

Navajo County Arizona



Proudly Serving, Continuously Improving

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011

NAVAJO COUNTY BOARD OF SUPERVISORS



Front Row: District 2—Jesse Thompson, District 4—David Tenney, District 1—Jonathan M. Nez

Back Row: District 3—J.R. DeSpain, District 5—Jerry Brownlow

On the cover:

Top row - (Left) South County Health Building located in Show Low, Arizona designed and built, in part, with Energy Efficiency and Conservation Block Grants (EECBG). The solar panels located on the roof are just one feature of the new facility. (Right) Meadow on Buena Vista Trail #637 near Show Low, Arizona .

Bottom row - (Left) Wild flowers near Woodland Lake in Pinetop, Arizona. (Right) Dry Lake wind power project near Snowflake, Arizona.

Navajo County, Arizona

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011

J.R. DeSpain

District 3

Jerry Brownlow

District 5

Jesse Thompson

District 2

David Tenney

District 4

Jonathan M. Nez

District 1

James G. Jayne

County Manager

E.L. "Dusty" Parsons

Assistant County Manager

Prepared by Navajo County Finance Department





Navajo County, Arizona

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2011

INTRODUCTORY SECTION

Navajo County
Comprehensive Annual Financial Report
Year Ended June 30, 2011

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NAVAJO COUNTY ADMINISTRATION

James G. Jayne
County Manager

W. James Menlove, CPA
Finance Director

December 19, 2011

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 2011. 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 2011 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 unqualified opinion that the County's financial statements for fiscal year 2011 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 2010 population of the County was estimated to be 107,449. 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 all elected official and department directors 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 southern 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	107,449	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	9,533	9,368	(2.8%)
(Chilchinbito, Dilkon, Greasewood, Jeddito, Kayenta, Oljato, Pinon, and Shonto)			
Hopi Tribe	4,113	5,051	22.8%
(First Mesa, Hotevilla, Kykotsmovi, Second Mesa, and Shongopovi)			
White Mountain Apache Tribe	7,431	6,516	(12.3%)
(Cibecue, East Fork, Whiteriver)			

Some of the major employers in Navajo County include Catalyst (paper mill), Snowflake; Arizona Public Service (utilities), Joseph City; Burlington Northern Santa Fe (railway), Winslow; Summit Healthcare (medical facility), Show Low; and Northland Pioneer College (post-secondary education), Holbrook.

Because of the rural nature of Navajo County, the local economy has been more severely impacted by the recession than has occurred at the state and national levels. The County's unemployment rate (15.6 percent June 2011) has been significantly higher than the State's (9.9 percent June 2011). To address the economic challenges, Navajo County has reduced expenses through reductions in workforce, position vacancies from attrition, pay reduction,

decreased benefits, and reductions in operating expenses while maintaining excellent customer service.

Long-Term Financial Planning – 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 permanently adjust its 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 offices to provide more accessible government services.
- Quality Work Force–Focus on retention of staff, which reduced training and operation 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.

Among the current challenges is the significant decline in our three major General Fund revenue sources; State Shared Sales Tax, County Sales Tax and General Fund Vehicle License Tax (VLT). Since 2008, State Share Sales Tax has decreased 19.1 percent, County Sales Tax by 20 percent and General Fund VLT by 14.2 percent. During the latter part of fiscal year 2011 state and local sales tax revenues began to show a very modest improvement.

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 counties to 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 has formally ended on a national level, state and local revenues continue to be severely impacted. Economists continue to predict that the economic recovery will be very 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 recommendations. These policies consist of 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, 2010. 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 a Distinguished Budget Presentation Award to Navajo County, Arizona for its annual budget for the fiscal year beginning July 1, 2010. This was the second consecutive year that Navajo County has received this prestigious award. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as a financial plan, an operations guide and as a communications device.

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

ACKNOWLEDGMENTS

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

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

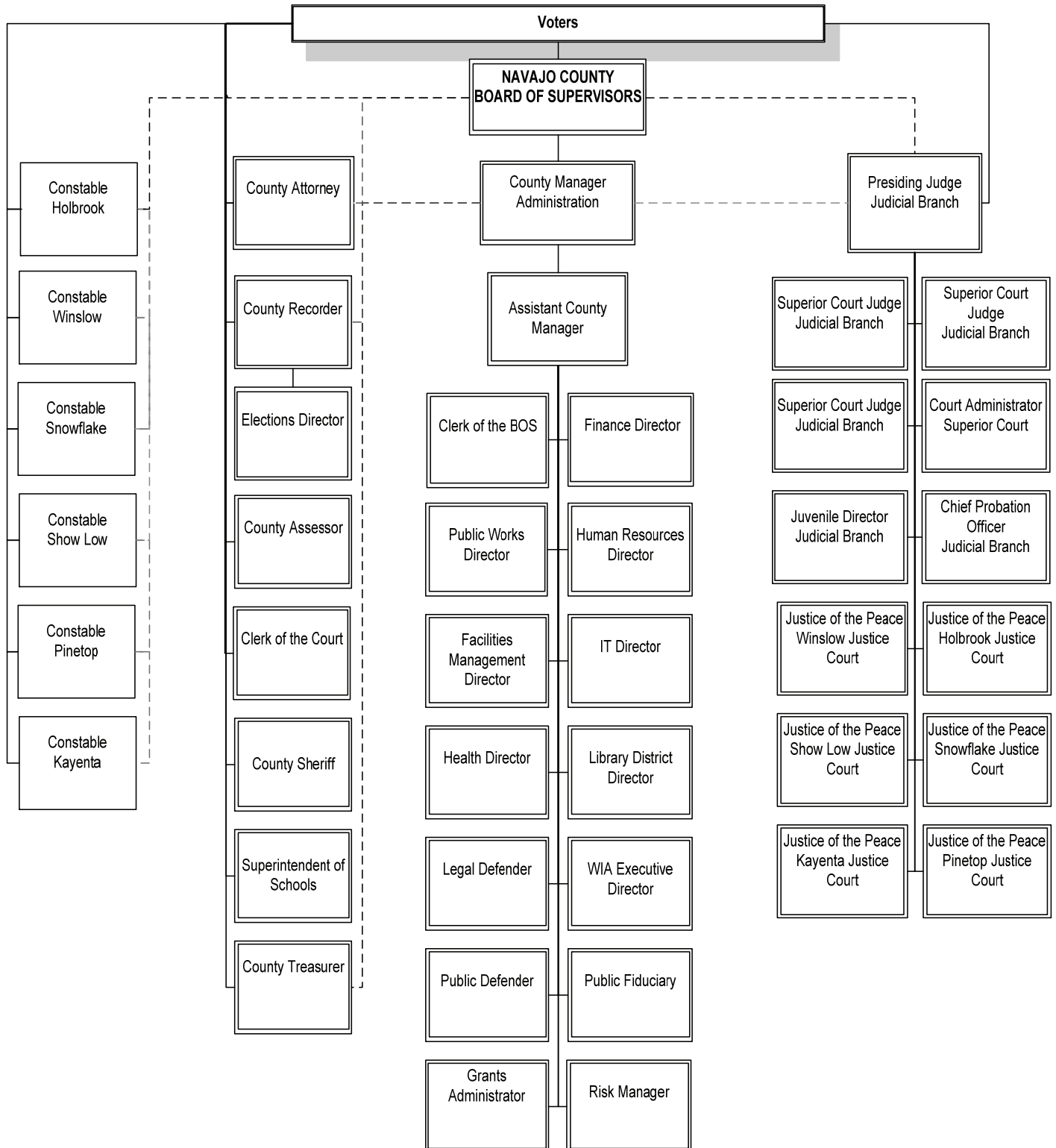
Respectfully submitted,

James G. Jayne
County Manager

James Menlove
Finance Director

Navajo County

Organization Chart



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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Sandison

President

Jeffrey R. Enner

Executive Director



Navajo County

Comprehensive Annual Financial Report
Year Ended June 30, 2011

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

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, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, the County implemented the provisions of the Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2011, which represents a change in accounting principle.

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 pages 52 through 54 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

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. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

In accordance with *Government Auditing Standards*, we will also 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* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management, and others within the County and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Debbie Davenport
Auditor General

December 19, 2011

Navajo County Management's Discussion and Analysis June 30, 2011

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, 2011. 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 \$104.1 million (net assets). Of this amount, \$6.5 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The total decrease in the County's net assets was \$1.2 million in fiscal year 2011.
- At the close of fiscal year 2011, the County's governmental funds reported combined ending fund balances of \$37.0 million, a decrease of \$4.4 million in comparison with the prior year's balances of \$41.4 million.
- At the end of the fiscal year, 78.3 percent (\$29.0 million) of fund balance was restricted; 11.9 percent (\$4.4 million) was assigned; 8.3 percent (\$3.1 million) was unassigned and 1.5 percent (\$543 thousand) was nonspendable. Restricted fund balances have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, 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 supplies inventories 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 of 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 Assets 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

June 30, 2011

The *Statement of Net Assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 readily be 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 Assets and the Statement of Activities and the governmental funds as reported in the fund financial statements are provided to facilitate this comparison.

The County maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Works/HURF Fund, and the

Navajo County Management's Discussion and Analysis June 30, 2011

Flood Control District Fund, which are considered major funds. Data from the other governmental funds is combined into a single aggregated presentation. *The governmental fund financial statements can be found on pages 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 Assets

Net assets may serve over time as a useful indicator of a County's financial position. The following table reflects the condensed Statement of Net Assets of the County as of June 30, 2011, compared to the prior year.

	Governmental Activities	
	2011	2010
Current and other assets	\$ 41,098,689	\$ 45,374,572
Capital assets	<u>80,892,344</u>	<u>78,655,616</u>
Total assets	<u>121,991,033</u>	<u>124,030,188</u>
Other liabilities	3,305,794	3,410,645
Long-term liabilities outstanding	<u>14,574,804</u>	<u>15,339,191</u>
Total liabilities	<u>17,880,598</u>	<u>18,749,836</u>
Net Assets:		
Invested in capital assets, net of related debt	70,264,651	66,038,408
Restricted	27,364,617	23,034,928
Unrestricted	<u>6,481,167</u>	<u>16,207,016</u>
Total net assets	<u>\$104,110,435</u>	<u>\$105,280,352</u>

The County's current assets and net assets from governmental activities at the end of the fiscal year were \$41.1 million and \$104.1 million, respectively. The overall decrease of \$4.3 million in current assets and \$1.2 million in net assets, respectively, is primarily due to completion of the Navajo Nation road yard projects and other Public Works/HURF Fund road projects. In November 2009, the County entered into a \$3.5 million intergovernmental agreement with the Navajo Nation to construct two road yards in tribal communities. In fiscal year 2010, the \$3.5 million was remitted to the County prior to

Navajo County Management's Discussion and Analysis June 30, 2011

beginning the construction projects which were completed in fiscal year 2011. As of June 30, 2011, the construction costs had been expended; however, these road yards were not added to the County's capital assets as the facilities were the property of the Navajo Nation.

