.50%	48,076
Total	<u>\$2,103,874</u>			<u>\$985,235</u>

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

	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
Year ending June 30		
2014	\$196,746	\$ 54,465
2015	214,746	43,533
2016	219,954	31,620
2017	223,789	19,651
2018	63,000	7,474
2019-20	67,000	3,853
Total	<u>\$985,235</u>	<u>\$160,596</u>

**Compensated absences**—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2013, the County paid for compensated absences as follows: 64 percent from the General Fund, 12 percent from the Public Works/HURF Fund, and 24 percent from the Other Governmental Funds.

## 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 three public entity risk pools: the Arizona Counties Insurance Pool, the Arizona Counties Workers' Compensation Pool, and the Arizona Public Employers Health Pool, which are described below.

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The Arizona Counties Insurance Pool is a public entity risk pool currently composed of 11 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium based on its exposure in relation to the exposure of the other participants and a deductible of \$10,000 per occurrence for most 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. If the pool were to become insolvent, the County would be assessed an additional contribution. If the pool were to terminate, adequate provisions would be made for the County's pending and anticipated claims based on an actuarial report funded by the pool.

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 11 member counties. The pool provides member counties with workers' compensation coverage, as required by law, 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 Insurance 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.

Navajo County participates in the Arizona Public Employers Health Pool (APEHP), pursuant to A.R.S. §11-952.01. APEHP is a consortium of participating local governments that provides medical and dental insurance coverage to its participants' employees. In addition, APEHP is self-funded through an agreement with participating members and APEHP administers the plan. The members' employee and employer contributions are paid to the pool to pay benefits and administrative expenses. If the County withdraws from APEHP, it is responsible for its proportionate share of any claims' run out costs, including claims reported but not settled, claims incurred but not reported, and administrative costs. If the APEHP were to terminate, the County would be responsible for its proportionate share of any pool deficit. Any assets remaining in the pool would be liquidated and distributed to members as planned by the pool's Board of Directors after all pending and anticipated claims have been paid.

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**Note 8 - Fund Balance Classifications of the Governmental Funds**

The fund balance classifications of the governmental funds as of June 30, 2013, were as follows:

	General Fund	Public Works/ HURF Fund	Flood Control District Fund	Detention Facility Construction Fund	Other Governmental Funds	Total
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Inventories		\$ 986,516				\$ 986,516
Prepaid items					\$ 48,256	48,256
Total nonspendable		<u>986,516</u>			<u>48,256</u>	<u>1,034,772</u>
<b>Restricted for:</b>						
General government					464,424	464,424
Highways and streets		7,893,217			338,393	8,231,610
Public safety			\$7,919,173			7,919,173
Judicial activities					2,810,436	2,810,436
Social services					135,832	135,832
Library					25,799	25,799
Law enforcement					1,003,448	1,003,448
Health					437,090	437,090
Recreation					102,625	102,625
Education					1,903,657	1,903,657
Debt service					1,212,769	1,212,769
Capital projects				\$3,392,956		3,392,956
Total restricted		<u>7,893,217</u>	<u>7,919,173</u>	<u>3,392,956</u>	<u>8,434,473</u>	<u>27,639,819</u>
<b>Assigned to:</b>						
General government	\$1,498,830				63,069	1,561,899
Judicial activities	9,010					9,010
Law enforcement	513,291				96,113	609,404
Education					422,530	422,530
Debt service					464,551	464,551
Total assigned	<u>2,021,131</u>				<u>1,046,263</u>	<u>3,067,394</u>
<b>Unassigned</b>	<u>3,849,238</u>				(13)	<u>3,849,225</u>
Total fund balances	<u>\$5,870,369</u>	<u>\$8,879,733</u>	<u>\$7,919,173</u>	<u>\$3,392,956</u>	<u>\$9,528,979</u>	<u>\$35,591,210</u>

**Note 9 - Pensions and Other Postemployment Benefits**

**Plan Descriptions**—The County contributes to the four plans described below. The plans are component units of the State of Arizona and benefits are established by state statute, and the plans generally provide retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are generally paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

Navajo County  
Notes to Financial Statements  
June 30, 2013

The *Arizona State Retirement System* (ASRS) administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium benefit plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The *Public Safety Personnel Retirement System* (PSPRS) administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona and participating political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a seven-member board, known as The Board of Trustees, and participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The *Corrections Officer Retirement Plan* (CORP) administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit plan that covers state, county, and local correction officers; dispatchers; and probation, surveillance, and juvenile detention officers. The Administrative Office of the Courts Probation Officers is a group separately covered under the plan in which the related plan information that follows is separately referred to as the CORP-AOC. The CORP is governed by The Board of Trustees of PSPRS and participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The *Elected Officials Retirement Plan* (EORP) administers a cost-sharing, multiple-employer defined benefit pension plan and a cost-sharing, multiple-employer defined benefit health insurance premium benefit that covers State of Arizona and county elected officials and judges, and elected officials of participating cities. The EORP is governed by The Board of Trustees of PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. EORP's health insurance premium benefit portion is not administered as its own formal trust. Therefore, in accordance with GASB Statement No. 43, the County is required to disclose certain actuarial information related to the health insurance premium benefit portion that is similar to that of an agent multiple-employer defined benefit plan. However, the Board of Trustees obtains an actuarial valuation for both EORP portions on their statutory basis as cost-sharing plans, and therefore, actuarial information for the County, as a participating government employer, is not available.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report is available on their Web site or may be obtained by writing or calling the applicable plan.

ASRS  
3300 N. Central Ave.  
P.O. Box 33910  
Phoenix, AZ 85067-3910  
(602) 240-2000 or 1-800-621-3778  
[www.azasrs.gov](http://www.azasrs.gov)

PSPRS, CORP, and EORP  
3010 E. Camelback Rd., Suite 200  
Phoenix, AZ 85016-4416  
(602) 255-5575  
[www.psprs.com](http://www.psprs.com)

Navajo County  
Notes to Financial Statements  
June 30, 2013

**Funding Policy**—The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates for the ASRS, PSPRS, CORP, and EORP.

*Cost-sharing plans*—For the year ended June 30, 2013, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.14 percent (10.9 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll and the County was required by statute to contribute at the actuarially determined rate of 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll. Active EORP members were required by statute to contribute 11.5 percent of the members' annual covered payroll, and the County was required to remit a designated portion of certain court fees plus additional contributions at the actuarially rate of 20.87 percent of the members' annual covered payroll that includes the actuarially set rate of 1.8 percent for the plan's health insurance premium benefit.

The County's contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

	<b>Retirement Fund</b>	<b>Health Benefit Supplement Fund</b>	<b>Long-Term Disability Fund</b>
Year ended June 30			
ASRS:			
2013	\$1,698,431	\$107,705	\$39,768
2012	1,631,434	104,134	39,670
2011	1,556,369	103,730	43,233

	<b>Retirement Fund</b>	<b>Health Insurance Premium Benefit</b>
Year ended June 30		
EORP:		
2013	\$317,998	\$30,016
2012	263,472	29,166
2011	247,432	27,936

*Agent plans*—For the year ended June 30, 2013, active PSPRS members were required by statute to contribute 9.55 percent of the members' annual covered payroll and the County was required to contribute 28.05 percent, the aggregate of which is the actuarially required amount. The health insurance premium benefit portion of the contribution rate was actuarially set at 1.20 percent of covered payroll. Active CORP members and probation officers participating in the CORP-AOC were required by statute to contribute 8.41 percent of the members' annual covered payroll. In addition, the County was required to contribute 7.80 percent for active CORP members and 13.12 percent for CORP-AOC members. The aggregate of the members' and the County's contributions is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.00 percent of covered payroll for active CORP members and 1.27 percent for CORP-AOC members.

Navajo County  
Notes to Financial Statements  
June 30, 2013

All participating employers in the CORP-AOC are accounted for as one group within the Corrections Officer Retirement Plan and, as such, an actuarial valuation of CORP-AOC is only performed for the group as a whole. Therefore, actuarial information and certain trend information for the County, as a participating government, are not available.

**Actuarial methods and assumptions**—The contribution requirements for the year ended June 30, 2013, were established by the June 30, 2011, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

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

Projections of benefits are based on (1) the plans as understood by the County and plans' members and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for both plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2013 contribution requirements, are as follows:

Actuarial valuation date	June 30, 2011
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	25 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.25%
Projected salary increases	5%-8% for PSPRS and CORP
includes inflation at	5% for PSPRS and CORP



Navajo County  
Notes to Financial Statements  
June 30, 2013

**Annual Pension/OPEB Cost**—The County's pension/OPEB cost for the agent plans for the year ended June 30, 2013, and related information follows:

	<u>PSPRS</u>		<u>CORP</u>	
	Pension	Health Insurance Premium Benefit	Pension	Health Insurance Premium Benefit
Annual pension/OPEB costs	\$614,586	\$27,468	\$119,826	\$17,622
Contributions made	614,586	27,468	119,826	17,622

	<u>CORP-AOC</u>	
	Pension	Health Insurance Premium Benefit
Annual pension/OPEB costs	\$227,743	\$24,408
Contributions made	227,743	24,408

**Trend Information**—Annual pension and OPEB cost information for the current and 2 preceding years follows for each of the agent plans.

Plan	Year Ended June 30	Annual Pension/OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/OPEB Obligation
<b>PSPRS</b>				
Pension	2013	\$614,586	100%	\$0
Health insurance premium benefit	2013	27,468	100	0
Pension	2012	523,118	100	0
Health insurance premium benefit	2012	33,149	100	0
Pension	2011	461,713	100	0
Health insurance premium benefit	2011	32,434	100	0
<b>CORP</b>				
Pension	2013	119,826	100	0
Health insurance premium benefit	2013	17,622	100	0
Pension	2012	86,459	100	0
Health insurance premium benefit	2012	18,360	100	0
Pension	2011	106,201	100	0
Health insurance premium benefit	2011	18,788	100	0

Navajo County  
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June 30, 2013

Plan	Year Ended June 30	Annual Pension/OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/OPEB Obligation
CORP-AOC				
Pension	2013	\$227,743	100%	\$0
Health insurance premium benefit	2013	24,408	100	0
Pension	2012	240,811	100	0
Health insurance premium benefit	2012	29,432	100	0
Pension	2011	229,291	100	0
Health insurance premium benefit	2011	27,291	100	0

**Funded Status**—The funded status of the plans as of the most recent valuation date, June 30, 2013, along with the actuarial assumptions and methods used in those valuations follow.

