

Navajo County

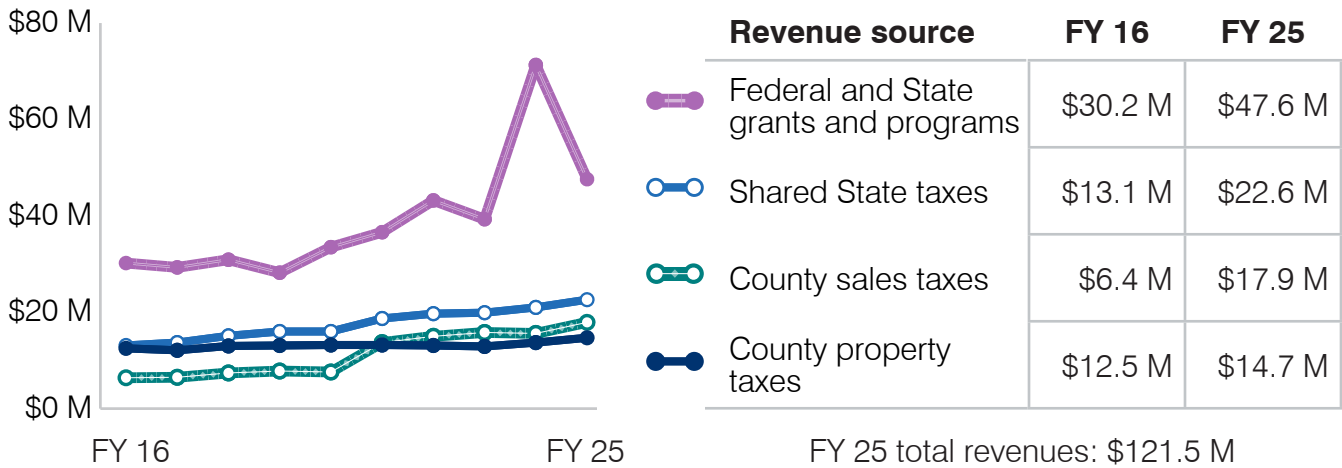
Annual financial statement and compliance audits

The County’s fiscal year 2025 reported financial information is reliable. However, the County’s auditors reported deficiencies and noncompliance over financial reporting and federal programs, summarized on page 3.¹

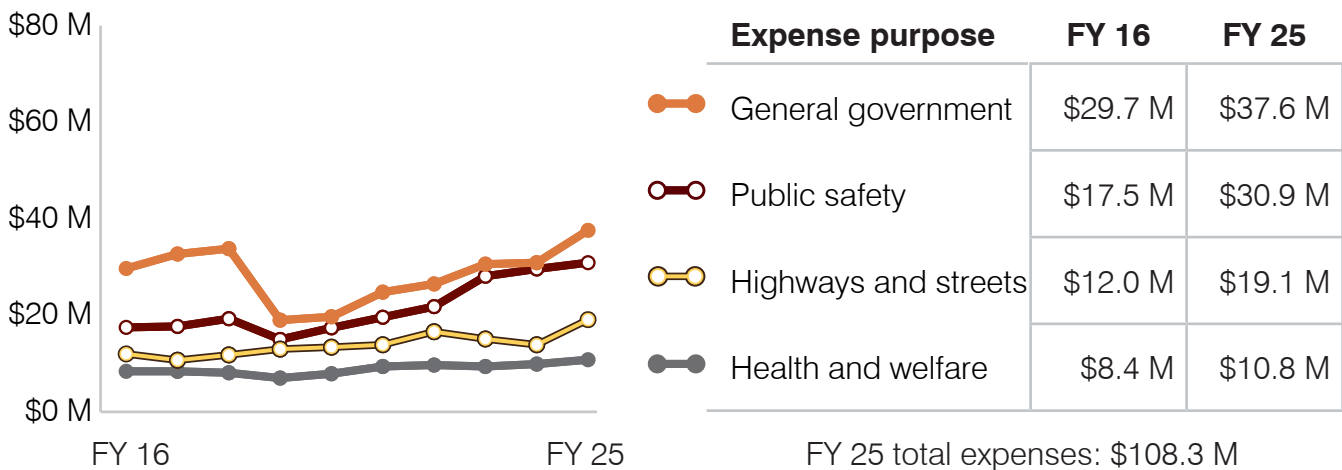
Audits’ purpose

To express opinions on the County’s financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

Primary revenue sources, in millions (FY 2016 through FY 2025)



Primary expense purposes, in millions (FY 2016 through FY 2025)



Source: Auditor General staff summary of information obtained from the County’s financial statements.