A large portion of the County's net assets, 67.5 percent (\$70.3 million), reflects its investment in capital assets net of accumulated depreciation and related debt. The County uses these assets to provide services to citizens and, therefore, they are not available for future spending. The \$4.3 million increase in the net assets invested in capital assets, net of related debt, was primarily due to completion of the Joseph City Obed Road Bridge and other infrastructure road projects, and the County reducing its debt obligations.

26.3 percent of the County's net assets (\$27.4 million) are subject to external restrictions on how they may be used. The County's restricted net assets increased by 18.8 percent (\$4.3 million) as compared to the prior fiscal year due to a reexamination of the various internal and external restrictions that may be placed on the net assets.

The remaining balance of the County's net assets, 6.2 percent (\$6.5 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 by 60.0 percent (\$9.7 million) in the current fiscal year due to a reexamination of the various internal and external restrictions that may be placed on the net assets.

Change in Net Assets

The Statement of Activities presents information on how the County's net assets changed during the most current fiscal year. The following table reflects the condensed Statement of Activities of the County for the fiscal year 2011 compared to the prior year:

	Governmental Activities	
	2011	2010
Program revenues:		
Charges for services	\$ 4,430,279	\$ 4,303,509
Operating grants and contributions	12,076,731	13,539,596
Capital grants and contributions	<u>13,170,789</u>	<u>15,637,667</u>
Total program revenues	29,677,799	33,480,772
General revenues:		
Property taxes	12,866,253	12,494,737
Sales taxes	5,889,027	5,480,598
State shared revenues	11,405,376	10,728,725
Grants and contributions not restricted to specific programs	4,489,096	4,902,289
Investment earnings	254,483	322,748
Gain on disposal of capital assets	5,957	115,237
Miscellaneous	1,822,741	1,273,310
Transfers		<u>(380,236)</u>
Total general revenues	<u>36,732,933</u>	<u>34,937,408</u>
Total revenues	<u>\$66,410,732</u>	<u>\$68,418,180</u>

Navajo County
Management's Discussion and Analysis
June 30, 2011

	Governmental Activities	
	2011	2010
Program expenses:		
General government	\$ 22,396,786	\$ 22,647,297
Public safety	16,191,164	17,566,896
Highways and streets	14,480,464	13,057,318
Health and welfare	7,129,008	9,366,578
Culture and recreation	814,786	747,065
Education	5,710,417	6,307,885
Environmental and conservation	196,504	237,032
Urban redevelopment and housing	35,558	307,208
Interest on long-term debt	<u>625,962</u>	<u>677,253</u>
Total program expenses	<u>67,580,649</u>	<u>70,914,532</u>
Change in net assets	<u>(1,169,917)</u>	<u>(2,496,352)</u>
Net assets, beginning	<u>\$105,280,352</u>	<u>\$107,776,704</u>
Net assets, ending	<u>\$104,110,435</u>	<u>\$105,280,352</u>

Overall revenues decreased 2.9 percent (\$2.0 million) and program expenses decreased by 4.7 percent (\$3.3 million) in the current fiscal year. The following summarizes the significant changes in revenues and expenses compared to the prior year.

Operating grants and contributions decreased 10.8 percent (\$1.5 million) in the current year due to a decrease in federal grants and state equalization aid for education related to the County's Accommodation School and county school programs.

Capital grants and contributions decreased 15.8 percent (\$2.5 million) in the current year due to completion of the Lone Pine Dam Bridge and the Navajo Nation road yards. No new revenues for similar projects were received in fiscal year 2011.

Sales taxes increased 7.5 percent (\$408 thousand) due to modest improvements in the local economy.

State shared revenues increased 6.3 percent (\$677 thousand) due to modest improvements in the Arizona economy.

Grants and contributions not restricted to specific programs decreased 8.4 percent (\$413 thousand) in the current year due to a decrease in contracted Arizona Department of Corrections inmates housed at the County jail.

Miscellaneous revenues increased 43.1 percent (\$549 thousand) in the current year due to a one-time refund from the Arizona Counties Insurance Pool for excess premiums paid in prior years.

Public safety expenses decreased 7.8 percent (\$1.4 million) in the current fiscal year due to reductions in federal and state grants for the Sheriff's Office and the Department of Probation. Also, there were less flood control projects in fiscal year 2011.

Navajo County Management's Discussion and Analysis June 30, 2011

Highways and street expenses increased 10.9 percent (\$1.4 million) in the current fiscal year due to construction of the Navajo Nation road yards which are not assets of the County and, consequently, not capitalized.

Health and welfare expenses decreased 23.9 percent (\$2.2 million) due to a reimbursement of a capital outlay deposit that was netted against health expenses in fiscal year 2010 and reductions in the federal Workforce Investment Act (WIA) program.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County reported three major funds for this fiscal year: the General Fund, Public Works/HURF Fund, and Flood Control District Fund. At year-end, the County's governmental funds reported combined fund balances of \$37.0 million, a decrease of \$4.4 million (10.6 percent) from last year. Of the total, \$7.5 million constitutes unrestricted fund balances.

For governmental functions overall revenues decreased \$2.3 million (3.4 percent) and expenditures increased by about \$3.1 million (4.7 percent). Governmental function expenditures exceeded revenues by \$4.4 million in the current fiscal year.

The General Fund is the County's primary operating fund. At the end of the current fiscal year, unrestricted fund balances of the General Fund totaled \$6.5 million. Unrestricted fund balances represent 19.0 percent of total General Fund expenditures. This ratio indicates a strong fund balance position in comparison to expenditures.

The Public Works/HURF fund balance decreased by \$3.0 million (24.4 percent) in the current fiscal year due to capital outlay expenditures for the construction and completion of the Navajo Nation road yards.

The Flood Control District fund balance increased by \$1.4 million (15.8 percent) in the current fiscal year. The County is accumulating financial resources for the future rehabilitation of the Winslow levee and other planned flood control project.

GENERAL FUND BUDGETARY HIGHLIGHTS

For the General Fund, actual revenues were more than the original and final budget amounts by \$1.9 million while the actual expenditures were \$9.8 million less than the amount budgeted. The budget variance for expenditures in the General Fund was primarily due to conservative budgeting practices and reduced spending due to the poor economic conditions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During the current fiscal year, the net book value of capital assets increased by \$2.2 million. *Additional information on capital assets can be found in Notes 4 and 5 on page 30 of this report.*

Navajo County
Management's Discussion and Analysis
June 30, 2011

Debt Administration

At the end of the current fiscal year, the County had total long-term liabilities outstanding of \$14.6 million, which included certificates of participation outstanding of \$4.7 million that financed the construction of jail facilities and \$5.9 million in revenue bonds that financed the acquisition, construction, and improvements of county buildings and facilities. Included in long-term liabilities is \$1.3 million of special assessment debt with governmental commitment and \$2.4 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 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 2011. Along with the U.S. and State, the County experienced a very modest recovery during 2011 and expects a minimal improvement in fiscal year 2012. The County remains in a strong financial position and has adequate cash reserves. The County continues to closely monitor revenues 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.

The County's contract to house federal detainees was cancelled by the Federal Bureau of Prisoners in August 2011. The County expects to continue housing federal prisoners through a contract with United States Marshalls Service once it is approved during fiscal year 2012.

REQUESTS FOR INFORMATION

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



Navajo County
Comprehensive Annual Financial Report
Year Ended June 30, 2011

BASIC FINANCIAL STATEMENTS

Navajo County
Statement of Net Assets
June 30, 2011

	Governmental Activities
Assets	
Cash and investments	\$ 33,718,000
Cash and investments held by trustee	980,605
Receivables (net of allowances for uncollectibles):	
Property taxes	893,579
Accrued interest	29,776
Due from other governments	4,280,237
Cash and investments held by trustee - restricted	653,437
Inventories	473,148
Prepaid items	69,907
Capital assets, not being depreciated	13,064,021
Capital assets, being depreciated, net	67,828,323
Total assets	<u>121,991,033</u>
Liabilities	
Accounts payable	2,009,453
Accrued payroll and employee benefits	1,276,079
Due to other governments	20,262
Noncurrent liabilities	
Due within 1 year	2,355,447
Due in more than 1 year	12,219,357
Total liabilities	<u>17,880,598</u>
Net Assets	
Invested in capital assets, net of related debt	70,264,651
Restricted for:	
Highways and streets	8,222,516
Public safety	10,866,869
Judicial activities	2,892,053
Education	2,514,845
Environment, library, and community services	1,433,683
Debt service	1,434,651
Unrestricted	6,481,167
Total net assets	<u>\$ 104,110,435</u>

See accompanying notes to financial statements.

Navajo County
Statement of Activities
Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 22,396,786	\$ 3,465,053	\$ 2,584,222		\$ (16,347,511)
Public safety	16,191,164	672,441	2,916,270		(12,602,453)
Highways and streets	14,480,464	98,695		\$ 13,170,789	(1,210,980)
Health and welfare	7,129,008	194,090	2,280,437		(4,654,481)
Culture and recreation	814,786		137,643		(677,143)
Education	5,710,417		3,665,344		(2,045,073)
Environmental and conservation	196,504		429,653		233,149
Urban redevelopment and housing	35,558		63,162		27,604
Interest on long-term debt	625,962				(625,962)
Total governmental activities	<u>\$ 67,580,649</u>	<u>\$ 4,430,279</u>	<u>\$ 12,076,731</u>	<u>\$ 13,170,789</u>	<u>(37,902,850)</u>
General revenues:					
Taxes:					
					6,717,755
					2,760,030
					2,192,960
					556,771
					161,732
					477,005
					5,889,027
					9,336,240
					2,069,136
					4,489,096
					254,483
					5,957
					1,822,741
					36,732,933
					(1,169,917)
					105,280,352
					\$ 104,110,435

See accompanying notes to financial statements.