	<u>PSPRS</u>		<u>CORP</u>	
	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>
Actuarial value of assets (a)	\$6,013,808	\$0	\$3,619,777	\$0
Actuarial accrued liability (b)	14,291,830	297,397	3,806,758	143,461
Unfunded actuarial accrued liability (funding excess) (b) – (a)	8,278,022	297,397	186,981	143,461
Funded ratio (a)/(b)	42.1%	0.0%	95.1%	0.0%
Annual covered payroll (c)	\$2,232,165	\$2,232,165	\$1,787,485	\$1,787,485
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((b)- (a))/(c)	370.9%	13.32%	10.5%	8.03%

The actuarial methods and assumptions used are the same for all plans and related benefits, and for the most recent valuation date, are as follows:

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for underfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases includes inflation at	4.5% - 8.5% for PSPRS; 4.5% - 7.75% for CORP 4.5% for PSPRS and CORP

Navajo County  
Notes to Financial Statements  
June 30, 2013

Note 10 - Interfund Balances and Activity

**Interfund receivables and payables**—Interfund balances at June 30, 2013, were as follows:

<b>Payable from</b>	<b>Payable to</b>			<b>Total</b>
	<b>General Fund</b>	<b>Public Works/HURF Fund</b>	<b>Other Governmental Funds</b>	
General Fund		\$435	\$ 827	\$ 1,262
Detention Facility Construction Fund	\$583,117			583,117
Other Governmental Funds	<u>9,000</u>		<u>114,223</u>	<u>123,223</u>
Total	<u>\$592,117</u>	<u>\$435</u>	<u>\$115,050</u>	<u>\$707,602</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, 2013, were as follows:

<b>Transfer from</b>	<b>Transfers to</b>			<b>Total</b>
	<b>General Fund</b>	<b>Public Works/HURF Fund</b>	<b>Other Governmental Funds</b>	
General Fund			\$1,065,638	\$ 1,065,638
Public Works/HURF Fund	\$ 749,803			749,803
Flood Control District Fund	908,458		267,624	1,176,082
Other Governmental Funds	<u>836,614</u>	<u>\$25,000</u>	<u>6,304,762</u>	<u>7,166,376</u>
Total	<u>\$2,494,875</u>	<u>\$25,000</u>	<u>\$7,638,024</u>	<u>\$10,157,899</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 11 - County Treasurer's Investment Pool

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

Navajo County  
Notes to Financial Statements  
June 30, 2013

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 held by the County are included in the County Treasurer's investment pool, except for \$5,192,579 of deposits and \$1,018,683 of investments in U.S. Treasury money market funds. 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 2 for disclosure of the County's deposit and investment risks.

Details of each major investment classification follow:

<b>Investment Type</b>	<b>Principal</b>	<b>Interest Rates</b>	<b>Maturities</b>	<b>Amount</b>
U.S. agency securities	\$90,003,535	.50% - 1.30%	10/13 – 06/18	\$88,696,000
U.S. Treasury securities	21,981,096	.50% - .75%	08/13 – 08/17	21,706,140
Corporate notes	4,450,000	Variable	04/14 – 09/14	4,452,842
U.S. Treasury money market funds	15,000	.02%	N/A	15,000

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

**Statement of Net Position**

Assets	\$161,782,569
Liabilities	<u>4,493,488</u>
Net position	<u>\$157,289,081</u>

Net position held in trust for:

Internal participants	\$ 28,793,006
External participants	<u>128,496,075</u>
Total net position held in trust	<u>\$157,289,081</u>

**Statement of Changes in Net Position**

Total additions	\$296,650,029
Total deductions	<u>294,014,790</u>
Net increase	<u>2,635,239</u>
Net position held in trust:	
July 1, 2012	<u>154,653,842</u>
June 30, 2013	<u>\$157,289,081</u>

Navajo County  
Notes to Financial Statements  
June 30, 2013

Note 12 - Subsequent Event

On August 20, 2013, Navajo County issued \$10,625,000 of pledged revenue refunding obligations with an interest rate of 2.17 percent and a final maturity date of July 1, 2023. The County has pledged a portion of its general county and state sales tax revenues toward the future payment of debt related to these obligations. The net proceeds will be used for refunding the 2008 series pledged revenue obligations, constructing a Public Works facility in Holbrook, and purchasing software and equipment for the jail.

Note 13 - Beginning Net Position Restated

Governmental activities' net position at July 1, 2012, has been restated from amounts previously reported as a result of errors accumulated over prior years in which the County capitalized repair and maintenance costs for infrastructure assets that did not extend the useful life or service capacity of the assets.

Net position of the governmental activities has been restated as follows:

Governmental activities' net position, June 30, 2012, as previously reported	\$103,751,655
To correct capital assets, being depreciated, net	<u>(6,563,336)</u>
Governmental activities' net position, July 1, 2012, as restated	<u>\$ 97,188,319</u>



# OTHER REQUIRED SUPPLEMENTARY INFORMATION



Navajo County  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 7,087,601	\$ 7,355,796	\$ 268,195
Licenses and permits	371,500	345,480	(26,020)
Fines and forfeits	905,100	900,873	(4,227)
Intergovernmental	22,426,241	21,251,426	(1,174,815)
Charges for services	1,416,036	1,288,142	(127,894)
Investment earnings	31,307	(19,219)	(50,526)
Miscellaneous	417,731	419,552	1,821
Total revenues	<u>32,655,516</u>	<u>31,542,050</u>	<u>(1,113,466)</u>
Expenditures:			
General government			
Board of Supervisors/Administration	2,585,634	2,045,090	540,544
Buildings and Grounds	1,965,832	1,440,792	525,040
Elections	765,092	464,319	300,773
Planning and Zoning	382,169	291,605	90,564
Recorder	281,362	230,949	50,413
Voter Registration	234,694	197,615	37,079
Assessor	1,346,187	1,168,483	177,704
Information Technology	969,171	758,598	210,573
Treasurer	456,318	463,682	(7,364)
Personnel Commission	10,352	8,670	1,682
County-wide	1,531,235	1,191,165	340,070
Legal Defender	355,508	355,466	42
County Attorney	2,231,395	2,153,583	77,812
Superior Court	2,825,557	2,801,725	23,832
Public Defender	1,032,853	720,538	312,315
Clerk of Court	1,365,121	1,136,532	228,589
Holbrook Justice Court	334,675	341,811	(7,136)
Winslow Justice Court	330,934	323,998	6,936
Snowflake Justice Court	385,863	390,850	(4,987)
Show Low Justice Court	298,009	290,736	7,273
Pinetop Justice Court	345,736	343,846	1,890

(Continued)

See accompanying note to budgetary comparison schedules.



Navajo County  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 Year Ended June 30, 2013  
 (Continued)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Kayenta Justice Court	\$ 113,382	\$ 99,758	\$ 13,624
Kayenta Constable	62,658	59,390	3,268
Pinetop Constable	58,960	58,497	463
Snowflake Constable	50,355	49,438	917
Holbrook Constable	27,179	25,918	1,261
Winslow Constable	47,657	48,111	(454)
Show Low Constable	56,899	56,173	726
Total general government	<u>20,450,787</u>	<u>17,517,338</u>	<u>2,933,449</u>
Public safety			
Juvenile Detention	1,118,482	1,038,358	80,124
Juvenile Probation	480,931	388,939	91,992
Adult Probation	597,744	587,547	10,197
Jail Operations	6,587,605	4,873,922	1,713,683
Sheriff	5,409,981	4,986,725	423,256
Total public safety	<u>14,194,743</u>	<u>11,875,491</u>	<u>2,319,252</u>
Health and welfare			
Public Fiduciary	446,584	405,876	40,708
Indigent Health	3,398,400	3,162,106	236,294
Total health and welfare	<u>3,844,984</u>	<u>3,567,982</u>	<u>277,002</u>
Education			
School Superintendent	<u>348,336</u>	<u>319,996</u>	<u>28,340</u>
Debt Service			
Principal		797	(797)
Interest and other charges		15	(15)
Total debt service		<u>812</u>	<u>(812)</u>

(Continued)

See accompanying note to budgetary comparison schedules.

Navajo County  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 Year Ended June 30, 2012  
 (Continued)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Capital outlay			
Capital outlay	\$ 312,500	\$ 371,277	(58,777)
Contingency	\$ 4,000,000	\$	4,000,000
Total expenditures	43,151,350	33,652,896	9,498,454
Excess (deficiency) of revenues over expenditures	(10,495,834)	(2,110,846)	\$8,384,988
Other financing sources (uses):			
Capital lease agreements		78,863	78,863
Sale of capital assets		2,494,875	(4,222,710)
Transfers in	6,717,585	(1,065,638)	1,458,859
Transfers out	(2,524,497)		
Total other financing sources and uses	4,193,088	1,508,100	(2,684,988)
Net change in fund balances	(6,302,746)	(602,746)	5,700,000
Fund balances, July 1, 2012	6,302,746	6,473,115	170,369
Fund balances, June 30, 2013	\$	\$ 5,870,369	\$ 5,870,376

See accompanying note to budgetary comparison schedules.

Navajo County  
Required Supplementary Information  
Budgetary Comparison Schedule  
Public Works/HURF Fund  
Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 9,033,599	\$ 9,690,517	\$ 656,918
Charges for services	25,000	12,171	(12,829)
Investment earnings	47,691	(37,371)	(85,062)
Miscellaneous	20,526	66,407	45,881
Total revenues	<u>9,126,816</u>	<u>9,731,724</u>	<u>604,908</u>
Expenditures:			
Highways and streets	17,033,457	9,549,268	7,484,189
Total expenditures	<u>17,033,457</u>	<u>9,549,268</u>	<u>7,484,189</u>
Excess (deficiency) of revenues over expenditures	<u>(7,906,641)</u>	<u>182,456</u>	<u>8,089,097</u>
Other financing sources (uses):			
Transfers in		25,000	25,000
Transfers out	(701,439)	(749,803)	(48,364)
Total other financing sources and uses	<u>(701,439)</u>	<u>(724,803)</u>	<u>(23,364)</u>
Net change in fund balances	<u>(8,608,080)</u>	<u>(542,347)</u>	<u>8,065,733</u>
Fund balances, July 1, 2012	8,608,080	9,331,072	722,992
Increase in reserve for inventories		91,008	91,008
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 8,879,733</u>	<u>\$ 8,879,733</u>

See accompanying note to budgetary comparison schedules.

Navajo County  
Required Supplementary Information  
Budgetary Comparison Schedule  
Flood Control District Fund  
Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes	\$ 2,746,573	\$ 2,280,770	\$ (465,803)
Investment earnings	56,195	(27,180)	(83,375)
Miscellaneous	3,355	-	(3,355)
Total revenues	<u>2,806,123</u>	<u>2,253,590</u>	<u>(552,533)</u>
Expenditures:			
Public safety	9,886,589	1,350,730	8,535,859
Total expenditures	<u>9,886,589</u>	<u>1,350,730</u>	<u>8,535,859</u>
Excess (deficiency) of revenues over expenditures	<u>(7,080,466)</u>	<u>902,860</u>	<u>7,983,326</u>
Other financing sources (uses):			
Transfers out	(1,093,500)	(1,176,082)	(82,582)
Total other financing sources and uses	<u>(1,093,500)</u>	<u>(1,176,082)</u>	<u>(82,582)</u>
Net change in fund balances	<u>(8,173,966)</u>	<u>(273,222)</u>	<u>7,900,744</u>
Fund balances, July 1, 2012	8,173,966	8,192,395	18,429
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 7,919,173</u>	<u>\$ 7,919,173</u>

See accompanying note to budgetary comparison schedules.

Navajo County  
Required Supplementary Information  
Note to Budgetary Comparison Schedules  
June 30, 2013

Note 1 - Budgeting and Budgetary Control

A.R.S. requires the County to prepare and adopt a balanced budget annually for each governmental fund. The Board of Supervisors must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted.