¹ The certified public accounting firm Fester and Chapman, PLLC conducted these audits under contract with the Arizona Auditor General in accordance with Arizona Revised Statutes §41-1279.21.

FY 2025 largest primary revenue sources as a percentage of total revenues

▶ Federal and State grants and programs, 39.2%

Includes federal and State government grants and programs awarded as assistance to the County and its residents, including highway user tax revenues for authorized transportation purposes. In fiscal year 2024, the County received a \$20 million capital contribution from the State of Arizona for the Little Colorado Winslow levee project as well as additional State operating grants from the Commerce Authority, the Criminal Justice Commission, the Department of Public Safety, and the Department of Military Affairs.

▶ Shared State taxes, 18.6%

Comes from State sales and other shared taxes the State of Arizona collects and the Arizona State Treasurer distributes to the County based on the State's statutory distribution formulas.

FY 2025 largest primary expense purposes as a percentage of total expenses

▶ General government, 34.7%

Costs for general operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.

▶ Public safety, 28.5%

Costs for protecting the County's persons and property with the largest portion for County jail operations, County Sheriff's office services, probation services, and Flood Control District operations.

County's net position increased in FY 2025

County revenues were \$13.2 million greater than its expenses, increasing total net position to \$160.5 million at June 30, 2025. Net position includes all assets, such as buildings, vehicles, and cash and investments, less all liabilities, such as unpaid pension and other payroll obligations, long-term debt, and accounts payable. None of this net position is unrestricted, meaning some is not in spendable form, and the rest is restricted by external parties.

Auditor findings and recommendations

Summarized below are the findings and recommendations included in the County's [Single Audit Report](#) where there is further information and the County's responses.

The County needs to:

- ▶ Make it a priority to develop, document, and implement policies and procedures to effectively respond to risks and to prevent, detect, and respond to unauthorized or inappropriate access, damage, or loss to its IT systems and financial and other data, including protecting sensitive data. Further, the County needs to identify, classify, and inventory the sensitive information that the County holds, and assess where stronger IT access and security controls may be needed to protect it. The County's auditors found that processes for managing and documenting risks and control procedures over IT systems and data were not sufficient, which may put County operations and IT systems and data at unintended and unnecessary risk of potential harm. Similar findings were initially reported in fiscal year 2007.
- ▶ Develop and implement comprehensive procedures that require bank reconciliations to be timely completed and independently reviewed for accuracy. Further, the County should investigate and resolve all unreconciled differences and post the necessary adjusting entries to ensure County records agree with bank records. The County's auditors reported several deficiencies pertaining to the Treasurer's bank reconciliations, including the lack of timely reconciliations, unreconciled differences, and reconciliation errors. Failure to perform timely and accurate bank reconciliations increases the risk that unauthorized transactions or fraudulent activity could occur and remain undetected for an extended period of time and puts the County at risk of errors, misstatements, or omissions within their annual comprehensive financial report.
- ▶ Strengthen policies and procedures to properly administer its Workforce Innovation and Opportunity Act (WIOA) federal program. The County's auditors found the County failed to allocate 20% of its WIOA Youth Activities program spending to provide in-school and out-of-school youth with paid and unpaid work experiences. Such noncompliance increases the likelihood of misallocated resources and noncompliance with federal program objectives. Similar findings were initially reported in fiscal year 2019.
- ▶ Strengthen policies and procedures to properly administer its Public Health Emergency federal program. The County's auditors found that the County failed to document its required 10% local matching contribution totaling \$22,991. The County reported that it used in-kind office space rent to satisfy the matching requirement but failed to maintain records detailing how the value of those rentals was calculated. As a result of this noncompliance, the federal agency may disallow and request repayment of \$22,991 in federal program funding as the County's local matching requirement was not properly supported.

Auditor General website report links

- ▶ **June 30, 2025, [Navajo County Annual Comprehensive Financial Report and Single Audit Report.](#)**

These highlights summarize the reports above. The full reports explain the County's overall financial picture and the County auditors' reporting responsibilities.

- ▶ The [County's reports from prior years.](#)
- ▶ **User guides that help explain the important information presented in these reports:**
 - [Financial Report User Guide for State and Local Governments.](#)
 - [Internal Control and Compliance Reports User Guide.](#)