Navajo County
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Public Works/ HURF Fund	Flood Control District Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 5,870,980	\$ 8,911,357	\$ 9,939,725	\$ 8,995,938	\$ 33,718,000
Cash and investments held by trustee				980,605	980,605
Receivables:					
Property taxes	387,137		214,401	292,041	893,579
Accrued interest	6,015	7,114	7,428	9,219	29,776
Due from other funds	287,181			255,017	542,198
Due from other governments	1,610,289	1,430,391		1,239,557	4,280,237
Cash and investments held by trustee - restricted				653,437	653,437
Inventories		473,148			473,148
Prepaid items				69,907	69,907
Total assets	<u>\$ 8,161,602</u>	<u>\$ 10,822,010</u>	<u>\$ 10,161,554</u>	<u>\$ 12,495,721</u>	<u>\$ 41,640,887</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 368,771	\$ 1,274,106	\$ 45,163	\$ 321,413	\$ 2,009,453
Accrued payroll and employee benefits	800,372	145,345	8,506	321,856	1,276,079
Due to other funds	176,070			366,128	542,198
Due to other governments				20,262	20,262
Deferred revenues	284,395		145,938	354,091	784,424
Total liabilities	<u>1,629,608</u>	<u>1,419,451</u>	<u>199,607</u>	<u>1,383,750</u>	<u>4,632,416</u>
Fund balances:					
Nonspendable		473,148		69,907	543,055
Restricted		8,929,411	9,961,947	10,081,885	28,973,243
Assigned	3,182,499			1,231,112	4,413,611
Unassigned	<u>3,349,495</u>			<u>(270,933)</u>	<u>3,078,562</u>
Total fund balances	<u>6,531,994</u>	<u>9,402,559</u>	<u>9,961,947</u>	<u>11,111,971</u>	<u>37,008,471</u>
Total liabilities and fund balances	<u>\$ 8,161,602</u>	<u>\$ 10,822,010</u>	<u>\$ 10,161,554</u>	<u>\$ 12,495,721</u>	<u>\$ 41,640,887</u>

See accompanying notes to financial statements.

Navajo County
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2011

Fund balances—total governmental funds	\$ 37,008,471
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Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	80,892,344
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Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	784,424
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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>(14,574,804)</u>
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Net assets of governmental activities	<u>\$104,110,435</u>
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See accompanying notes to financial statements.

Navajo County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011

	General Fund	Public Works/ HURF Fund	Flood Control District Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 6,662,846	\$	\$ 2,760,031	\$ 3,189,651	\$ 12,612,528
Special assessments				198,817	198,817
Licenses and permits	389,423			140,234	529,657
Fines and forfeits	938,951			378,087	1,317,038
Intergovernmental	21,783,499	12,676,617		11,890,539	46,350,655
Charges for services	1,177,793	98,695		1,307,095	2,583,583
Investment earnings	56,017	64,534	60,628	73,304	254,483
Contributions				30,333	30,333
Miscellaneous	874,895	169,749		778,097	1,822,741
Total revenues	<u>31,883,424</u>	<u>13,009,595</u>	<u>2,820,659</u>	<u>17,986,157</u>	<u>65,699,835</u>
Expenditures:					
Current:					
General government	18,145,310			3,748,990	21,894,300
Public safety	12,518,119		944,927	3,557,200	17,020,246
Highways and streets		15,241,773		220,979	15,462,752
Health and welfare	3,192,579			3,945,744	7,138,323
Culture and recreation				808,312	808,312
Education	322,365			5,352,631	5,674,996
Environmental and conservation				196,504	196,504
Urban redevelopment and housing				35,558	35,558
Debt service:					
Principal	1,689			917,560	919,249
Interest and other charges	260			625,702	625,962
Capital outlay	274,573				274,573
Total expenditures	<u>34,454,895</u>	<u>15,241,773</u>	<u>944,927</u>	<u>19,409,180</u>	<u>70,050,775</u>
Excess (deficiency) of revenues over expenditures	<u>(2,571,471)</u>	<u>(2,232,178)</u>	<u>1,875,732</u>	<u>(1,423,023)</u>	<u>(4,350,940)</u>
Other financing sources (uses):					
Capital lease agreements	4,302			14,611	18,913
Sale of capital assets	5,957				5,957
Transfers in	2,913,600	69,428		3,617,827	6,600,855
Transfers out	<u>(1,562,480)</u>	<u>(810,546)</u>	<u>(514,647)</u>	<u>(3,713,182)</u>	<u>(6,600,855)</u>
Total other financing sources and uses	<u>1,361,379</u>	<u>(741,118)</u>	<u>(514,647)</u>	<u>(80,744)</u>	<u>24,870</u>
Net change in fund balances	<u>(1,210,092)</u>	<u>(2,973,296)</u>	<u>1,361,085</u>	<u>(1,503,767)</u>	<u>(4,326,070)</u>
Fund balances, July 1, 2010	7,742,086	12,431,585	8,600,862	12,615,738	41,390,271
Changes in nonspendable resources:					
Decrease in inventories		(55,730)			(55,730)
Fund balances, June 30, 2011	<u>\$ 6,531,994</u>	<u>\$ 9,402,559</u>	<u>\$ 9,961,947</u>	<u>\$ 11,111,971</u>	<u>\$ 37,008,471</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, 2011

Net change in fund balances—total governmental funds		\$ (4,326,070)
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	7,098,128	
Depreciation expense	<u>(4,861,400)</u>	2,236,728
Some revenues reported in the Statement of Activities do not represent the collection of current financial resources and, therefore, are not reported as revenues in the governmental funds.		
Property taxes	54,909	
Intergovernmental revenues	<u>155,859</u>	210,768
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Debt issued	(18,913)	
Principal repaid	<u>919,249</u>	900,336
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	45,874	
Increase in landfill closure and post-closure care costs	(121,823)	
Increase in claims and judgments	<u>(60,000)</u>	(135,949)
Some cash outlays, such as purchases of inventories, are reported as expenditures in the governmental funds when purchased. In the Statement of Activities, however, they are reported as expenses when consumed.		
Decrease in inventories		<u>(55,730)</u>
Change in net assets of governmental activities		<u>\$ (1,169,917)</u>

See accompanying notes to financial statements.

Navajo County
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Investment Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and investments	\$118,484,111	\$4,721,391
Interest receivable	<u>125,456</u>	<u>1,404</u>
Total assets	<u>\$118,609,567</u>	<u>\$4,722,795</u>
Liabilities		
Due to other governments		\$2,739,471
Deposits held for others		<u>1,983,324</u>
Total liabilities		<u>\$4,722,795</u>
Net Assets		
Held in trust for investment trust participants	<u>\$118,609,567</u>	

See accompanying notes to financial statements.

Navajo County
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2011

	<u>Investment Trust Funds</u>
Additions:	
Contributions from participants	\$ 248,643,234
Net investment income	<u>753,565</u>
Total additions	<u>249,396,799</u>
Deductions:	
Distributions to participants	<u>236,252,121</u>
Change in net assets	13,144,678
Net assets, July 1, 2010	<u>105,464,889</u>
Net assets, June 30, 2011	<u><u>\$ 118,609,567</u></u>

See accompanying notes to financial statements.

Navajo County
Notes to Financial Statements
June 30, 2011

Note 1 - Summary of Significant Accounting Policies

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

For the year ended June 30, 2011, the County implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes standards for financial reporting, including note disclosures requirements, for fund balance classifications of the governmental funds and clarifies existing governmental fund type definitions.

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. Each blended component unit discussed below has a June 30 year-end. The County has no discretely presented component units.

The following table describes the County's component units:

Component Unit	Description; Criteria for Inclusion	Reporting Method	For Separate Financial Statements
Navajo County Flood Control District	A tax-levying district that provides flood control systems; the County's Board of Supervisors serves as the board of directors	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
Notes to Financial Statements
June 30, 2011

Component Unit	Description; Criteria for Inclusion	Reporting Method	For Separate Financial Statements
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 for 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	A nonprofit corporation that assists in the acquisition of tangible real and personal property; 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

The Navajo County Municipal Property Corporation was formed to finance the construction of the Navajo County Jail Facility. Because the County's Board of Supervisors serves as the Board of Directors for this corporation, it is reported as a blended component unit of the County. The Corporation issued certificates of participation that evidence undivided proportionate interests in rent payments to be made under a lease agreement, with an option to purchase, between Navajo County and the Corporation. Since this debt is in substance the County's obligation, these liabilities and resulting assets are reported in the government-wide statement of net assets.

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.

Navajo County
Notes to Financial Statements
June 30, 2011

Government-wide statements—Provide information about the primary government (the County) and its component units. The statements include a statement of net assets and a statement of activities. These statements report the financial activities of the overall government, 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 and Flood Control District 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, 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.

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.

Navajo County

Notes to Financial Statements

June 30, 2011

The County reports the following fund types:

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

The *agency funds* account for assets held by the County 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, with the exception of agency funds, and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted net assets 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.

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 time of purchase are stated at amortized cost. All other investments are stated at cost, which approximates fair value.

Navajo County
Notes to Financial Statements
June 30, 2011

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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$10,000	N/A	N/A
Buildings and improvements	10,000	Straight-line	15-40 years
Machinery and equipment	5,000	Straight-line	3-7 years
Infrastructure	10,000	Straight-line	35 years

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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 comprised of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations approved by the County's Board of Supervisors. The County did not commit any fund balances at June 30, 2011.

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. 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 uses assigned amounts first, followed by unassigned amounts.

I. Investment Earnings

Investment earnings is composed of interest and dividends.

J. Compensated Absences

Compensated absences payable consists of unused vacation and sick leave. Employees may accumulate up to 488 hours during a calendar year (depending on years of service) with a maximum carryforward of 320 hours as of December 31 of each year. Upon termination of 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

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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, vacation 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; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; and specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States. In addition, the County Treasurer may invest trust funds in 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.

Concentration of credit risk

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

Navajo County

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Interest rate risk

Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

Foreign currency risk

Statutes do not allow foreign investments.

Deposits—At June 30, 2011, the carrying amount of the County's deposits, consisting of checking, savings, and money market savings accounts, was \$80,400,353 and the bank balance was \$80,858,385. The County's formal policy is to follow collateralization requirements set forth in A.R.S. §35-323 as described above.