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

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

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

Navajo County  
 Required Supplementary Information  
 Schedule of Agent Retirement Plans' Funding Progress  
 June 30, 2013

Public Safety Personnel Retirement System

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b)-(a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b) – (a)/(c)
Pension 6/30/13	\$6,013,808	\$14,291,830	\$8,278,022	42.1%	\$2,232,165	370.9%
Health insurance premium benefit 6/30/13	0	297,397	297,397	0.0	2,232,165	13.32
Pension 6/30/12	6,078,479	13,841,159	7,762,680	43.9	2,213,998	350.6
Health insurance premium benefit 6/30/12	0	248,581	248,581	0.0	2,213,998	11.2
Pension 6/30/11	5,984,647	12,325,590	6,340,943	48.6	2,272,168	279.1
Health insurance premium benefit 6/30/11	0	247,183	247,183	0.0	2,272,168	10.9

Corrections Officer Retirement Plan

<u>CORP</u> Pension 6/30/13	\$3,619,777	\$3,806,758	186,981	95.1%	\$1,787,485	10.5%
Health insurance premium benefit 6/30/13	0	143,461	143,461	0.0	1,787,485	8.03
Pension 6/30/12	3,397,424	3,657,329	259,905	92.9	1,722,806	15.1
Health insurance premium benefit 6/30/12	0	132,443	132,443	0.0	1,722,806	7.7
Pension 6/30/11	3,133,375	3,028,823	(104,552)	103.5	\$1,699,631	(6.2)
Health insurance premium benefit 6/30/11	0	142,121	142,121	0.0	1,699,631	8.4

Navajo County  
Required Supplementary Information  
Schedule of Agent Retirement Plans' Funding Progress  
June 30, 2013

Note 1 - Actuarial Information Available

All participating employers in the CORP Administrative Office of the Courts (AOC) are accounted for as one group within the Corrections Officer Retirement Plan and, as such, an actuarial valuation of CORP-AOC is only performed for the group as a whole. Therefore, actuarial information for the County, as a participating government, is not available.





# SUPPLEMENTARY INFORMATION



Navajo County  
Nonmajor Governmental Funds  
June 30, 2013

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

Navajo County  
Nonmajor Governmental Funds  
June 30, 2013

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

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

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

**Capital Projects Funds**

**General Government** Accounts for construction of County buildings and improvements to existing facilities.

**Debt Service Funds**

**General Government** Account for the accumulation of resources for payment of principal and interest on the 2008 Series Pledged Revenue Obligations for acquisition of property and buildings at the Heber and Show Low complexes and for water and electrical upgrades at the Holbrook complex.

**Jail** Accounts for the accumulation of resources for the payment of principal and interest on the 2012A and 2012B revenue bonds for current refunding of the 2000 Series Certificates of Participation jail construction bonds and the 2012-2014 jail addition and remodel. Funding for debt service payments is annual appropriations.

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

Navajo County  
Combining Balance Sheet  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

	Special Revenue			
	Administration	County Attorney	Courts	Environmental and Conservation
<b>Assets</b>				
Cash and investments	\$ 386,342	\$ 1,363,137	\$ 1,392,228	\$ 223,881
Receivables:				
Property taxes				
Accrued interest	811	1,872	1,842	277
Due from other funds			940	
Due from other governments	87,176	183,224	11,385	
Cash and investments held by trustee-restricted				
Prepaid items				
Total assets	<u>\$ 474,329</u>	<u>\$ 1,548,233</u>	<u>\$ 1,406,395</u>	<u>\$ 224,158</u>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable	\$ 20,564	\$ 12,450	\$ 29,641	\$ 14,535
Accrued payroll and employee benefits	6,668	52,222	27,014	4,778
Due to other funds	9,000		940	
Deferred revenues	87,176	130,967		
Total liabilities	<u>123,408</u>	<u>195,639</u>	<u>57,595</u>	<u>19,313</u>
Fund balances:				
Nonspendable				
Restricted	257,216	1,352,594	1,348,800	204,845
Assigned	93,705			
Unassigned				
Total fund balances(deficits)	<u>350,921</u>	<u>1,352,594</u>	<u>1,348,800</u>	<u>204,845</u>
Total liabilities and fund balances	<u>\$ 474,329</u>	<u>\$ 1,548,233</u>	<u>\$ 1,406,395</u>	<u>\$ 224,158</u>

(continued)

Navajo County  
Combining Balance Sheet  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

	Special Revenue			
	Housing	Library District	Probation	Public Defense
<b>Assets</b>				
Cash and investments	\$	\$	\$ 747,769	\$ 125,234
Receivables:				
Property taxes		21,461		
Accrued interest	3	29	982	157
Due from other funds		2,815	15	
Due from other governments	8,299	54,805	155	6,305
Cash and investments held by trustee-restricted				
Prepaid items				
Total assets	<u>\$ 8,302</u>	<u>\$ 79,110</u>	<u>\$ 748,921</u>	<u>\$ 131,696</u>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable	\$ 1,854	\$ 23,138	\$ 121,593	\$ 2,172
Accrued payroll and employee benefits		11,114	80,501	2,706
Due to other funds		2,815	15	
Deferred revenues		16,244		
Total liabilities	<u>1,854</u>	<u>53,311</u>	<u>202,109</u>	<u>4,878</u>
Fund balances:				
Nonspendable				
Restricted	6,448	25,799	546,812	126,818
Assigned				
Unassigned				
Total fund balances(deficits)	<u>6,448</u>	<u>25,799</u>	<u>546,812</u>	<u>126,818</u>
Total liabilities and fund balances	<u>\$ 8,302</u>	<u>\$ 79,110</u>	<u>\$ 748,921</u>	<u>\$ 131,696</u>

(continued)

Navajo County  
Combining Balance Sheet  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

	Special Revenue			
	Public Health	Recreation	Sheriff's Office	Special Districts
<b>Assets</b>				
Cash and investments	\$ 60,592	\$ 97,352	\$ 474,116	\$ 335,140
Receivables:				
Property taxes	84,486	45,369		4,912
Accrued interest	1,448	132	755	446
Due from other funds	966		110,314	
Due from other governments	657,756		239,154	
Cash and investments held by trustee-restricted				
Prepaid items			34,500	
Total assets	<u>\$ 805,248</u>	<u>\$ 142,853</u>	<u>\$ 858,839</u>	<u>\$ 340,498</u>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable	\$ 46,929	\$ 6,745	\$ 99,672	\$ 910
Accrued payroll and employee benefits	107,368		27,576	
Due to other funds	966		109,487	
Deferred revenues	213,534	34,510	47,706	4,731
Total liabilities	<u>368,797</u>	<u>41,255</u>	<u>284,441</u>	<u>5,641</u>
Fund balances:				
Nonspendable			34,500	
Restricted	436,451	101,598	448,746	334,857
Assigned			91,152	
Unassigned				
Total fund balances(deficits)	<u>436,451</u>	<u>101,598</u>	<u>574,398</u>	<u>334,857</u>
Total liabilities and fund balances	<u>\$ 805,248</u>	<u>\$ 142,853</u>	<u>\$858,839</u>	<u>\$ 340,498</u>

(continued)

Navajo County  
Combining Balance Sheet  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

	Special Revenue		Capital Projects	Debt Service
	Superintendent of Schools	Workforce Investment Act	General Government	General Government
<b>Assets</b>				
Cash and investments	\$ 1,973,572	\$ 45,700	\$ 1,226	\$ 459,639
Receivables:				
Property taxes				
Accrued interest	3,401	159		562
Due from other funds				
Due from other governments	364,541	102,967		
Cash and investments held by trustee-restricted				1,018,683
Prepaid items	13,756			
Total assets	<u>\$ 2,355,270</u>	<u>\$ 148,826</u>	<u>\$ 1,226</u>	<u>\$ 1,478,884</u>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable	\$ 36,152	\$ 9,891	\$ 1,239	\$ 500
Accrued payroll and employee benefits		9,545		
Due to other funds				
Deferred revenues		447		
Total liabilities	<u>36,152</u>	<u>19,883</u>	<u>1,239</u>	<u>500</u>
Fund balances:				
Nonspendable	13,756			
Restricted	1,903,657	128,943		1,018,683
Assigned	401,705			459,701
Unassigned			(13)	
Total fund balances(deficits)	<u>2,319,118</u>	<u>128,943</u>	<u>(13)</u>	<u>1,478,384</u>
Total liabilities and fund balances	<u>\$ 2,355,270</u>	<u>\$ 148,826</u>	<u>\$ 1,226</u>	<u>\$ 1,478,884</u>

(continued)

Navajo County  
Combining Balance Sheet  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

	Debt Service Jail	Debt Service Special Districts	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and investments	\$	\$ 178,188	\$ 7,864,116
Receivables:			
Property taxes		97,559	253,787
Accrued interest		206	13,082
Due from other funds			115,050
Due from other governments			1,715,767
Cash and investments held by trustee-restricted			1,018,683
Prepaid items			48,256
Total assets	\$	\$ 275,953	\$ 11,028,741
<b>Liabilities and Fund Balances:</b>			
Liabilities:			
Accounts payable	\$	\$	\$ 427,985
Accrued payroll and employee benefits			329,492
Due to other funds			123,223
Deferred revenues		83,747	619,062
Total liabilities		83,747	1,499,762
Fund balances:			
Nonspendable			48,256
Restricted		192,206	8,434,473
Assigned			1,046,263
Unassigned			(13)
Total fund balances(deficits)		192,206	9,528,979
Total liabilities and fund balances	\$	\$ 275,953	\$ 11,028,741



Navajo County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

	Special Revenue			
	Administration	County Attorney	Courts	Environmental and Conservation
Revenues:				
Property taxes	\$	\$	\$	\$
Licenses and permits				
Fines and forfeits		472,254	63,237	
Intergovernmental	488,562	1,072,907	333,977	301,660
Charges for services	120,317	28,176	646,333	
Investment earnings	(1,174)	(6,590)	(5,783)	(1,259)
Special assessments				
Contributions				
Miscellaneous	2,079	31,627	6,150	
Total revenues	<u>609,784</u>	<u>1,598,374</u>	<u>1,043,914</u>	<u>300,401</u>
Expenditures:				
Current:				
General government	204,888	1,865,104	976,454	
Public safety	417,895			
Highways and streets				
Health and welfare				
Culture and recreation				
Education				
Environmental and conservation				303,402
Urban redevelopment and housing				
Debt Service:				
Principal				
Interest and other charges				
Bond issuance costs				
Total expenditures	<u>622,783</u>	<u>1,865,104</u>	<u>976,454</u>	<u>303,402</u>
Excess (deficiency) of revenues over expenditures	(12,999)	(266,730)	67,460	(3,001)
Other financing sources (uses):				
Pledged revenue obligations issued				
Capital lease agreements				
Payment to bond refunding escrow agent				
Transfers in	1,940	350,901	312,834	
Transfers out	(42,358)	(107,443)	(361,696)	
Total other financing sources and uses	<u>(40,418)</u>	<u>243,458</u>	<u>(48,862)</u>	
Net change in fund balances	(53,417)	(23,272)	18,598	(3,001)
Fund balances (deficits), July 1, 2012	<u>404,338</u>	<u>1,375,866</u>	<u>1,330,202</u>	<u>207,846</u>
Fund balances (deficits), June 30, 2013	<u>\$ 350,921</u>	<u>\$ 1,352,594</u>	<u>\$ 1,348,800</u>	<u>\$ 204,845</u>

(continued)

Navajo County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

	Special Revenue			
	Housing	Library District	Probation	Public Defense
Revenues:				
Property taxes	\$	\$ 491,685	\$	\$
Licenses and permits				
Fines and forfeits				
Intergovernmental	40,823	129,282	2,030,086	20,600
Charges for services			383,330	68,620
Investment earnings	3		(3,680)	(407)
Special assessments				
Contributions				
Miscellaneous		59,021	5,232	49
Total revenues	<u>40,826</u>	<u>679,988</u>	<u>2,414,968</u>	<u>88,862</u>
Expenditures:				
Current:				
General government				132,014
Public safety			2,405,358	
Highways and streets				
Health and welfare				
Culture and recreation		622,017		
Education				
Environmental and conservation				
Urban redevelopment and housing	42,701			
Debt Service:				
Principal				
Interest and other charges				
Bond issuance costs				
Total expenditures	<u>42,701</u>	<u>622,017</u>	<u>2,405,358</u>	<u>132,014</u>
Excess (deficiency) of revenues over expenditures	(1,875)	57,971	9,610	(43,152)
Other financing sources (uses):				
Pledged revenue obligations issued				
Capital lease agreements				
Payment to bond refunding escrow agent				
Transfers in	8,863	162,654	4,501	89,554
Transfers out		(194,955)	(647)	(77,729)
Total other financing sources and uses	<u>8,863</u>	<u>(32,301)</u>	<u>3,854</u>	<u>11,825</u>
Net change in fund balances	6,988	25,670	13,464	(31,327)
Fund balances (deficits), July 1, 2012	<u>(540)</u>	<u>129</u>	<u>533,348</u>	<u>158,145</u>
Fund balances (deficits), June 30, 2013	<u>\$ 6,448</u>	<u>\$ 25,799</u>	<u>\$ 546,812</u>	<u>\$ 126,818</u>

(continued)

Navajo County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

	Special Revenue			
	Public Health	Recreation	Sheriff's Office	Special Districts
Revenues:				
Property taxes	\$ 1,930,397	\$	\$	\$
Licenses and permits	124,171		-	
Fines and forfeits			103,299	
Intergovernmental	1,984,166		926,807	
Charges for services	119,221		375,125	
Investment earnings	7,778	(318)	(1,043)	(2,458)
Special assessments		161,727		91,962
Contributions	61,591			
Miscellaneous	40,779	600	57,096	
Total revenues	<u>4,268,103</u>	<u>162,009</u>	<u>1,461,284</u>	<u>89,504</u>
Expenditures:				
Current:				
General government				
Public safety			1,465,915	
Highways and streets				34,731
Health and welfare	3,937,909			
Culture and recreation		163,884		
Education				
Environmental and conservation				
Urban redevelopment and housing				
Debt Service:				
Principal	14,066		94,380	
Interest and other charges	1,433		9,876	
Bond issuance costs				
Total expenditures	<u>3,953,408</u>	<u>163,884</u>	<u>1,570,171</u>	<u>34,731</u>
Excess (deficiency) of revenues over expenditures	314,695	(1,875)	(108,887)	54,773
Other financing sources (uses):				
Pledged revenue obligations issued				
Capital lease agreements	146,994			
Payment to bond refunding escrow agent				
Transfers in	648,981		59,021	
Transfers out	(1,121,990)		(612)	
Total other financing sources and uses	<u>(326,015)</u>		<u>58,409</u>	
Net change in fund balances	(11,320)	(1,875)	(50,478)	54,773
Fund balances (deficits), July 1, 2012	<u>447,771</u>	<u>103,473</u>	<u>624,876</u>	<u>280,084</u>
Fund balances (deficits), June 30, 2013	<u>\$ 436,451</u>	<u>\$ 101,598</u>	<u>\$ 574,398</u>	<u>\$ 334,857</u>

(continued)

Navajo County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

	Special Revenue		Capital Projects	Debt Service
	Superintendent of Schools	Workforce Investment Act	General Government	General Government
Revenues:				
Property taxes	\$	\$	\$	\$
Licenses and permits				
Fines and forfeits				
Intergovernmental	4,324,564	455,184		
Charges for services				
Investment earnings	(6,202)	(441)	(13)	(4,458)
Special assessments				
Contributions	2,921			
Miscellaneous	204,384			
Total revenues	<u>4,525,667</u>	<u>454,743</u>	<u>(13)</u>	<u>(4,458)</u>
Expenditures:				
Current:				
General government			50,691	
Public safety				
Highways and streets				
Health and welfare		481,719		
Culture and recreation				
Education	5,006,173			
Environmental and conservation				
Urban redevelopment and housing				
Debt Service:				
Principal				380,000
Interest and other charges				257,657
Bond issuance costs				100,290
Total expenditures	<u>5,006,173</u>	<u>481,719</u>	<u>50,691</u>	<u>737,947</u>
Excess (deficiency) of revenues over expenditures	(480,506)	(26,976)	(50,704)	(742,405)
Other financing sources (uses):				
Pledged revenue obligations issued				4,100,000
Capital lease agreements				
Payment to bond refunding escrow agent				
Transfers in			510,000	1,469,105
Transfers out			(437,241)	(4,167,959)
Total other financing sources and uses			<u>72,759</u>	<u>1,401,146</u>
Net change in fund balances	(480,506)	(26,976)	22,055	658,741
Fund balances (deficits), July 1, 2012	<u>2,799,624</u>	<u>155,919</u>	<u>(22,068)</u>	<u>819,643</u>
Fund balances (deficits), June 30, 2013	<u>\$ 2,319,118</u>	<u>\$ 128,943</u>	<u>\$ (13)</u>	<u>\$ 1,478,384</u>

(continued)

Navajo County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2013

	Debt Service		Total Nonmajor Governmental Funds
	Jail	Special Districts	
Revenues:			
Property taxes	\$	\$	\$ 2,422,082
Licenses and permits			124,171
Fines and forfeits			638,790
Intergovernmental			12,108,618
Charges for services			1,741,122
Investment earnings	294	(189)	(25,940)
Special assessments		248,745	502,434
Contributions			64,512
Miscellaneous			407,017
Total revenues	<u>294</u>	<u>248,556</u>	<u>17,982,806</u>
Expenditures:			
Current:			
General government			3,229,151
Public safety			4,289,168
Highways and streets			34,731
Health and welfare			4,419,628
Culture and recreation			785,901
Education			5,006,173
Environmental and conservation			303,402
Urban redevelopment and housing			42,701
Debt Service:			
Principal		187,536	675,982
Interest and other charges	183,495	74,568	527,029
Bond issuance costs			100,290
Total expenditures	<u>183,495</u>	<u>262,104</u>	<u>19,414,156</u>
Excess (deficiency) of revenues over expenditures	(183,201)	(13,548)	(1,431,350)
Other financing sources (uses):			
Pledged revenue obligations issued			4,100,000
Capital lease agreements			146,994
Payment to bond refunding escrow agent	(4,345,000)		(4,345,000)
Transfers in	4,019,670		7,638,024
Transfers out	(653,746)		(7,166,376)
Total other financing sources and uses	<u>(979,076)</u>		<u>373,642</u>
Net change in fund balances	(1,162,277)	(13,548)	(1,057,708)
Fund balances (deficits), July 1, 2012	<u>1,162,277</u>	<u>205,754</u>	<u>10,586,687</u>
Fund balances (deficits), June 30, 2013	<u>\$ -</u>	<u>\$ 192,206</u>	<u>\$ 9,528,979</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Administration  
 Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 4,910,566	\$ 488,562	\$ (4,422,004)
Charges for services	83,600	120,317	36,717
Investment earnings	250	(1,174)	(1,424)
Miscellaneous	100,935	2,079	(98,856)
	<u>5,095,351</u>	<u>609,784</u>	<u>(4,485,567)</u>
Total revenues			
Expenditures:			
General government	1,402,001	204,888	1,197,113
Public safety	1,316,640	417,895	898,745
Education	116,849	-	116,849
	<u>2,835,490</u>	<u>622,783</u>	<u>2,212,707</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>2,259,861</u>	<u>(12,999)</u>	<u>(2,272,860)</u>
Other financing sources (uses):			
Transfers in	117,881	1,940	(115,941)
Transfers out	(2,883,447)	(42,358)	2,841,089
	<u>(2,765,566)</u>	<u>(40,418)</u>	<u>2,725,148</u>
Total other financing sources and uses			
Net change in fund balances	(505,705)	(53,417)	452,288
Fund balances, July 1, 2012	505,705	404,338	(101,367)
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 350,921</u>	<u>\$ 350,921</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - County Attorney  
 Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	\$ 225,000	\$ 472,254	\$ 247,254
Intergovernmental	1,602,571	1,072,907	(529,664)
Charges for services	75,976	28,176	(47,800)
Investment earnings	3,900	(6,590)	(10,490)
Miscellaneous	64,500	31,627	(32,873)
Contributions	20,000	-	(20,000)
Total revenues	<u>1,991,947</u>	<u>1,598,374</u>	<u>(393,573)</u>
Expenditures:			
General government	3,283,812	1,865,104	1,418,708
Total expenditures	<u>3,283,812</u>	<u>1,865,104</u>	<u>1,418,708</u>
Excess (deficiency) of revenues over expenditures	<u>(1,291,865)</u>	<u>(266,730)</u>	<u>1,025,135</u>
Other financing sources (uses):			
Transfers in	259,361	350,901	91,540
Transfers out	(150,000)	(107,443)	42,557
Total other financing sources and uses	<u>109,361</u>	<u>243,458</u>	<u>134,097</u>
Net change in fund balances	(1,182,504)	(23,272)	1,159,232
Fund balances, July 1, 2012	1,182,504	1,375,866	193,362
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 1,352,594</u>	<u>\$ 1,352,594</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Courts  
 Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	\$ 47,200	\$ 63,237	\$ 16,037
Intergovernmental	519,034	333,977	(185,057)
Charges for services	402,500	646,333	243,833
Investment earnings	155	(5,783)	(5,938)
Miscellaneous	38,500	6,150	(32,350)
Total revenues	<u>1,007,389</u>	<u>1,043,914</u>	<u>36,525</u>
Expenditures:			
General government	2,373,267	976,454	1,396,813
Total expenditures	<u>2,373,267</u>	<u>976,454</u>	<u>1,396,813</u>
Excess (deficiency) of revenues over expenditures	<u>(1,365,878)</u>	<u>67,460</u>	<u>1,433,338</u>
Other financing sources (uses):			
Transfers in	469,794	312,834	(156,960)
Transfers out	(412,104)	(361,696)	50,408
Total other financing sources and uses	<u>57,690</u>	<u>(48,862)</u>	<u>(106,552)</u>
Net change in fund balances	(1,308,188)	18,598	1,326,786
Fund balances, July 1, 2012	1,308,188	1,330,202	22,014
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 1,348,800</u>	<u>\$ 1,348,800</u>



Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Environmental and Conservation  
 Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 357,895	\$ 301,660	\$ (56,235)
Investment earnings	1,000	(1,259)	(2,259)
Miscellaneous	250,000	-	(250,000)
Total revenues	<u>608,895</u>	<u>300,401</u>	<u>(308,494)</u>
Expenditures:			
Environmental and conservation	772,288	303,402	468,886
Total expenditures	<u>772,288</u>	<u>303,402</u>	<u>468,886</u>
Excess (deficiency) of revenues over expenditures	<u>(163,393)</u>	<u>(3,001)</u>	<u>160,392</u>
Net change in fund balances	(163,393)	(3,001)	160,392
Fund balances, July 1, 2012	163,393	207,846	44,453
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 204,845</u>	<u>\$ 204,845</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Housing  
 Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 691,462	\$ 40,823	\$ (650,639)
Investment earnings	-	3	3
Total revenues	<u>691,462</u>	<u>40,826</u>	<u>(650,636)</u>
Expenditures:			
Urban redevelopment and housing	<u>690,922</u>	<u>42,701</u>	<u>648,221</u>
Total expenditures	<u>690,922</u>	<u>42,701</u>	<u>648,221</u>
Excess (deficiency) of revenues over expenditures	<u>540</u>	<u>(1,875)</u>	<u>(2,415)</u>
Other financing sources (uses):			
Transfers In	-	8,863	8,863
Total other financing sources and uses	<u>-</u>	<u>8,863</u>	<u>8,863</u>
Net change in fund balances	540	6,988	6,448
Fund balances (deficits), July 1, 2012	(540)	(540)	-
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 6,448</u>	<u>\$ 6,448</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Library District  
 Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 511,414	\$ 491,685	\$ (19,729)
Intergovernmental	219,598	129,282	(90,316)
Investment earnings	-	-	-
Miscellaneous	215,352	59,021	(156,331)
Total revenues	<u>946,364</u>	<u>679,988</u>	<u>(266,376)</u>
Expenditures:			
Culture and recreation	664,688	622,017	42,671
Total expenditures	<u>664,688</u>	<u>622,017</u>	<u>42,671</u>
Excess (deficiency) of revenues over expenditures	<u>281,676</u>	<u>57,971</u>	<u>(223,705)</u>
Other financing sources (uses):			
Transfers In		162,654	162,654
Transfers out	(245,564)	(194,955)	50,609
Total other financing sources and uses	<u>(245,564)</u>	<u>(32,301)</u>	<u>213,263</u>
Net change in fund balances	36,112	25,670	(10,442)
Fund balances, July 1, 2012	(36,112)	129	36,241
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 25,799</u>	<u>\$ 25,799</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Probation  
 Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 2,325,656	\$ 2,030,086	\$ (295,570)
Charges for services	260,540	383,330	122,790
Investment earnings	2,980	(3,680)	(6,660)
Miscellaneous	200	5,232	5,032
Total revenues	<u>2,589,376</u>	<u>2,414,968</u>	<u>(174,408)</u>
Expenditures:			
Public safety	<u>3,124,899</u>	<u>2,405,358</u>	<u>719,541</u>
Total expenditures	<u>3,124,899</u>	<u>2,405,358</u>	<u>719,541</u>
Excess (deficiency) of revenues over expenditures	<u>(535,523)</u>	<u>9,610</u>	<u>545,133</u>
Other financing sources (uses):			
Transfers in	5,577	4,501	(1,076)
Transfers out	<u>(6,141)</u>	<u>(647)</u>	<u>5,494</u>
Total other financing sources and uses	<u>(564)</u>	<u>3,854</u>	<u>4,418</u>
Net change in fund balances	(536,087)	13,464	549,551
Fund balances, July 1, 2012	<u>536,087</u>	<u>533,348</u>	<u>(2,739)</u>
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 546,812</u>	<u>\$ 546,812</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Public Defense  
 Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 44,329	\$ 20,600	\$ (23,729)
Charges for services	150,000	68,620	(81,380)
Investment earnings	150	(407)	(557)
Miscellaneous	-	49	49
Total revenues	<u>194,479</u>	<u>88,862</u>	<u>(105,617)</u>
Expenditures:			
General government	312,957	132,014	180,943
Total expenditures	<u>312,957</u>	<u>132,014</u>	<u>180,943</u>
Excess (deficiency) of revenues over expenditures	<u>(118,478)</u>	<u>(43,152)</u>	<u>75,326</u>
Other financing sources (uses):			
Transfers in	126,000	89,554	(36,446)
Transfers out	(183,000)	(77,729)	105,271
Total other financing sources and uses	<u>(57,000)</u>	<u>11,825</u>	<u>68,825</u>
Net change in fund balances	(175,478)	(31,327)	144,151
Fund balances, July 1, 2012	175,478	158,145	(17,333)
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 126,818</u>	<u>\$ 126,818</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Public Health  
 Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 1,900,000	\$ 1,930,397	\$ 30,397
Licenses and permits	65,000	124,171	59,171
Intergovernmental	2,942,385	1,984,166	(958,219)
Charges for services	85,260	119,221	33,961
Investment earnings	1,000	7,778	6,778
Contributions	23,000	61,591	38,591
Miscellaneous	15,931	40,779	24,848
Total revenues	<u>5,032,576</u>	<u>4,268,103</u>	<u>(764,473)</u>
Expenditures:			
Health and welfare	4,993,153	3,937,909	1,055,244
Debt Service			
Principal		14,066	(14,066)
Interest and other charges	-	1,433	(1,433)
Total expenditures	<u>4,993,153</u>	<u>3,953,408</u>	<u>1,039,745</u>
Excess (deficiency) of revenues over expenditures	<u>39,423</u>	<u>314,695</u>	<u>275,272</u>
Other financing sources (uses):			
Capital lease agreements	-	146,994	146,994
Transfers in	355,763	648,981	293,218
Transfers out	(1,492,219)	(1,121,990)	370,229
Total other financing sources and uses	<u>(1,136,456)</u>	<u>(326,015)</u>	<u>810,441</u>
Net change in fund balances	(1,097,033)	(11,320)	1,085,713
Fund balances, July 1, 2012	1,097,033	447,771	(649,262)
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 436,451</u>	<u>\$ 436,451</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Recreation  
 Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Special assessments	\$ 149,000	\$ 161,727	\$ 12,727
Investment earnings	500	(318)	(818)
Miscellaneous	500	600	100
Total revenues	<u>150,000</u>	<u>162,009</u>	<u>12,009</u>
Expenditures:			
Culture and recreation	249,317	163,884	85,433
Total expenditures	<u>249,317</u>	<u>163,884</u>	<u>85,433</u>
Excess (deficiency) of revenues over expenditures	<u>(99,317)</u>	<u>(1,875)</u>	<u>97,442</u>
Net change in fund balances	(99,317)	(1,875)	97,442
Fund balances, July 1, 2012	99,317	103,473	4,156
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 101,598</u>	<u>\$ 101,598</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Sheriff's Office  
 Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	\$ 20,000	\$ 103,299	\$ 83,299
Intergovernmental	1,016,328	926,807	(89,521)
Charges for services	315,555	375,125	59,570
Investment earnings	2,289	(1,043)	(3,332)
Miscellaneous	39,244	57,096	17,852
	<u>1,393,416</u>	<u>1,461,284</u>	<u>67,868</u>
Expenditures:			
Public safety	1,995,169	1,465,915	529,254
Debt Service			
Principal	-	94,380	(94,380)
Interest and other charges	-	9,876	(9,876)
	<u>1,995,169</u>	<u>1,570,171</u>	<u>424,998</u>
	<u>(601,753)</u>	<u>(108,887)</u>	<u>492,866</u>
Other financing sources (uses):			
Capital lease agreements	-	-	-
Transfers in	75,000	59,021	(15,979)
Transfers out	-	(612)	(612)
	<u>75,000</u>	<u>58,409</u>	<u>(16,591)</u>
	<u>(526,753)</u>	<u>(50,478)</u>	<u>476,275</u>
Fund balances, July 1, 2012	526,753	624,876	98,123
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 574,398</u>	<u>\$ 574,398</u>



Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Special Districts  
 Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment earnings	\$ 555	\$ (2,458)	\$ (3,013)
Special assessments	64,845	91,962	27,117
Miscellaneous	122,881	-	(122,881)
Total revenues	<u>188,281</u>	<u>89,504</u>	<u>(98,777)</u>
Expenditures:			
Highways and streets	468,075	34,731	433,344
Total expenditures	<u>468,075</u>	<u>34,731</u>	<u>433,344</u>
Excess (deficiency) of revenues over expenditures	<u>(279,794)</u>	<u>54,773</u>	<u>334,567</u>
Net change in fund balances	(279,794)	54,773	334,567
Fund balances, July 1, 2012	279,794	280,084	290
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 334,857</u>	<u>\$ 334,857</u>

Navajo County  
 Budgetary Comparison Schedule  
 Special Revenue - Workforce Investment Act  
 Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 1,166,555	\$ 455,184	\$ (711,371)
Investment earnings	59,564	(441)	(60,005)
Total revenues	<u>1,226,119</u>	<u>454,743</u>	<u>(771,376)</u>
Expenditures:			
Health and welfare	1,234,845	481,719	753,126
Total expenditures	<u>1,234,845</u>	<u>481,719</u>	<u>753,126</u>
Excess (deficiency) of revenues over expenditures	<u>(8,726)</u>	<u>(26,976)</u>	<u>(18,250)</u>
Net change in fund balances	(8,726)	(26,976)	(18,250)
Fund balances, July 1, 2012	8,726	155,919	147,193
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 128,943</u>	<u>\$ 128,943</u>

Navajo County  
 Budgetary Comparison Schedule  
 Capital Projects - General Government  
 Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment earnings	\$ -	\$ (13)	\$ (13)
Miscellaneous	434,285	-	(434,285)
Total revenues	<u>434,285</u>	<u>(13)</u>	<u>(434,298)</u>
Expenditures:			
General government	<u>1,227,856</u>	<u>50,691</u>	<u>1,177,165</u>
Total expenditures	<u>1,227,856</u>	<u>50,691</u>	<u>1,177,165</u>
Excess (deficiency) of revenues over expenditures	<u>(793,571)</u>	<u>(50,704)</u>	<u>742,867</u>
Other financing sources :			
Transfers in	749,950	510,000	(239,950)
Transfers out	-	(437,241)	(437,241)
Total other financing sources and uses	<u>749,950</u>	<u>72,759</u>	<u>(677,191)</u>
Net change in fund balances	(43,621)	22,055	65,676
Fund balances (deficits), July 1, 2012	43,621	(22,068)	(65,689)
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ (13)</u>	<u>\$ (13)</u>

Navajo County  
 Budgetary Comparison Schedule  
 Debt Service - General Government  
 Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment earnings	\$ -	\$ (4,458)	\$ (4,458)
Total revenues	<u>-</u>	<u>(4,458)</u>	<u>(4,458)</u>
Expenditures:			
Debt Service			
Principal	380,000	380,000	-
Interest and other charges	869,710	257,657	612,053
Bond issuance costs	100,290	100,290	-
Total expenditures	<u>1,350,000</u>	<u>737,947</u>	<u>612,053</u>
Excess (deficiency) of revenues over expenditures	<u>(1,350,000)</u>	<u>(742,405)</u>	<u>607,595</u>
Other financing sources (uses):			
Pledged revenue obligations issued	8,500,000	4,100,000	(4,400,000)
Transfers in	815,000	1,469,105	654,105
Transfers out	(8,300,000)	(4,167,959)	4,132,041
Total other financing sources and uses	<u>1,015,000</u>	<u>1,401,146</u>	<u>386,146</u>
Net change in fund balances	(335,000)	658,741	993,741
Fund balances, July 1, 2012	335,000	819,643	484,643
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 1,478,384</u>	<u>\$ 1,478,384</u>

Navajo County  
 Budgetary Comparison Schedule  
 Debt Service - Jail  
 Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment earnings	\$ -	\$ 294	\$ 294
Miscellaneous	700,000	-	(700,000)
Total revenues	<u>700,000</u>	<u>294</u>	<u>(699,706)</u>
Expenditures:			
Debt Service			
Principal	-	-	-
Interest and other charges	-	183,495	(183,495)
Total expenditures	<u>-</u>	<u>183,495</u>	<u>(183,495)</u>
Excess (deficiency) of revenues over expenditures	<u>700,000</u>	<u>(183,201)</u>	<u>(883,201)</u>
Other financing sources (uses):			
Payments to bond refunding agent escrow	(5,000,000)	(4,345,000)	655,000
Transfers in	4,300,000	4,019,670	(280,330)
Transfers out	-	(653,746)	(653,746)
Total other financing sources and uses	<u>(700,000)</u>	<u>(979,076)</u>	<u>(279,076)</u>
Net change in fund balances	-	(1,162,277)	(1,162,277)
Fund balances, July 1, 2012	-	1,162,277	1,162,277
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Navajo County  
 Budgetary Comparison Schedule  
 Debt Service - Special Districts  
 Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 770	\$ -	\$ (770)
Investments earnings	1,250	(189)	(1,439)
Special assessments	295,445	248,745	(46,700)
Total revenues	<u>297,465</u>	<u>248,556</u>	<u>(48,909)</u>
Expenditures:			
Debt Service			
Principal	187,536	187,536	-
Interest and other charges	336,596	74,568	262,028
Total expenditures	<u>524,132</u>	<u>262,104</u>	<u>262,028</u>
Excess (deficiency) of revenues over expenditures	<u>(226,667)</u>	<u>(13,548)</u>	<u>213,119</u>
Net change in fund balances	(226,667)	(13,548)	213,119
Fund balances, July 1, 2012	226,667	205,754	(20,913)
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 192,206</u>	<u>\$ 192,206</u>

# AGENCY FUND STATEMENT OF CHANGES IN ASSETS AND LIABILITIES



Navajo County  
Statement of Changes in Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>July 1, 2013</u>
Assets				
Cash and investments	\$ 5,191,256	\$ 14,758,919	\$ 15,459,526	\$ 4,490,649
Interest receivable	2,820	19		2,839
Total Assets	<u>\$ 5,194,076</u>	<u>\$ 14,758,938</u>	<u>\$ 15,459,526</u>	<u>\$ 4,493,488</u>
Liabilities				
Due to other governments	\$ 3,086,951	\$ 13,194,562	\$ 13,894,446	\$ 2,387,067
Deposits held for other parties	2,107,125	1,564,376	1,565,080	2,106,421
Total Liabilities	<u>\$ 5,194,076</u>	<u>\$ 14,758,938</u>	<u>\$ 15,459,526</u>	<u>\$ 4,493,488</u>



# STATISTICAL SECTION



Navajo County  
Statistical Section  
June 30, 2013

This part of the Navajo County comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Navajo County's financial health.