At June 30, 2011, \$55,324,337 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, 2011, were as follows:

Investment Type	Amount
U.S. agency securities	\$61,482,326
U.S. Treasury securities	12,000,000
Bank notes	3,000,000
U.S. Treasury money market funds	<u>1,649,043</u>
Total	<u>\$78,131,369</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, 2011, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
U.S. agency securities	AAA	Standard and Poor's	\$61,482,326
Bank notes	Aaa	Moody's	3,000,000
U.S. Treasury money market funds	Unrated	N/A	<u>1,649,043</u>
Total			<u>\$66,131,369</u>

Custodial credit risk—For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. 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, 2011, the County had \$1,634,043 of U.S. Treasury money market funds that were uninsured and held by the counterparty not in the County's name.

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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 explicitly guaranteed by the United States or any of the senior debt of its agencies or sponsored agencies. The County had investments at June 30, 2011, of 5 percent or more in Federal Home Loan Mortgage Corporation, Federal Home Loan Bank, and Federal National Mortgage Association. These investments were 36.16 percent, 25.89 percent, and 16.64 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, 2011, the County had the following investments in debt securities:

Investment	Amount	Weighted Average Maturity (In Years)
U.S. agency securities	\$61,482,326	2.775
U.S. Treasury securities	12,000,000	2.269
Bank notes	3,000,000	.923
U.S. Treasury money market funds	<u>1,649,043</u>	.003
Total	<u>\$78,131,369</u>	

At June 30, 2011, \$28,140,000 of the investments in U.S. agency securities and \$3,000,000 of investments in bank 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. \$28,140,000

Bank note floating rate security – 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. 3,000,000

Total \$31,140,000

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

Cash, deposits, and investments:

Cash on hand	\$ 25,822
Amount of deposits	80,400,353
Amount of investments	<u>78,131,369</u>
Total	<u>\$158,557,544</u>

	Governmental Activities	Investment Trust Funds	Agency Funds	Total
Cash and investments	\$33,718,000	\$118,484,111	\$4,721,391	\$156,923,502
Cash and investments held by trustee	980,605			980,605
Restricted assets—Cash and investments held by trustee	<u>653,437</u>	<u> </u>	<u> </u>	<u>653,437</u>
Total	<u>\$35,352,042</u>	<u>\$118,484,111</u>	<u>\$4,721,391</u>	<u>\$158,557,544</u>

Note 3 - Due from Other Governments

Amounts due from other governments at June 30, 2011, include \$1,051,188 in state and county sales taxes, \$385,865 in vehicle license taxes from the State of Arizona, \$650,906 in state-shared revenue from highway user taxes, and \$2,192,278 in various grants and contracts from the state, local and federal governments.

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Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,469,671			\$ 5,469,671
Construction in progress	<u>6,635,086</u>	<u>\$3,497,255</u>	<u>\$2,537,991</u>	<u>7,594,350</u>
Total capital assets not being depreciated	<u>12,104,757</u>	<u>3,497,255</u>	<u>2,537,991</u>	<u>13,064,021</u>
Capital assets being depreciated:				
Buildings and improvements	32,364,682	1,475,681		33,840,363
Infrastructure	73,176,834	3,642,916	35,150	76,784,600
Machinery and equipment	<u>24,992,960</u>	<u>1,020,267</u>	<u>72,431</u>	<u>25,940,796</u>
Total	<u>130,534,476</u>	<u>6,138,864</u>	<u>107,581</u>	<u>136,565,759</u>
Less accumulated depreciation for:				
Buildings and improvements	13,813,831	988,447		14,802,278
Infrastructure	29,824,822	2,132,912	35,150	31,922,584
Machinery and equipment	<u>20,344,964</u>	<u>1,740,041</u>	<u>72,431</u>	<u>22,012,574</u>
Total	<u>63,983,617</u>	<u>4,861,400</u>	<u>107,581</u>	<u>68,737,436</u>
Total capital assets being depreciated, net	<u>66,550,859</u>	<u>1,277,464</u>	<u> </u>	<u>67,828,323</u>
Governmental activities capital assets, net	<u>\$ 78,655,616</u>	<u>\$4,774,719</u>	<u>\$2,537,991</u>	<u>\$ 80,892,344</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 878,862
Public safety	1,051,225
Highways and streets	2,621,725
Health and welfare	80,211
Culture and recreation	6,474
Education	<u>222,903</u>
Total governmental activities depreciation expense	<u>\$4,861,400</u>

Note 5 - Construction and Other Significant Commitments

The County had major contractual commitments related to various capital projects at June 30, 2011, for the construction of the Winslow Levee, Show Low Health Building, and miscellaneous bridges and roads throughout the County. At June 30, 2011, the County had spent \$7,594,350 on these projects and had remaining contractual commitments with contractors of \$6,680,955. These projects are being primarily financed through the Public Works/HURF, Public Health District, and Flood Control District Funds and revenue bond monies.

Navajo County
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Note 6 - Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2011:

Governmental activities	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due within 1 year
Revenue bonds payable	\$ 6,265,000		\$ 350,000	\$ 5,915,000	\$ 370,000
Certificates of participation payable	5,030,000		330,000	4,700,000	355,000
Special assessment debt with governmental commitment	1,517,107		207,652	1,309,455	179,879
Capital lease payable	25,377	\$ 18,913	31,597	12,693	6,638
Landfill closure and post-closure care costs payable	10,867	121,823		132,690	24,495
Compensated absences payable	2,490,840	1,375,219	1,421,093	2,444,966	1,405,417
Claims and judgments payable		<u>60,000</u>		<u>60,000</u>	<u>14,018</u>
Total	<u>\$15,339,191</u>	<u>\$1,575,955</u>	<u>\$2,340,342</u>	<u>\$14,574,804</u>	<u>\$2,355,447</u>

Revenue bonds—The County has issued revenue bonds that are generally callable with interest payable semiannually. The bonds 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.

Revenue bonds outstanding at June 30, 2011, were as follows:

Description	Original Amount	Maturity Ranges	Interest Rates	Outstanding Principal
Navajo County Pledged Revenue Obligations, Series 2008	\$6,600,000	2012 – 2024	3.40 – 4.00%	<u>\$5,915,000</u>

The following schedule details debt service requirements to maturity for the County's revenue bonds payable at June 30, 2011:

	Governmental Activities	
	Principal	Interest
Year ending June 30		
2012	\$ 370,000	\$ 215,985
2013	380,000	202,860
2014	385,000	189,473
2015	405,000	175,648
2016	420,000	161,420
2017-21	2,330,000	563,200
2022-24	<u>1,625,000</u>	<u>101,523</u>
Total	<u>\$5,915,000</u>	<u>\$1,610,109</u>

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The County has pledged a portion of its general county and state sales tax revenues toward the payment of debt related to revenue bonds outstanding at June 30, 2011. At June 30, 2011, pledged revenues totaled \$7,525,109, consisting of \$5,915,000 for principal and \$1,610,109 for interest. Future principal and interest payments are expected to require less than 4 percent of pledged sales tax revenues. Future pledged revenues required to pay all remaining debt service for revenue bonds through final maturity at July 1, 2023, is \$7,525,109. Principal and interest paid for the current year and total current year revenues were \$578,585 and \$15,131,664, respectively.

Certificates of participation—The County has issued certificates of participation that are generally noncallable with interest payable semiannually to finance the construction of jail facilities. The original amount of certificates issued in prior years was \$7,320,000.

Certificates outstanding at June 30, 2011, were as follows:

Description	Original Amount	Maturity Ranges	Interest Rates	Outstanding Principal
Navajo County, Arizona Municipal Property Corporation Jail Facility COPS, Series 2000	\$7,320,000	2012 – 2021	6.00 – 6.25%	<u>\$4,700,000</u>

The following schedule details debt service requirements to maturity for the County's certificates of participation payable at June 30, 2011:

	Governmental Activities	
	Principal	Interest
Year ending June 30		
2012	\$ 355,000	\$ 278,100
2013	375,000	256,200
2014	400,000	232,950
2015	425,000	208,200
2016	445,000	182,100
2017-2021	<u>2,700,000</u>	<u>443,438</u>
Total	<u>\$4,700,000</u>	<u>\$1,600,988</u>

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, 2011, pledged revenues totaled \$1,589,175, consisting of \$1,309,455 for principal and \$279,720 for interest. Future principal and interest payments are expected to require 100 percent of pledged special assessment revenues. Future pledged revenues required to pay all remaining debt service for special assessment debt through final maturity at July 1, 2019, is \$1,589,175. Principal and interest paid for the current year and total current year special assessment revenues

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were \$291,586 and \$491,002, 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	Amount of issue	Interest Rates	Maturity Ranges	Outstanding at June 30, 2011
Sutter Drive	\$ 245,750	5.50%	2012-2016	\$ 102,453
Scott's Pine Tract A	184,124	6.17%	2012-2017	74,250
Shumway Road	1,150,000	5.40%	2012-2017	735,000
Bucking Horse	<u>524,000</u>	5.75%	2012-2020	<u>397,752</u>
Total	<u>\$2,103,874</u>			<u>\$1,309,455</u>

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

	Governmental Activities	
	Principal	Interest
Year ending June 30		
2012	\$ 179,879	\$ 72,300
2013	186,154	62,297
2014	198,154	51,959
2015	216,154	40,966
2016	224,152	28,990
2017-20	<u>304,962</u>	<u>23,208</u>
Total	<u>\$1,309,455</u>	<u>\$279,720</u>

Compensated absences—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2011, the County paid for compensated absences as follows: 65 percent from the General Fund, 12 percent from the Public Works/HURF Fund, 1 percent from the Flood Control District Fund, and 22 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 Property and Casualty 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 Property and Casualty 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 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.

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 Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool receive independent audits annually and an audit by the Arizona Department of Insurance every 5 years. Both pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation.

Navajo County participates in the Arizona Public Employers Health Pool (APEHP), formerly the Verde Valley Employee Benefit Pool, 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.