## **Contents**

### **Financial Trends**

These schedules contain trend information to help citizens understand how the County's financial performance and fiscal health have changed over time. Financial trend information can be found on pages 89 through 95 of this report.

### **Revenue Capacity**

These schedules contain information to assist citizens in understanding the property tax; a significant local revenue source. Revenue capacity information can be found on pages 96 through 99 of this report.

### **Debt Capacity**

These schedules present information to assist citizens in assessing the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. Debt capacity information can be found on pages 100 through 102 of this report.

### **Demographic and Economic Information**

These schedules contain demographic and economic indicators that aid citizens in understanding the environment within which the County's financial activities are transacted. Demographic information can be found on pages 103 and 105 of this report.

### **Operating Information**

These schedules contain service and infrastructure data to help citizens understand how the information in the County's financial report relates to the services the County provides and the activities we perform. Operating information can be found on pages 106 through 109 of this report.

### **Sources**

Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities:					
Net investment in capital assets	\$ 57,948,043	\$ 55,643,023	\$ 59,552,340	\$ 55,332,385	\$ 61,704,323
Restricted	9,778,365	15,322,958	15,958,946	21,309,950	24,374,755
Unrestricted	4,829,001	8,491,241	16,657,154	22,441,546	16,119,289
Total governmental activities net position	<u>\$ 72,555,409</u>	<u>\$ 79,457,222</u>	<u>\$ 92,168,440</u>	<u>\$ 99,083,881</u>	<u>\$ 102,198,367</u>

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

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

	Fiscal Year			
	2004	2005	2006	2007
<b>Expenses:</b>				
General government	15,392,349	18,389,571	19,479,297	19,745,840
Public safety	11,361,939	11,659,715	13,099,102	14,534,493
Highways and streets	9,418,291	8,434,616	8,851,369	10,990,269
Sanitation	25,103	94,595	35,887	18,880
Economic opportunity				2,162
Health and welfare	4,241,657	4,736,700	5,874,892	6,274,590
Culture and recreation	585,971	531,045	468,926	554,419
Education	232,790	263,909	289,270	4,883,527
Environmental and conservation				
Urban redevelopment and housing				
Interest on long-term debt	540,314	507,110	374,442	179,518
Total governmental activities expenses	<u>41,798,414</u>	<u>44,617,261</u>	<u>48,473,185</u>	<u>57,183,698</u>
<b>Program Revenues:</b>				
<b>Charges for services:</b>				
General government	3,949,254	5,224,551	4,477,711	4,882,461
Public Safety	525,746	802,050	2,810,667	2,910,947
Highway and streets	942		28,647	115,198
Sanitation	(17,003)	(86,267)	92,693	
Health and welfare	29,745	70,821	93,599	95,930
Culture and recreation	16,548	8,942	11,926	
<b>Operating grants and contributions:</b>				
General government	5,000	1,718,024	2,428,758	2,241,225
Public Safety		2,917,059	3,696,730	3,062,299
Highway and streets		10,997,876	228,409	184,839
Health and welfare	10,663	926,755	1,837,979	2,227,071
Culture and recreation		135,598	145,307	38,313
Education			639,532	4,944,866
Environmental and conservation				
Urban redevelopment and housing				
<b>Capital grants and contributions:</b>				
General government				
Public Safety				
Highway and streets			12,567,738	12,956,489
Total governmental activities program revenues	<u>4,520,895</u>	<u>22,715,409</u>	<u>29,059,696</u>	<u>33,659,638</u>
Net (Expense) Revenue	<u>\$ (37,277,519)</u>	<u>\$ (21,901,852)</u>	<u>\$ (19,413,489)</u>	<u>\$ (23,524,060)</u>
<b>General Revenues:</b>				
Property taxes	\$ 5,221,794	\$ 6,402,534	\$ 7,973,918	\$ 8,636,394
General county sales tax	5,901,927	5,205,992	7,260,596	6,778,153
Shared revenues	13,107,115	11,362,815	12,781,414	13,521,307
Payment in lieu of taxes		861,599	757,594	
Grants and contributions not restricted to specific	19,550,932	1,228,182	946,207	1,433,848
Investment earnings	1,178,509	1,184,173	909,436	1,733,012
Fines and forfeits				
Rent				
Gain on disposal of capital assets	309,309	140,937	59,167	104,656
Miscellaneous	324,454	408,225	581,789	1,016,509
Transfers				
Total general revenues and transfers	<u>45,594,040</u>	<u>26,794,457</u>	<u>31,270,121</u>	<u>33,223,879</u>
Change in net position - governmental activities	<u>\$ 8,316,521</u>	<u>\$ 4,892,605</u>	<u>\$ 11,856,632</u>	<u>\$ 9,699,819</u>

(Continued)

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
20,503,496	19,392,043	22,647,297	22,396,786	21,607,586	20,944,578
17,570,231	19,182,119	17,566,896	16,191,164	18,238,891	19,123,378
12,960,992	14,058,305	13,057,318	14,480,464	8,023,409	10,935,566
6,809,907	7,219,915	9,366,578	7,129,008	5,909,936	7,734,191
472,151	510,035	747,065	814,786	966,000	788,127
7,119,026	5,723,104	6,307,885	5,710,417	6,164,792	5,498,285
234,078	231,225	237,032	196,504	16,352	303,402
5,000		307,208	35,558	784	42,701
349,677	594,260	677,253	625,962	721,020	527,044
<u>66,024,558</u>	<u>66,911,006</u>	<u>70,914,532</u>	<u>67,580,649</u>	<u>61,648,770</u>	<u>65,897,272</u>
3,746,695	3,473,303	3,531,064	3,465,053	3,326,109	3,326,109
541,256	765,083	517,702	672,441	982,588	982,588
83,076		39,249	98,695	334,513	334,513
77,965	122,462	215,494	194,090	163,957	163,957
				155,895	155,895
1,851,358	3,719,202	1,735,327	2,584,222	2,215,242	2,215,242
3,063,868	3,599,091	3,290,457	2,916,270	3,252,479	3,252,479
1,751,447	2,199,624	1,803,890	2,280,437	1,819,214	1,819,214
38,102	64,885	122,207	137,643	152,083	152,083
7,186,346	5,512,115	6,086,494	3,665,344	4,654,668	4,654,668
162,086	205,884	195,574	429,653	59,097	59,097
		305,647	63,162		40,823
				220,229	
				5,000	
<u>12,361,020</u>	<u>12,393,158</u>	<u>15,637,667</u>	<u>13,170,789</u>	<u>9,578,324</u>	<u>9,939,261</u>
<u>30,863,219</u>	<u>32,054,807</u>	<u>33,480,772</u>	<u>29,677,799</u>	<u>26,919,398</u>	<u>27,416,831</u>
\$ (35,161,339)	\$ (34,856,199)	\$ (37,433,760)	\$ (37,902,850)	\$ (34,729,372)	\$ (38,480,441)
\$ 9,707,389	\$ 10,933,578	\$ 12,494,737	\$ 12,866,253	\$ 12,087,700	\$ 11,924,765
7,083,165	6,330,588	5,480,598	5,889,027	6,246,077	6,239,089
13,302,354	12,017,517	10,728,725	11,405,376	11,475,113	12,024,496
3,922,712	6,444,858	4,902,289	4,489,096	3,175,428	3,024,985
1,624,746	750,742	322,748	254,483	202,500	(109,711)
11,971	23,895	115,237	5,957	13,116	52,473
1,207,819	1,466,751	1,273,310	1,822,741	1,170,658	892,976
		(380,236)	-	-	
<u>36,860,156</u>	<u>37,967,929</u>	<u>34,937,408</u>	<u>36,732,933</u>	<u>34,370,592</u>	<u>34,049,073</u>
\$ 1,698,817	\$ 3,111,730	\$ (2,496,352)	\$ (1,169,917)	\$ (358,780)	\$ (4,431,368)

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

	Fiscal Year			
	2004	2005	2006	2007
General fund				
Reserved	\$ 109,411	\$ 124,747	\$	\$
Unreserved	8,174,226	10,386,065	12,379,484	16,110,913
Assigned*				
Unassigned				
Total general fund	<u>\$ 8,283,637</u>	<u>\$ 10,510,812</u>	<u>\$ 12,379,484</u>	<u>\$ 16,110,913</u>
All other governmental funds				
Reserved	\$ 5,742,868	\$ 6,699,626	\$ 10,983,270	\$ 397,700
Unreserved, reported in:				
Special revenue funds	7,661,943	5,695,432	7,581,812	21,439,571
Debt service funds				1,995,785
Capital projects funds	2,864,748	3,176,207	3,443,911	4,791,323
Nonspendable*				
Restricted				
Assigned				
Unassigned				
Total all other governmental funds	<u>\$ 16,269,559</u>	<u>\$ 15,571,265</u>	<u>\$ 22,008,993</u>	<u>\$ 28,624,379</u>

(Continued)

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

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 3,957,781	\$ 2,883,159	\$ 325,096	\$	\$	\$
10,939,695	7,550,215	7,416,990			
			3,182,499	2,533,698	2,021,131
			3,349,495	3,939,417	3,849,238
<u>\$ 14,897,476</u>	<u>\$ 10,433,374</u>	<u>\$ 7,742,086</u>	<u>\$ 6,531,994</u>	<u>\$ 6,473,115</u>	<u>\$ 5,870,369</u>
\$ 500,703	\$ 679,641	\$ 528,878	\$	\$	\$
26,620,823	25,962,952	31,118,113			
1,777,950	1,824,003	1,924,862			
24,543		76,332			
			543,055	920,545	1,034,772
			28,973,243	25,792,646	26,621,136
			1,231,112	1,529,453	2,064,946
			(270,933)	(39,006)	(13)
<u>\$ 28,924,019</u>	<u>\$ 28,466,596</u>	<u>\$ 33,648,185</u>	<u>\$ 30,476,477</u>	<u>\$ 28,203,638</u>	<u>\$ 29,720,841</u>