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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, 2011, were as follows:

	General Fund	Public Works/ HURF Fund	Flood Control District Fund	Other Governmental Funds	Total
Fund balances:					
Nonspendable:					
Inventories		\$ 473,148			\$ 473,148
Prepaid items				\$ 69,907	69,907
Total nonspendable		<u>473,148</u>		<u>69,907</u>	<u>543,055</u>
Restricted for:					
Highways and streets		8,929,411		446,948	9,376,359
Environment				428,108	428,108
Flood control			\$9,961,947		9,961,947
Judicial activities				3,057,174	3,057,174
Social services				196,536	196,536
Library				62,144	62,144
Law enforcement				982,434	982,434
Health				209,332	209,332
Recreation				90,113	90,113
Education				2,645,139	2,645,139
Debt service				1,434,651	1,434,651
Other purposes				529,306	529,306
Total restricted		<u>8,929,411</u>	<u>9,961,947</u>	<u>10,081,885</u>	<u>28,973,243</u>
Assigned to:					
Judicial activities	\$ 10,694			17,706	28,400
Law enforcement	2,540,781			92,618	2,633,399
Education				466,795	466,795
Debt service				646,490	646,490
Other purposes	<u>631,024</u>			<u>7,503</u>	<u>638,527</u>
Total assigned	<u>3,182,499</u>			<u>1,231,112</u>	<u>4,413,611</u>
Unassigned	<u>3,349,495</u>			<u>(270,933)</u>	<u>3,078,562</u>
Total fund balances	<u>\$6,531,994</u>	<u>\$9,402,559</u>	<u>\$9,961,947</u>	<u>\$11,111,971</u>	<u>\$37,008,471</u>

Note 9 - Pensions and Other Postemployment Benefits

Plan Descriptions—The County contributes to the four plans described below. 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

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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.

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 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 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 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 plan 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. Because the health insurance premium plan benefit of the EORP is not established as a formal trust, the EORP is reported in accordance with GASB Statement No. 45 as an agent multiple-employer defined benefit plan. Accordingly, the disclosures that follow reflect the EORP as if it were an agent multiple-employer defined benefit plan.

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

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ASRS
3300 North Central Avenue
P.O. Box 33910
Phoenix, AZ 85067-3910
(602) 240-2000 or 1-800-621-3778

PSPRS, CORP, and EORP
3010 East Camelback Road, Suite 200
Phoenix, AZ 85016-4416
(602) 255-5575

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, 2011, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.85 percent (9.6 percent for retirement and 0.25 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 9.85 percent (9.01 percent for retirement, 0.59 percent for health insurance premium, and 0.25 percent for long-term disability) of the members' annual covered payroll.

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

Year ended June 30	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
2011	\$1,556,369	\$103,730	\$43,233
2010	1,506,523	119,282	72,330
2009	1,478,102	177,573	92,498

Agent plans—For the year ended June 30, 2011, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll and the County was required to contribute 21.93 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.44 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 6.02 percent for active CORP members and 11.64 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 1.03 percent of covered payroll for active CORP members and 1.33 percent for CORP-AOC members. Active EORP members were required by statute to contribute 7.00 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 determined rate of 17.42 percent of the members' annual covered payroll. The health insurance premium portion of the contribution rate was actuarially set at 1.77 percent of covered payroll.

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Notes to Financial Statements
June 30, 2011

Actuarial methods and assumptions—Except for the contribution requirements for probation officers participating in the CORP-AOC, which were established by state statute, the contribution requirements for the year ended June 30, 2011, were established by the June 30, 2009, 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 all plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2011 contribution requirements, are as follows:

Actuarial valuation date	June 30, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	27 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases	5.50%-8.50% for PSPRS and CORP; 5.00% for EORP
includes inflation at	5.50% for PSPRS and CORP; 5.00% for EORP

Navajo County
Notes to Financial Statements
June 30, 2011

Annual Pension/OPEB Cost—The County's pension/OPEB cost for the agent plans for the year ended June 30, 2011, and related information follows:

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Annual pension/ OPEB costs	\$461,713	\$32,434	\$106,201	\$18,788
Contributions made	461,713	32,434	106,201	18,788

	CORP-AOC		EORP	
	Pension	Health Insurance	Pension	Health Insurance
Annual pension/ OPEB costs	\$229,291	\$27,291	\$247,432	\$27,936
Contributions made	229,291	27,291	247,432	27,936

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
PSPRS				
Pension	2011	\$461,713	100%	\$0
Health insurance	2011	32,434	100%	0
Pension	2010	413,594	100%	0
Health insurance	2010	16,032	100%	0
Pension	2009	475,483	100%	0
Health insurance	2009	18,618	100%	0
CORP				
Pension	2011	106,201	100%	0
Health insurance	2011	18,788	100%	0
Pension	2010	122,623	100%	0
Health insurance	2010	10,107	100%	0
Pension	2009	108,232	100%	0
Health insurance	2009	9,207	100%	0

Navajo County
Notes to Financial Statements
June 30, 2011

Plan	Year Ended June 30	Annual Pension/OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/OPEB Obligation
CORP-AOC				
Pension	2011	\$229,291	100%	\$0
Health insurance	2011	27,291	100%	0
Pension	2010	124,070	100%	0
Health insurance	2010	5,165	100%	0
Pension	2009	205,613	100%	0
Health insurance	2009	5,474	100%	0
EORP				
Pension	2011	247,432	100%	0
Health insurance	2011	27,936	100%	0
Pension	2010	193,294	100%	0
Health insurance	2010	29,557	100%	0
Pension	2009	252,214	100%	0
Health insurance	2009	14,585	100%	0

Funded Status—The funded status of the plans as of the most recent valuation date, June 30, 2011, along with the actuarial assumptions and methods used in those valuations follow. All participating jurisdictions of the CORP-AOC plan are grouped under one local board and only one actuarial report is completed for the entire group. As a result, data regarding the actuarial accrued liabilities, actuarial value of assets, and funded status of the plan is not available solely for Navajo County. Thus, the information provided below for CORP-AOC represents data for the entire plan group and includes all participating jurisdictions. The EORP, by statute, is a cost-sharing plan. However, because of its statutory construction, in accordance with GASB Statement No. 43, paragraphs 5 and 41, the EORP is reported for such purposes as an agent multiple-employer plan. The Board of Trustees obtains an actuarial valuation for the EORP on its statutory basis as a cost-sharing plan and, therefore, actuarial information for the County, as a participating government, is not available.

Navajo County
Notes to Financial Statements
June 30, 2011

	<u>PSPRS</u>		<u>CORP</u>		<u>CORP-AOC</u>	
	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>
Actuarial accrued liability (a)	\$12,235,590	\$247,183	\$3,028,823	\$142,121	\$380,184,661	\$17,129,314
Actuarial value of assets (b)	5,984,647	-	3,133,375	-	277,283,590	-
Unfunded actuarial accrued liability (funding excess) (a) – (b)	6,340,943	247,183	(104,552)	142,121	108,901,071	17,129,314
Funded ratio (b)/(a)	48.6%	0.0%	103.5%	0.0%	71.4%	0.0%
Covered payroll (c)	\$2,272,168	\$2,272,168	\$1,699,631	\$1,699,631	\$96,518,878	\$96,518,878
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a)- (b))/(c))	279.1%	10.9%	6.2%	8.4%	112.8%	17.8%

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, 2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent-of-pay closed
Remaining amortization period	25 years for unfunded actuarial liability, 20 years for excess
Asset valuation method	7-year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.25%
Projected salary increases includes inflation at	5.0%-8.0% for PSPRS and CORP; 4.5% for EORP 5.0% for PSPRS and CORP; 4.5% for EORP

Note 10 - Interfund Balances and Activity

Interfund receivables and payables—Interfund balances at June 30, 2011, were as follows:

	<u>Payable to</u>		
	<u>Other</u>		
<u>Payable from</u>	<u>General Fund</u>	<u>Governmental Funds</u>	<u>Total</u>
General Fund		\$176,070	\$176,070
Other Governmental Funds	\$287,181	78,947	366,128
Total	<u>\$287,181</u>	<u>\$255,017</u>	<u>\$542,198</u>

Navajo County
Notes to Financial Statements
June 30, 2011

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, 2011, were as follows:

<u>Transfers from</u>	<u>Transfers to</u>			<u>Total</u>
	<u>General Fund</u>	<u>Public Works/HURF Fund</u>	<u>Other Governmental Funds</u>	
General Fund		\$44,428	\$1,518,052	\$1,562,480
Public Works/HURF Fund	\$ 810,546			810,546
Flood Control District Fund	514,647			514,647
Other Governmental Funds	<u>1,588,407</u>	<u>25,000</u>	<u>2,099,775</u>	<u>3,713,182</u>
Total	<u>\$2,913,600</u>	<u>\$69,428</u>	<u>\$3,617,827</u>	<u>\$6,600,855</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.

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.

Substantially, all deposits and investments of the County's primary government are included in the County Treasurer's investment pool, except for \$902,539 of deposits and \$1,634,043 of investments in U.S. Treasury money market funds. Therefore, the deposit

Navajo County
Notes to Financial Statements
June 30, 2011

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:

Investment Type	Principal	Interest Rates	Maturities	Amount
U.S. Agency securities	\$61,482,326	.415% - 3.37%	09/11 – 06/16	\$61,482,326
U.S. Treasury securities	12,000,000	.374% - .843%	08/13 – 11/13	12,000,000
Bank notes	3,000,000	Variable	06/12	3,000,000
U.S. Treasury money market funds	15,000	.02%	N/A	15,000

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

Statement of Net Assets

Assets	\$156,151,777
Liabilities	<u>4,722,795</u>
Net assets	<u><u>\$151,428,982</u></u>

Net assets held in trust for:

Internal participants	\$ 32,819,415
External participants	<u>118,609,567</u>
Total net assets held in trust	<u><u>\$151,428,982</u></u>

Statement of Changes in Net Assets

Total additions	\$323,443,812
Total deductions	<u>313,694,715</u>
Net increase	<u>9,749,097</u>
Net assets held in trust:	
July 1, 2010	<u>141,679,885</u>
June 30, 2011	<u><u>\$151,428,982</u></u>



Navajo County
Comprehensive Annual Financial Report
Year Ended June 30, 2011

**OTHER REQUIRED SUPPLEMENTARY
INFORMATION**

Navajo County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 6,675,544	\$ 6,662,846	\$ (12,698)
Licenses and permits	449,976	389,423	(60,553)
Fines and forfeits	910,792	938,951	28,159
Intergovernmental	20,440,861	21,783,499	1,342,638
Charges for services	989,873	1,177,793	187,920
Investment earnings	53,390	56,017	2,627
Miscellaneous	442,709	874,895	432,186
Total revenues	<u>29,963,145</u>	<u>31,883,424</u>	<u>1,920,279</u>
Expenditures:			
General government			
Board of Supervisors/Administration	2,871,642	2,163,014	708,628
Buildings and Grounds	2,008,406	1,670,220	338,186
Elections	629,174	507,401	121,773
Planning and Zoning	423,306	357,249	66,057
Recorder	283,810	237,379	46,431
Voter Registration	200,362	147,892	52,470
Assessor	1,317,460	1,191,283	126,177
Information Technology	978,484	736,958	241,526
Treasurer	447,327	418,055	29,272
Personnel Commission	14,573	8,409	6,164
County-wide	1,548,648	1,636,168	(87,520)
Legal Defender	379,084	306,804	72,280
County Attorney	2,266,519	2,286,280	(19,761)
Superior Court	2,719,058	2,574,838	144,220
Public Defender	1,066,341	769,348	296,993
Clerk of Court	1,332,774	1,107,740	225,034
Holbrook Justice Court	336,996	371,633	(34,637)
Winslow Justice Court	311,817	304,437	7,380
Snowflake Justice Court	379,252	379,302	(50)
Show Low Justice Court	287,638	282,255	5,383
Pinetop Justice Court	346,873	341,413	5,460

(Continued)

See accompanying notes to budgetary comparison schedule.

Navajo County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Kayenta Justice Court	\$ 111,298	\$ 104,998	\$ 6,300
Kayenta Constable	56,413	40,052	16,361
Pinetop Constable	59,872	53,174	6,698
Snowflake Constable	49,234	38,579	10,655
Holbrook Constable	26,476	25,630	846
Winslow Constable	50,284	38,280	12,004
Show Low Constable	47,734	46,519	1,215
Total general government	<u>20,550,855</u>	<u>18,145,310</u>	<u>2,405,545</u>
Public safety			
Juvenile Detention	1,101,304	1,088,028	13,276
Juvenile Probation	460,494	428,982	31,512
Adult Probation	611,872	557,127	54,745
Jail Operations	7,160,714	5,075,612	2,085,102
Sheriff	5,740,472	5,368,370	372,102
Total public safety	<u>15,074,856</u>	<u>12,518,119</u>	<u>2,556,737</u>
Health and welfare			
Public Fiduciary	445,583	391,412	54,171
Indigent Health	3,398,400	2,801,167	597,233
Total health and welfare	<u>3,843,983</u>	<u>3,192,579</u>	<u>651,404</u>
Education			
School Superintendent	<u>338,286</u>	<u>322,365</u>	<u>15,921</u>
Debt Service			
Principal		1,689	(1,689)
Interest and other charges		260	(260)
Total debt service		<u>1,949</u>	<u>(1,949)</u>

(Continued)

See accompanying notes to budgetary comparison schedule.

Navajo County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Capital outlay			
Capital outlay	\$ 450,000	\$ 263,013	\$ 186,987
Construction projects		11,560	(11,560)
Total capital outlay	<u>450,000</u>	<u>274,573</u>	<u>175,427</u>
Contingency	<u>4,000,000</u>		<u>4,000,000</u>
Total expenditures	<u>44,257,980</u>	<u>34,454,895</u>	<u>9,803,085</u>
Excess (deficiency) of revenues over expenditures	<u>(14,294,835)</u>	<u>(2,571,471)</u>	<u>11,723,364</u>
Other financing sources (uses):			
Capital lease agreements		4,302	4,302
Proceeds from the sale of bonds	5,170,729		(5,170,729)
Sale of capital assets	25,000	5,957	(19,043)
Transfers in	3,495,335	2,913,600	(581,735)
Transfers out	<u>(1,437,014)</u>	<u>(1,562,480)</u>	<u>(125,466)</u>
Total other financing sources and uses	<u>7,254,050</u>	<u>1,361,379</u>	<u>(5,892,671)</u>
Net change in fund balances	(7,040,785)	(1,210,092)	5,830,693
Fund balances, July 1, 2010	<u>7,040,785</u>	<u>7,742,086</u>	<u>701,301</u>
Fund balances, June 30, 2011	<u><u></u></u>	<u><u>\$ 6,531,994</u></u>	<u><u>\$ 6,531,994</u></u>

See accompanying notes to budgetary comparison schedule.

Navajo County
Required Supplementary Information
Budgetary Comparison Schedule
Public Works/HURF Fund
Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 10,823,201	\$ 12,676,617	\$ 1,853,416
Charges for services	25,000	98,695	73,695
Investment earnings	71,107	64,534	(6,573)
Miscellaneous	<u>170,199</u>	<u>169,749</u>	<u>(450)</u>
Total revenues	<u>11,089,507</u>	<u>13,009,595</u>	<u>1,920,088</u>
Expenditures:			
Highways and streets	<u>22,404,420</u>	<u>15,241,773</u>	<u>7,162,647</u>
Total expenditures	<u>22,404,420</u>	<u>15,241,773</u>	<u>7,162,647</u>
Excess (deficiency) of revenues over expenditures	<u>(11,314,913)</u>	<u>(2,232,178)</u>	<u>9,082,735</u>
Other financing sources (uses):			
Transfers in		69,428	69,428
Transfers out	<u>(810,546)</u>	<u>(810,546)</u>	
Total other financing sources and uses	<u>(810,546)</u>	<u>(741,118)</u>	<u>69,428</u>
Net change in fund balances	<u>(12,125,459)</u>	<u>(2,973,296)</u>	<u>9,152,163</u>
Fund balances, July 1, 2010	12,125,459	12,431,585	306,126
Decrease in inventories		<u>(55,730)</u>	<u>(55,730)</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ 9,402,559</u>	<u>\$ 9,402,559</u>

See accompanying notes to budgetary comparison schedule.

Navajo County
Required Supplementary Information
Budgetary Comparison Schedule
Flood Control District Fund
Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes	\$ 2,770,943	\$ 2,760,031	\$ (10,912)
Investment earnings	42,374	60,628	18,254
Total revenues	<u>2,813,317</u>	<u>2,820,659</u>	<u>7,342</u>
Expenditures:			
Public safety	<u>10,811,781</u>	<u>944,927</u>	<u>9,866,854</u>
Total expenditures	<u>10,811,781</u>	<u>944,927</u>	<u>9,866,854</u>
Excess (deficiency) of revenues over expenditures	<u>(7,998,464)</u>	<u>1,875,732</u>	<u>9,874,196</u>
Other financing sources (uses):			
Transfers out	<u>(835,591)</u>	<u>(514,647)</u>	<u>320,944</u>
Total other financing sources and uses	<u>(835,591)</u>	<u>(514,647)</u>	<u>320,944</u>
Net change in fund balances	<u>(8,834,055)</u>	<u>1,361,085</u>	<u>10,195,140</u>
Fund balances, July 1, 2010	<u>8,834,055</u>	<u>8,600,862</u>	<u>(233,193)</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ 9,961,947</u>	<u>\$ 9,961,947</u>

See accompanying notes to budgetary comparison schedule.

Navajo County
Required Supplementary Information
Note to Budgetary Comparison Schedules
June 30, 2011

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, 2011

Public Safety Personnel Retirement System

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll [(a-b)/c]
Pension 6/30/11	\$5,984,647	\$12,325,590	\$(6,340,943)	48.6%	\$2,272,168	279.1%
Health Insurance 6/30/11	0	247,183	(247,183)	0.0	2,272,168	10.9
Pension 6/30/10	6,141,516	11,424,640	(5,283,124)	53.8	2,056,308	256.9
Health Insurance 6/30/10	0	265,433	(265,433)	0.0	2,056,308	12.9
Pension 6/30/09	6,326,218	10,930,809	(4,604,591)	57.9	2,098,902	219.4
Health Insurance 6/30/09	0	272,996	(272,996)	0.0	2,098,902	13.0

Navajo County
Required Supplementary Information
Schedule of Agent Retirement Plans' Funding Progress
June 30, 2011

Corrections Officer Retirement Plan

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll [(a-b)/c]
<u>CORP</u>						
Pension 6/30/11	\$3,133,375	\$3,028,823	\$104,552	103.5%	\$1,699,631	N/A
Health Insurance 6/30/11	0	142,121	(142,121)	0.0	1,699,631	8.4%
Pension 6/30/10	2,789,103	2,580,501	208,602	108.1	1,700,382	N/A
Health Insurance 6/30/10	0	113,737	(113,737)	0.0	1,700,382	6.7
Pension 6/30/09	2,583,339	2,363,977	219,362	109.3	\$1,955,474	N/A
Health Insurance 6/30/09	0	115,931	(115,931)	0.0	1,955,474	5.9
<u>CORP-AOC</u>						
Pension 6/30/11	\$271,283,590	\$380,184,661	\$(108,901,071)	71.4%	\$96,518,878	112.8%
Health Insurance 6/30/11	0	17,129,314	(17,129,314)	0.0	96,518,878	17.8
Pension 6/30/10	244,483,431	322,172,825	(77,689,394)	75.9	\$97,042,154	80.1
Health Insurance 6/30/10	0	12,993,540	(12,993,540)	0.0	102,605,280	12.7
Pension 6/30/09	230,306,951	296,763,462	(66,456,511)	77.6	\$102,605,280	64.8
Health Insurance 6/30/09	0	12,993,540	(12,993,540)	0.0	102,605,280	12.7

Navajo County
Required Supplementary Information
Schedule of Agent Retirement Plans' Funding Progress
June 30, 2011

Note 1 - Actuarial Information Available

For the CORP-AOC plan, all participating jurisdictions are grouped under one local board and only one actuarial report is completed for the entire group. As a result, the information provided for CORP-AOC represents data for the entire plan group as data regarding the actuarial accrued liabilities, actuarial value of assets, and funded status of the plan is not available solely for Navajo County.

The EORP, by statute, is a cost-sharing plan. However, because of its statutory construction, in accordance with GASB Statement No. 43, paragraphs 5 and 41, the EORP is reported for such purposes as an agent multiple-employer plan. The Board of Trustees obtains an actuarial valuation for the EORP on its statutory basis as a cost-sharing plan and, therefore, actuarial information for the County, as a participating government, is not available.