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

	Fiscal Year			
	2004	2005	2006	2007
<b>Revenues:</b>				
Property taxes	\$ 5,598,844	\$ 5,944,655	\$ 7,934,263	\$ 8,673,499
Licenses and permits	687,864	735,239	979,368	879,866
Fines and forfeits	768,843	849,138	990,927	1,646,183
Intergovernmental	36,512,199	35,236,042	43,263,385	47,350,129
Charges for services	4,505,232	4,435,720	5,544,948	5,478,487
Investment earnings	1,178,509	1,184,173	909,436	1,727,733
Special assessments	697,839	541,145		
Rents and royalties				
Contributions	15,663	13,624	26,879	38,281
Miscellaneous	324,454	408,225	604,968	990,990
Total revenues	<u>50,289,447</u>	<u>49,347,961</u>	<u>60,254,174</u>	<u>66,785,168</u>
<b>Expenditures:</b>				
General government	14,942,786	17,519,255	18,794,253	19,975,143
Public safety	11,457,252	11,656,881	13,875,071	13,759,567
Highways and streets	12,281,281	10,462,632	10,366,859	10,681,812
Sanitation		64,518		19,424
Economic opportunity				2,162
Health and welfare	4,301,274	4,917,449	6,022,260	6,270,192
Culture and recreation	588,911	513,452	444,143	562,599
Education	222,995	252,173	274,985	4,893,943
Environmental and conservation				
Urban redevelopment and housing				
<b>Debt service:</b>				
Principal	525,549	718,342	686,012	421,836
Interest and other charges	540,314	507,110	374,442	179,518
Bond Issuance Costs				
Capital outlay	903,973	2,284,380	2,118,079	1,990,735
Total expenditures	<u>45,764,335</u>	<u>48,896,192</u>	<u>52,956,104</u>	<u>58,756,931</u>
Excess(deficiency) of revenues over expenditures	4,525,112	451,769	7,298,070	8,028,237
<b>Other financing sources (uses):</b>				
Revenue bonds issued				
Payment to bond refunding escrow agent				
Capital lease agreements	55,861	63,086		
Special assessment bonds issued				
Sale of capital assets	309,309	140,937	59,167	104,656
Transfers in	2,791,392	3,519,951	2,094,983	3,903,479
Transfers out	<u>(2,791,392)</u>	<u>(3,519,951)</u>	<u>(2,094,983)</u>	<u>(3,653,479)</u>
Total other financing sources and uses	365,170	204,023	59,167	354,656
Net change in fund balances	<u>\$ 4,890,282</u>	<u>\$ 655,792</u>	<u>\$ 7,357,237</u>	<u>\$ 8,382,893</u>
Ratio of total debt service expenditures to non-capital expenditures	2.38%	2.63%	2.09%	1.06%

(Continued)



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

		Fiscal Year									
		2008	2009	2010	2011	2012	2013				
\$	9,581,813	\$	10,780,692	\$	12,294,308	\$	12,612,528	\$	12,092,878	\$	12,058,648
	643,032		513,081		619,663		529,657		397,490		469,651
	1,290,001		1,563,382		1,336,602		1,317,038		1,228,579		1,539,663
	50,665,504		52,104,688		49,652,453		46,350,655		42,113,926		43,050,561
	2,515,958		2,284,384		2,347,245		2,583,583		2,934,743		3,041,435
	1,624,746		750,741		322,747		254,483		202,499		(109,710)
			356,318		133,181		198,817		642,688		502,434
	56,956		25,916		31,141		30,333		50,540		64,512
	1,222,929		1,466,751		1,273,311		1,822,741		1,170,659		892,976
	<u>67,600,939</u>		<u>69,845,953</u>		<u>68,010,651</u>		<u>65,699,835</u>		<u>60,834,002</u>		<u>61,510,170</u>
	22,871,415		22,160,207		21,661,752		21,894,300		20,650,249		20,746,489
	17,525,292		18,403,733		16,838,127		17,020,246		17,394,177		17,515,389
	14,792,747		17,778,854		10,087,829		15,462,752		9,452,610		9,583,999
	6,813,069		7,074,321		9,306,800		7,138,323		7,507,775		7,987,610
	471,342		501,738		740,591		808,312		962,712		785,901
	7,119,291		5,515,147		6,139,063		5,674,996		6,019,533		5,326,169
	234,078		231,225		237,032		196,504		16,352		303,402
	5,000				307,208		35,558		784		42,701
	303,173		487,701		858,416		919,249		946,316		676,779
	349,677		594,260		677,253		625,962		721,020		527,044
											115,290
	<u>6,238,140</u>		<u>3,030,157</u>		<u>81,675</u>		<u>274,573</u>		<u>327,361</u>		<u>1,469,268</u>
	<u>76,723,224</u>		<u>75,777,343</u>		<u>66,935,746</u>		<u>70,050,775</u>		<u>63,998,889</u>		<u>65,080,041</u>
	(9,122,285)		(5,931,390)		1,074,905		(4,350,940)		(3,164,887)		(3,569,871)
	6,600,000										8,500,000
											(4,345,000)
	77,845		6,846				18,913		354,826		146,994
	11,971		23,895		115,237		5,957		68,446		78,863
	1,845,732		2,304,012		8,048,481		6,600,855		10,017,167		10,157,899
	<u>(1,845,732)</u>		<u>(2,304,012)</u>		<u>(6,789,602)</u>		<u>(6,600,855)</u>		<u>(10,017,167)</u>		<u>(10,157,899)</u>
	<u>6,689,816</u>		<u>30,741</u>		<u>1,374,116</u>		<u>24,870</u>		<u>423,272</u>		<u>4,380,857</u>
	<u>\$ (2,432,469)</u>		<u>\$ (5,900,649)</u>		<u>\$ 2,449,021</u>		<u>\$ (4,326,070)</u>		<u>\$ (2,741,615)</u>		<u>\$ 810,986</u>
	0.93%		1.49%		2.30%		2.21%		2.62%		2.07%

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

**PRIMARY ASSESSED VALUE**

<u>Fiscal Year</u>	<u>Residential and Vacant Property</u>	<u>Commercial Property</u>	<u>Unattached Personal Property</u>	<u>Total Taxable Assessed Value</u>	<u>*Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2004	307,545,845	298,083,506	18,092,250	623,721,601	0.8772	5,453,258,038	11.44%
2005	333,976,747	291,305,997	19,312,521	644,595,265	1.0316	5,682,323,267	11.34%
2006	365,245,873	300,099,462	18,588,795	683,934,130	1.2600	6,004,911,358	11.39%
2007	414,808,401	305,200,210	14,828,110	734,836,721	1.2592	6,464,822,998	11.37%
2008	480,365,541	315,601,599	16,347,131	812,314,271	1.2504	7,181,877,591	11.31%
2009	563,228,216	328,530,388	16,599,092	908,357,696	1.2238	8,083,048,537	11.24%
2010	631,550,018	345,011,622	22,964,880	999,526,520	1.2057	8,941,980,626	11.18%
**2011	683,204,674	365,730,626	20,353,287	1,069,288,587	1.2035	9,625,529,702	11.11%
2012	634,214,647	371,913,522	19,936,077	1,026,064,246	1.2447	9,350,503,687	10.97%
2013	575,074,783	380,102,301	19,084,628	974,261,712	1.2864	8,838,891,218	11.02%

Source: Navajo County Assessor's office

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

\*\* Revised abstract resulting from centrally assessed Transwestern lawsuit 1,059,004,850

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

**County Direct Rates**

<b>Fiscal Year</b>	<b>Primary</b>	<b>Fire District</b>	<b>Library District</b>	<b>Flood Control District</b>	<b>Public Health District</b>	<b>Total Direct</b>
<b>2004</b>	0.4772	0.1000	0.0200	0.2041	0.0759	0.8772
<b>2005</b>	0.6316	0.1000	0.0200	0.2041	0.0759	1.0316
<b>2006</b>	0.6337	0.1000	0.0300	0.3000	0.1963	1.2600
<b>2007</b>	0.6229	0.1000	0.0400	0.3000	0.1963	1.2592
<b>2008</b>	0.6041	0.1000	0.0500	0.3000	0.1963	1.2504
<b>2009</b>	0.5775	0.1000	0.0500	0.3000	0.1963	1.2238
<b>2010</b>	0.5594	0.1000	0.0500	0.3000	0.1963	1.2057
<b>2011</b>	0.5572	0.1000	0.0500	0.3000	0.1963	1.2035
<b>2012</b>	0.5984	0.1000	0.0500	0.3000	0.1963	1.2447
<b>2013</b>	0.6401	0.1000	0.0500	0.3000	0.1963	1.2864

**Overlapping Rates**

<b>Fiscal Year</b>	<b>School Equalization</b>	<b>School Districts</b>	<b>Cities</b>	<b>Other Special Districts</b>	<b>Community College District</b>
<b>2004</b>	0.4717	3.4929-8.0212	0.5442-0.9501	0.1097-2.4287	1.4406
<b>2005</b>	0.4560	3.3400-8.0200	0.5610-0.9501	0.0767-2.4450	1.5092
<b>2006</b>	0.4358	3.3931-8.0200	0.5324-0.9501	0.0967-2.6514	1.5200
<b>2007</b>	0.0000	3.7977-8.0200	0.5216-0.9134	0.0871-2.6347	1.4858
<b>2008</b>	0.0000	3.1373-6.7592	0.2845-0.8870	0.0864-2.7749	1.4206
<b>2009</b>	0.0000	3.6519-7.7773	0.2845-0.8685	0.0785-2.7512	1.3382
<b>2010</b>	0.3306	3.6624-8.3747	0.2789-0.8550	0.0706-2.7326	1.1352
<b>2011</b>	0.3564	3.0839-8.0000	0.2789-0.8567	0.0707-3.5500	1.1308
<b>2012</b>	0.4259	3.1634-7.3012	0.2789-0.9815	0.0835-3.5500	1.2387
<b>2013</b>	0.4717	2.9606-8.000	0.2789-0.9880	0.0910-3.5500	1.3515

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

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

Navajo County  
Principal Property Taxpayers  
Current Year and Eight Years Ago

Taxpayer	2013			2004		
	Primary Assessed Value	Rank	Percentage of Total Primary Assessed Value	Primary Assessed Value	Rank	Percentage of Total Primary Assessed Value
Arizona Public Service Company	136,252,482	1	13.98%	96,593,064	1	15.49%
PacifiCorp Electric Operations	50,214,255	2	5.15%	32,473,751	2	5.21%
Transwestern Pipeline Co	17,302,668	3	1.78%	7,818,785	6	1.25%
Peabody Western Coal Co.	13,825,500	4	1.42%	15,712,500	3	2.52%
El Paso Natural Gas Co	8,087,415	5	0.83%	9,728,495	5	1.56%
Burlington Northern/Santa Fe Railway	6,782,129	6	0.70%	5,184,182	10	0.83%
Citizens Telecom of White Mountains	5,833,729	7	0.60%	10,589,603	4	1.70%
Navopache Electric Co-Op Inc.	5,666,680	8	0.58%	5,430,813	9	0.87%
Smith Bagley	5,279,667	9	0.54%	N/A		N/A
Unisource Energy Corporation	4,968,246	10	0.51%	N/A		N/A
<b>TOTALS</b>	<u>\$ 254,212,771</u>		<u>26.09%</u>	<u>\$ 183,531,193</u>		<u>29.43%</u>
Total 2013 Navajo County Assessed Value	\$ 974,292,390			Total 2004 Navajo County Assessed Value		\$ 623,721,601

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
2004	\$ 2,973,026	\$ 2,836,571	95.41%	\$ 135,518	\$ 2,972,089	99.97%
2005	4,054,551	3,867,955	95.40%	185,078	4,053,033	99.96%
2006	4,320,531	4,139,945	95.82%	179,414	4,319,359	99.97%
2007	4,582,480	4,401,681	96.05%	176,848	4,578,529	99.91%
2008	4,916,228	4,684,181	95.28%	225,469	4,909,650	99.87%
2009	5,248,574	5,003,706	95.33%	241,218	5,244,924	99.93%
2010	5,584,259	5,306,931	95.03%	270,096	5,577,027	99.87%
2011	5,879,934	5,569,913	94.73%	298,080	5,867,992	99.80%
2012	6,121,242	5,887,544	96.18%	214,174	6,101,718	99.68%
2013	6,211,345	6,001,505	96.62%		6,001,505	96.62%

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

Note: General Fund Levies and Collections Only.