Navajo County

Comprehensive Annual Financial Report

Year Ended June 30, 2011

SUPPLEMENTARY INFORMATION

Navajo County
Nonmajor Governmental Funds
June 30, 2011

Special Revenue Funds

Administration	Accounts for administration of a variety of programs including the Assessor, Recorder and Treasurer surcharges, election services and certain emergency service functions. Funding sources include service related surcharges, federal and state grant funds, fees and local government contributions.
County Attorney	Accounts for various programs administered by the County Attorney including Victim's Rights, Assistance and Restitution, Child Support Enforcement, Anti-Racketeering, High-Intensity Drug Trafficking Area and Bad Check Enforcement. Funding sources include statutory fees and other surcharges related to criminal prosecution, federal and state grants and other user fees.
Courts	Accounts for the processing of criminal cases as well as court enhancement and record retention improvement funds. Funding sources include statutory fees and other surcharges related to the courts.
Environmental and Conservation	Accounts for forest health and energy conservation programs. Funding is provided by federal grants.
Housing	Accounts for housing and community development programs. Funding is provided by federal Community Development Block Grants.
Library District	Accounts for support services and materials provided to the County's community libraries. Funding sources include a secondary property tax levy and federal and state grants.
Probation	Accounts for adult and juvenile probation programs and services provided in coordination with the State's Superior Court System. Funding sources include state grants and fees paid by probationers.
Public Defense	Accounts for the public defense of criminal cases including public defense enhancement funds. Funding sources include statutory fees and other surcharges related to public defense.
Public Health	Accounts for a variety of federal health services and education programs including Bio-Terrorism and Emergency Preparedness; Women Infants and Children (WIC); Nutrition; Tobacco; Dental; and infectious and contagious diseases. Funding sources include a secondary property tax levy, federal and state grants, appropriations, fees and private party contributions.
Recreation	Accounts for operating costs of the White Mountain Lake Recreation District. Funding sources are fees and secondary property taxes assessed the benefiting property owners within the district boundaries.
Sheriff's Office	Accounts for various jail and law enforcement programs including Jail Enhancement, Drug Enforcement, Anti-Racketeering, High-Intensity Drug Trafficking Area and Boating Safety. Funding sources include federal and state grants.

Navajo County
Nonmajor Governmental Funds
June 30, 2011

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.
Public Health	Accounts for construction of the South County Public Health building.
Special Districts	Accounts for construction costs of the Shumway Road and Roan Circle County Road Improvement Districts. Funding sources are from developer contributions and secondary property taxes assessed the benefiting property owners within the district boundaries.

Debt Service Funds

General Government	Accounts for the accumulation of resources for payment of principal and interest on the 2008 Series Revenue Bonds for acquisition of property and buildings at the Heber and Show Low complexes and for water and electrical upgrades at the County government complex in Holbrook. Funding for debt service payments is annual appropriations.
Jail	Accounts for the accumulation of resources for the payment of principal and interest on bonds and other debt instruments of the 2000 Series Certificates of Participation jail construction bonds. 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 Meadow, Shumway Road and Bucking Horse Improvement Districts. Funding sources are secondary property taxes assessed the benefiting property owners within the district boundaries.

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue			
	Administration	County Attorney	Courts	Environmental and Conservation
Assets				
Cash and investments	\$ 580,377	\$ 1,387,928	\$ 1,184,505	\$ 414,911
Cash and investments held by trustee				
Receivables:				
Property taxes				
Accrued interest	671	1,426	955	310
Due from other funds	19,062	63,407		
Due from other governments	1,911	274,315		12,887
Cash and investments held by trustee - restricted				
Prepaid items				
Total assets	<u>\$ 602,021</u>	<u>\$ 1,727,076</u>	<u>\$ 1,185,460</u>	<u>\$ 428,108</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 26,919	\$ 26,060	\$ 32,828	\$
Accrued payroll and employee benefits	23,921	50,560	26,169	
Due to other funds	14,372	53,384		
Due to other governments		20,262		
Deferred revenues		4,079		
Total liabilities	<u>65,212</u>	<u>154,345</u>	<u>58,997</u>	
Fund balances:				
Nonspendable				
Restricted	529,306	1,555,025	1,126,463	428,108
Assigned	7,503	17,706		
Unassigned				
Total fund balances(deficits)	<u>536,809</u>	<u>1,572,731</u>	<u>1,126,463</u>	<u>428,108</u>
Total liabilities and fund balances	<u>\$ 602,021</u>	<u>\$ 1,727,076</u>	<u>\$ 1,185,460</u>	<u>\$ 428,108</u>

(Continued)

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue			
	Housing	Library District	Probation	Public Defense
Assets				
Cash and investments	\$ 16,525	\$ 63,625	\$ 745,757	\$ 391,627
Cash and investments held by trustee				
Receivables:				
Property taxes		37,398		
Accrued interest	18	69	591	304
Due from other funds		210	6,291	
Due from other governments				
Cash and investments held by trustee - restricted				
Prepaid items				
Total assets	<u>\$ 16,543</u>	<u>\$ 101,302</u>	<u>\$ 752,639</u>	<u>\$ 391,931</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$	\$ 4,131	\$ 121,218	\$ 12,494
Accrued payroll and employee benefits		8,529	74,051	3,751
Due to other funds	60,986	210	6,291	
Due to other governments				
Deferred revenues		26,288		
Total liabilities	<u>60,986</u>	<u>39,158</u>	<u>201,560</u>	<u>16,245</u>
Fund balances:				
Nonspendable				
Restricted		62,144	551,079	375,686
Assigned				
Unassigned	<u>(44,443)</u>			
Total fund balances(deficits)	<u>(44,443)</u>	<u>62,144</u>	<u>551,079</u>	<u>375,686</u>
Total liabilities and fund balances	<u>\$ 16,543</u>	<u>\$ 101,302</u>	<u>\$ 752,639</u>	<u>\$ 391,931</u>

(Continued)

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue			
	Public Health	Recreation	Sheriff's Office	Special Districts
Assets				
Cash and investments	\$ 2,600	\$ 77,596	\$ 479,005	\$ 456,164
Cash and investments held by trustee				
Receivables:				
Property taxes	147,069	41,872		10,923
Accrued interest	1,118	69	640	341
Due from other funds			787	
Due from other governments	342,262		148,088	
Cash and investments held by trustee - restricted				
Prepaid items				
Total assets	<u>\$ 493,049</u>	<u>\$ 119,537</u>	<u>\$ 628,520</u>	<u>\$ 467,428</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 56,841	\$ 597	\$ 8,282	\$ 12,188
Accrued payroll and employee benefits	80,071		15,373	
Due to other funds			5,072	
Due to other governments				
Deferred revenues	<u>146,805</u>	<u>28,827</u>	<u>75,820</u>	<u>8,292</u>
Total liabilities	<u>283,717</u>	<u>29,424</u>	<u>104,547</u>	<u>20,480</u>
Fund balances:				
Nonspendable				
Restricted	209,332	90,113	431,355	446,948
Assigned			92,618	
Unassigned				
Total fund balances(deficits)	<u>209,332</u>	<u>90,113</u>	<u>523,973</u>	<u>446,948</u>
Total liabilities and fund balances	<u>\$ 493,049</u>	<u>\$ 119,537</u>	<u>\$ 628,520</u>	<u>\$ 467,428</u>

(Continued)

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue		Capital Projects	
	Superintendent of Schools	Workforce Investment Act	General Government	Public Health
Assets				
Cash and investments	\$ 2,756,915	\$ 170,720	\$	\$
Cash and investments held by trustee				
Receivables:				
Property taxes				
Accrued interest	2,308	188		
Due from other funds				
Due from other governments	418,280	41,814		
Cash and investments held by trustee - restricted				
Prepaid items	69,907			
Total assets	<u>\$ 3,247,410</u>	<u>\$ 212,722</u>	<u>\$</u>	<u>\$</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 10,059	\$ 9,108	\$ 688	\$
Accrued payroll and employee benefits	32,353	7,078		
Due to other funds			63,829	144,721
Due to other governments				
Deferred revenues	23,157			
Total liabilities	<u>65,569</u>	<u>16,186</u>	<u>64,517</u>	<u>144,721</u>
Fund balances:				
Nonspendable	69,907			
Restricted	2,645,139	196,536		
Assigned	466,795			
Unassigned			(64,517)	(144,721)
Total fund balances(deficits)	<u>3,181,841</u>	<u>196,536</u>	<u>(64,517)</u>	<u>(144,721)</u>
Total liabilities and fund balances	<u>\$ 3,247,410</u>	<u>\$ 212,722</u>	<u>\$</u>	<u>\$</u>

(Continued)

Navajo County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Capital Projects Special Districts	General Government	Debt Service Jail	Special Districts	Total Nonmajor Governmental Funds
Assets					
Cash and investments	\$	\$	\$ 237	\$ 267,446	\$ 8,995,938
Cash and investments held by trustee		481,230	499,375		980,605
Receivables:					
Property taxes				54,779	292,041
Accrued interest	11			200	9,219
Due from other funds		165,260			255,017
Due from other governments					1,239,557
Cash and investments held by trustee - restricted			653,437		653,437
Prepaid items					69,907
Total assets	<u>\$ 11</u>	<u>\$ 646,490</u>	<u>\$ 1,153,049</u>	<u>\$ 322,425</u>	<u>\$ 12,495,721</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$	\$	\$	\$	\$ 321,413
Accrued payroll and employee benefits					321,856
Due to other funds	17,263				366,128
Due to other governments					20,262
Deferred revenues				40,823	354,091
Total liabilities	<u>17,263</u>			<u>40,823</u>	<u>1,383,750</u>
Fund balances:					
Nonspendable					69,907
Restricted			1,153,049	281,602	10,081,885
Assigned		646,490			1,231,112
Unassigned	(17,252)				(270,933)
Total fund balances(deficits)	<u>(17,252)</u>	<u>646,490</u>	<u>1,153,049</u>	<u>281,602</u>	<u>11,111,971</u>
Total liabilities and fund balances	<u>\$ 11</u>	<u>\$ 646,490</u>	<u>\$ 1,153,049</u>	<u>\$ 322,425</u>	<u>\$ 12,495,721</u>

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

	Special Revenue			
	Administration	County Attorney	Courts	Environmental and Conservation
Revenues:				
Property taxes	\$	\$	\$	\$
Licenses and permits				
Fines and forfeits		337,183		
Intergovernmental	421,760	1,581,165	469,720	429,653
Charges for services	194,425	75,914	562,562	
Investment earnings	5,051	7,560	7,362	1,415
Special assessments				
Contributions				
Miscellaneous	1,345	259,121	3,274	48,018
Total revenues	<u>622,581</u>	<u>2,260,943</u>	<u>1,042,918</u>	<u>479,086</u>
Expenditures:				
Current:				
General government	538,903	1,941,699	978,287	
Public safety	111,251			
Highways and streets				
Health and welfare				
Culture and recreation				
Education	910,435			
Environmental and conservation				196,504
Urban redevelopment and housing				
Debt Service:				
Principal				
Interest and other charges				
Total expenditures	<u>1,560,589</u>	<u>1,941,699</u>	<u>978,287</u>	<u>196,504</u>
Excess (deficiency) of revenues over expenditures	(938,008)	319,244	64,631	282,582
Other financing sources (uses):				
Capital lease agreements				
Transfers in	50,304	155,501	398,470	
Transfers out	(55,457)	(64,025)	(525,930)	
Total other financing sources and uses	<u>(5,153)</u>	<u>91,476</u>	<u>(127,460)</u>	
Net change in fund balances	(943,161)	410,720	(62,829)	282,582
Fund balances (deficits), July 1, 2010	<u>1,479,970</u>	<u>1,162,011</u>	<u>1,189,292</u>	<u>145,526</u>
Fund balances (deficits), June 30, 2011	<u>\$ 536,809</u>	<u>\$ 1,572,731</u>	<u>\$ 1,126,463</u>	<u>\$ 428,108</u>