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

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

Governmental Activities							
Fiscal Year	Revenue Bonds	Certificates of Participation	Special Assessment Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2004		6,430,000	2,191,790	70,198	8,691,988	0.45	82.77
2005		6,180,000	1,812,813	61,696	8,054,509	0.38	75.30
2006		5,915,000	1,765,055	40,684	7,720,739	0.34	70.83
2007		5,915,000	2,950,589	18,848	8,884,437	0.37	80.04
2008	6,600,000	5,635,000	2,442,125	73,520	14,750,645	0.58	131.29
2009	6,600,000	5,340,000	1,702,213	53,687	13,695,900	0.52	121.23
2010	6,265,000	5,030,000	1,517,107	25,377	12,837,484	0.47	119.48
2011	5,915,000	4,700,000	1,309,455	12,693	11,937,148	0.43	111.33
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	N/A (2)	N/A (3)

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

- (1) Personal income and population information can be found in the Demographic and Economic Statistics schedule.
- (2) Personal income was not available for 2013
- (3) Population was not available for 2013.

Navajo County  
Pledged Revenue Coverage  
Last Ten Fiscal Years

2012 Series Pledged Revenue Obligation

Fiscal Year	County Excise Tax	State Shared Sales Tax	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2013	\$ 6,239,089	\$ 10,087,589	\$ 16,326,678	\$ -	\$ 50,368	324.15

2008 Series Pledged Revenue Obligation Bonds

Fiscal Year	County Excise Tax	State Shared Sales Tax	Net Available Revenue	Debt Service		Coverage Ratio
				Principal	Interest	
2008	\$ 7,083,165	\$ 10,915,470	\$ 17,998,635	\$	\$	
2009	6,330,588	9,844,858	16,175,446		131,432	123.07
2010	5,480,598	8,732,190	14,212,788	335,000	240,573	24.69
2011	5,846,576	9,285,088	15,131,664	350,000	228,585	26.15
2012	6,200,729	9,553,213	15,753,942	370,000	215,985	26.88
2013	6,239,089	10,087,589	16,326,678	380,000	202,860	28.01

Special Assessment Bonds

Fiscal Year	Debt Service			Coverage Ratio
	Revenues	Principal	Interest	
2009	\$ 300,706	\$ 166,022	\$ 105,882	1.11
2010	273,885	185,106	94,237	0.98
2011	241,567	207,652	83,934	0.83
2012	241,374	136,684	75,045	1.14
2013	248,745	187,536	74,568	0.78

Source: Navajo County Finance Department

Navajo County  
Legal Debt Margin Information  
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	\$ 974,261,712
Debt limit (15% of assessed value)	146,139,257
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	\$ 146,139,257

	Fiscal Year				
	2004	2005	2006	2007	2008
Debt Limit	\$ 93,558,240	\$ 96,689,290	\$ 102,590,120	\$ 110,225,508	\$ 121,847,141
Total net debt applicable to limit					
Legal debt margin	93,558,240	96,689,290	102,590,120	110,225,508	121,847,141
 Total net debt applicable to the limit as a percentage of the debt	 0%	 0%	 0%	 0%	 0%

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

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



Navajo County  
Demographic and Economic Statistics  
Last Ten Calendar Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u> (thousands of <u>dollars</u> )	<u>Per Capita</u> <u>Personal</u> <u>Income</u>	<u>Unemployment</u> <u>Rate</u>
2004	105,020	\$ 1,933,211	\$ 18,408	8.4%
2005	106,968	2,120,553	\$ 19,824	8.0
2006	109,000	2,260,966	\$ 20,743	7.2
2007	110,999	2,412,656	\$ 21,736	6.3
2008	112,348	2,539,509	\$ 22,604	9.7
2009	112,975	2,634,137	\$ 23,316	14.9
2010	107,449	2,742,716	\$ 25,526	16.0
2011	107,174	2,780,847	\$ 25,947	15.8
2012	107,094	2,826,523	\$ 26,393	15.2
2013	(1)	(1)	(1)	(1)

Source: Population and Personal Income from U.S. Bureau of Economic Analysis. Workforce Informer Arizona at [www.workforce.az.gov](http://www.workforce.az.gov) for unemployment rate.

(1) Information is not yet available for 2013.

## Navajo County Employment by Sector and Major Employers

### Employment by Sector

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Mining and Construction	2,500	2,825	3,200	2,925	2,375
Educational & Health Svcs	2,950	3,100	3,250	3,325	3,300
Financial Activities	600	575	650	600	525
Government	10,125	9,850	9,875	9,925	10,400
Leisure & Hospitality	3,200	3,175	3,200	3,475	3,475
Manufacturing	900	900	975	900	800
Information	650	750	800	825	1,000
Professional & Business Svcs	1,100	1,100	1,250	1,350	1,275
Trade, Transportation & Utilities	5,550	5,600	5,700	6,050	5,650
Other Services	800	950	925	800	850

(Continued)

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

Arizona Department of Commerce, Strategic Investment and Research.

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

### Major Employers<sup>(1)</sup>

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

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

Navajo County  
Employment by Sector and Major Employers  
(Continued)

Employment by Sector

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Mining and Construction	1,600	1,450	1,325	1,600	1,600
Educational & Health Svcs	3,500	3,550	3,200	3,550	3,575
Financial Activities	475	400	425	575	600
Government	10,100	9,650	9,500	9,850	9,675
Leisure & Hospitality	3,150	3,500	3,625	3,600	3,875
Manufacturing	550	525	525	475	125
Information	1,075	1,150	1,150	1,175	1,175
Professional & Business Svcs	1,025	1,000	1,025	1,000	1,175
Trade, Transportation & Utilities	5,375	5,250	5,025	5,150	5,175
Other Services	750	700	525	950	1,050

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

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

Function	Fiscal Year							
	2006	2007	2008	2009	2010	2011	2012	2013
General government	258	272	290	284	284	294	295	278
Public safety	226	240	260	256	248	239	243	238
Highways and streets	82	84	90	90	81	81	82	78
Health and welfare	56	62	67	66	63	65	66	73
Culture and recreation	3	3	4	4	5	6	5	8
Total	625	661	711	700	681	685	691	675

Source: Navajo County Budget 2006 - 2013

Navajo County  
Operating Indicators by Function  
Last Nine Fiscal Years

<b>Function</b>	Fiscal Year		
	2005	2006	2007
<b>General Government</b>			
Assessor			
Number of parcels assessed	79,096	80,664	83,044
Elections			
Elections	4	5	4
Number voting	46,644	13,398	43,445
Planning & Zoning			
Building permits issued	3,009	3,674	3,789
Public Fiduciary			
Guardianships/conservatorships	95	97	99
<b>Public Safety</b>			
Adult Probation			
Community service hours		40,493	34,370
Pre-sentence reports written for courts		772	744
Probationers actively supervised		726	868
Juvenile Probation			
Average length of detention (days)	16	15	15
Juveniles in detention	351	281	318
Probationers	197	166	164
Community restitution hours	12,160	8,909	9,170
Sheriff			
Inmate population	348	369	385
<b>Highways &amp; Streets</b>			
Public Works			
Crack sealing (miles)	27	45	9
Street resurfacing (miles)	82	54	33
Waste Tire Program			
Waste tires collected			
<b>Health &amp; Welfare</b>			
Public Health District			
Certified copies of birth or death certificates			5,311
Childhood immunization visits	3,371	5,905	8,608
Restaurant inspections and re-inspections	468	603	592
<b>Culture &amp; Recreation</b>			
Library District			
Number of items circulated	355,087	372,980	380,765
Number of library cards issued (by member libraries)	5,068	6,395	5,835
Number of prints, media and electronic items	198,856	220,545	241,479
Number of items owned by Lib. District	11,839	13,800	15,216
<b>Education</b>			
School Superintendent			
Charter schools	8	8	6
Charter students	1,686	1,547	817
District students	21,507	21,253	20,948
School districts	14	14	14

Source: Navajo County departments monthly and annual performance reports

(continued)

Navajo County  
Operating Indicators by Function  
Last Nine Fiscal Years

Fiscal Year					
2008	2009	2010	2011	2012	2013
84,824	85,536	85,858	86,304	88,148	85,773
5	4	4	4	5	4
23,687	51,626	21,379	50,969	17,330	57,960
3,085	1,837	1,285	926	994	1,023
104	103	110	99	108	109
50,415	51,910	49,198	40,687	39,135	40,306
678	594	504	637	641	566
1,036	1,009	1,008	1,349	1,270	1,313
12	8	10	12	11	12
338	457	441	408	449	336
186	199	171	182	148	122
10,504	8,740	8,939	5,173	7,346	6,401
363	363	361	319	274	283
2	0	47	49	82	59
52	42	25	42	32	13
56,775	51,481	48,743	60,117	47,962	57,742
5,685	6,811	6,913	4,949	4,678	5,031
10,586	7,343	10,299	5,154	4,592	2,165
593	608	336	709	423	621
442,038	456,579	480,959	441,232	438,916	425,272
6,079	5,985	6,206	6,170	5,406	5,054
262,997	287,552	310,602	333,901	343,659	333,193
16,907	19,607	21,774	24,199	25,837	28,827
6	6	7	7	7	7
818	839	471	352	399	630
20,861	20,497	19,913	19,071	18,606	18,495
14	14	14	14	14	13

Navajo County  
Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Elections										
Voting Machines	76	76	158	158	158	158	158	173	173	173
Superior Courts										
Divisions	3	3	3	4	4	4	4	4	4	4
Division - Satellite								1	1	1
Justice Courts	6	6	6	6	6	6	6	6	6	6
Public Safety										
Sheriff										
Inmate beds available				407		433	425	426	442	442
Jail Facilities	1	1	1	1	1	1	1	1	2	2
Stations	0	0	0	0	0	0	0	0	0	0
Improvement Districts										
Flood Warning Sites	31	31	31	31	31	31	30	31	31	31
Flood Control District Properties	8	8	8	8	8	8	9	12	12	12
Road Improvement Districts	0	3	0	2	1	1	1	1	0	0
Highways and Streets										
Public Works										
Miles of maintained roads	722.98	727.7	738.98	747.83	732.01	737.65	734.9	733.28	733.65	733.95
Bridges	14	14	14	14	14	14	14	14	15	15
Sanitation										
Landfill/Environment										
Transfer Stations	0	0	0	0	0	0	0	0	0	0
Health										
Health Care										
Public health facilities										
Heber - Owned	1	1	1	1	1	1	1	1	1	1
Show Low - Owned	1	1	1	1	1	1	1	1	1	1
Snowflake - Operated	1	1	1	1	1	1	1	1	1	1
Holbrook - Owned	1	1	1	1	1	1	1	1	1	1
Winslow - Owned	1	1	1	1	1	1	1	1	1	1
Pinetop - Owned	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Parks & Recreation										
County Parks (Tall Timber, Heber)	1	1	1	1	1	1	1	1	1	1
Library District										
Number of facilities owned	0	0	0	0	0	0	0	0	0	0
Facilities operated	1	1	1	1	1	1	1	1	1	1
Bookmobiles	0	0	0	0	0	0	0	0	0	0
Education										
Schools	1	1	1	1	1	1	1	1	1	1

Source: Navajo County capital asset reports.