Continued

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

	Special Revenue			
	Housing	Library District	Probation	Public Defense
Revenues:				
Property taxes	\$	\$ 556,771	\$	\$
Licenses and permits				
Fines and forfeits			772	
Intergovernmental	63,162	137,643	2,111,995	132,499
Charges for services			355,878	
Investment earnings		1,319	4,447	2,759
Special assessments				
Contributions				
Miscellaneous		10,000	99	417
Total revenues	<u>63,162</u>	<u>705,733</u>	<u>2,473,191</u>	<u>135,675</u>
Expenditures:				
Current:				
General government				237,158
Public safety			2,469,751	
Highways and streets				
Health and welfare				
Culture and recreation		643,317		
Education				
Environmental and conservation				
Urban redevelopment and housing	35,558			
Debt Service:				
Principal				
Interest and other charges				
Total expenditures	<u>35,558</u>	<u>643,317</u>	<u>2,469,751</u>	<u>237,158</u>
Excess (deficiency) of revenues over expenditures	27,604	62,416	3,440	(101,483)
Other financing sources (uses):				
Capital lease agreements				
Transfers in		48,582	55,919	134,317
Transfers out		(351,711)	(40,022)	(112,535)
Total other financing sources and uses		<u>(303,129)</u>	<u>15,897</u>	<u>21,782</u>
Net change in fund balances	27,604	(240,713)	19,337	(79,701)
Fund balances (deficits), July 1, 2010	<u>(72,047)</u>	<u>302,857</u>	<u>531,742</u>	<u>455,387</u>
Fund balances (deficits), June 30, 2011	<u>\$ (44,443)</u>	<u>\$ 62,144</u>	<u>\$ 551,079</u>	<u>\$ 375,686</u>

Continued

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

	Special Revenue			
	Public Health	Recreation	Sheriff's Office	Special Districts
Revenues:				
Property taxes	\$ 2,178,963	\$ 161,732	\$	\$ 47,814
Licenses and permits	140,234			
Fines and forfeits			40,132	
Intergovernmental	1,539,486		718,997	
Charges for services	53,856		64,460	
Investment earnings	15,243	626	3,362	
Special assessments				171,230
Contributions	24,268			
Miscellaneous	8,797	1,025	85,269	47,225
Total revenues	<u>3,960,847</u>	<u>163,383</u>	<u>912,220</u>	<u>266,269</u>
Expenditures:				
Current:				
General government				
Public safety			976,198	
Highways and streets				220,739
Health and welfare	3,128,316			
Culture and recreation		152,293		12,702
Education				
Environmental and conservation				
Urban redevelopment and housing				
Debt Service:				
Principal			29,908	
Interest and other charges			1,730	
Total expenditures	<u>3,128,316</u>	<u>152,293</u>	<u>1,007,836</u>	<u>233,441</u>
Excess (deficiency) of revenues over expenditures	832,531	11,090	(95,616)	32,828
Other financing sources (uses):				
Capital lease agreements			14,611	
Transfers in	211,175		79,577	129,598
Transfers out	<u>(1,485,477)</u>		<u>(74,992)</u>	<u>(320,449)</u>
Total other financing sources and uses	<u>(1,274,302)</u>		<u>19,196</u>	<u>(190,851)</u>
Net change in fund balances	(441,771)	11,090	(76,420)	(158,023)
Fund balances (deficits), July 1, 2010	<u>651,103</u>	<u>79,023</u>	<u>600,393</u>	<u>604,971</u>
Fund balances (deficits), June 30, 2011	<u>\$ 209,332</u>	<u>\$ 90,113</u>	<u>\$ 523,973</u>	<u>\$ 446,948</u>

Continued

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

	Special Revenue		Capital Projects	
	Superintendent of Schools	Workforce Investment Act	General Government	Public Health
Revenues:				
Property taxes	\$	\$	\$	\$
Licenses and permits				
Fines and forfeits				
Intergovernmental	3,611,122	673,337		
Charges for services				
Investment earnings	17,876			
Special assessments				
Contributions	6,065			
Miscellaneous	310,894	2,613		
Total revenues	<u>3,945,957</u>	<u>675,950</u>		
Expenditures:				
Current:				
General government			52,943	
Public safety				
Highways and streets				
Health and welfare		285,650		531,778
Culture and recreation				
Education	4,442,196			
Environmental and conservation				
Urban redevelopment and housing				
Debt Service:				
Principal				
Interest and other charges				
Total expenditures	<u>4,442,196</u>	<u>285,650</u>	<u>52,943</u>	<u>531,778</u>
Excess (deficiency) of revenues over expenditures	(496,239)	390,300	(52,943)	(531,778)
Other financing sources (uses):				
Capital lease agreements				
Transfers in	161,769	20,695	110,954	498,011
Transfers out	<u>(161,769)</u>	<u>(20,695)</u>		<u>(110,954)</u>
Total other financing sources and uses			<u>110,954</u>	<u>387,057</u>
Net change in fund balances	(496,239)	390,300	58,011	(144,721)
Fund balances (deficits), July 1, 2010	<u>3,678,080</u>	<u>(193,764)</u>	<u>(122,528)</u>	
Fund balances (deficits), June 30, 2011	<u>\$ 3,181,841</u>	<u>\$ 196,536</u>	<u>\$ (64,517)</u>	<u>\$ (144,721)</u>

Continued

Navajo County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

	Capital Projects Special Districts	General Government	Debt Service Jail	Special Districts	Total Nonmajor Governmental Funds
Revenues:					
Property taxes	\$	\$	\$	\$ 244,371	\$ 3,189,651
Licenses and permits					140,234
Fines and forfeits					378,087
Intergovernmental					11,890,539
Charges for services					1,307,095
Investment earnings			3,611	2,673	73,304
Special assessments				27,587	198,817
Contributions					30,333
Miscellaneous					778,097
Total revenues			3,611	274,631	17,986,157
Expenditures:					
Current:					
General government					3,748,990
Public safety					3,557,200
Highways and streets	240				220,979
Health and welfare					3,945,744
Culture and recreation					808,312
Education					5,352,631
Environmental and conservation					196,504
Urban redevelopment and housing					35,558
Debt Service:					
Principal		350,000	330,000	207,652	917,560
Interest and other charges		237,497	302,541	83,934	625,702
Total expenditures	240	587,497	632,541	291,586	19,409,180
Excess (deficiency) of revenues over expenditures	(240)	(587,497)	(628,930)	(16,955)	(1,423,023)
Other financing sources (uses):					
Capital lease agreements					14,611
Transfers in		766,632	390,000	406,323	3,617,827
Transfers out	(215,872)		(173,172)	(122)	(3,713,182)
Total other financing sources and uses	(215,872)	766,632	216,828	406,201	(80,744)
Net change in fund balances	(216,112)	179,135	(412,102)	389,246	(1,503,767)
Fund balances (deficits), July 1, 2010	198,860	467,355	1,565,151	(107,644)	12,615,738
Fund balances (deficits), June 30, 2011	\$ (17,252)	\$ 646,490	\$ 1,153,049	\$ 281,602	\$ 11,111,971

Navajo County
Budgetary Comparison Schedule
Special Revenue - Administration
Year Ended June 30, 2011

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 5,236,000	\$ 421,760	\$ (4,814,240)
Charges for services	208,136	194,425	(13,711)
Investment earnings		5,051	5,051
Miscellaneous	<u>91,850</u>	<u>1,345</u>	<u>(90,505)</u>
Total revenues	<u>5,535,986</u>	<u>622,581</u>	<u>(4,913,405)</u>
Expenditures:			
General government	4,762,821	538,903	4,223,918
Public safety	9,339	111,251	(101,912)
Education	<u>2,428,356</u>	<u>910,435</u>	<u>1,517,921</u>
Total expenditures	<u>7,200,516</u>	<u>1,560,589</u>	<u>5,639,927</u>
Excess (deficiency) of revenues over expenditures	<u>(1,664,530)</u>	<u>(938,008)</u>	<u>726,522</u>
Other financing sources (uses):			
Transfers in	116,131	50,304	(65,827)
Transfers out	<u>(9,636)</u>	<u>(55,457)</u>	<u>(45,821)</u>
Total other financing sources and uses	<u>106,495</u>	<u>(5,153)</u>	<u>(111,648)</u>
Net change in fund balances	(1,558,035)	(943,161)	614,874
Fund balances, July 1, 2010	<u>1,558,035</u>	<u>1,479,970</u>	<u>(78,065)</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ 536,809</u>	<u>\$ 536,809</u>

Navajo County
Budgetary Comparison Schedule
Special Revenue - County Attorney
Year Ended June 30, 2011

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Fines and forfeits	\$ 190,000	\$ 337,183	\$ 147,183
Intergovernmental	4,718,499	1,581,165	(3,137,334)
Charges for services	52,500	75,914	23,414
Investment earnings	5,100	7,560	2,460
Miscellaneous	<u>31,000</u>	<u>259,121</u>	<u>228,121</u>
Total revenues	<u>4,997,099</u>	<u>2,260,943</u>	<u>(2,736,156)</u>
Expenditures:			
General government	<u>6,074,252</u>	<u>1,941,699</u>	<u>4,132,553</u>
Total expenditures	<u>6,074,252</u>	<u>1,941,699</u>	<u>4,132,553</u>
Excess (deficiency) of revenues over expenditures	<u>(1,077,153)</u>	<u>319,244</u>	<u>1,396,397</u>
Other financing sources (uses):			
Transfers in	539,942	155,501	(384,441)
Transfers out	<u>(560,851)</u>	<u>(64,025)</u>	<u>496,826</u>
Total other financing sources and uses	<u>(20,909)</u>	<u>91,476</u>	<u>112,385</u>
Net change in fund balances	(1,098,062)	410,720	1,508,782
Fund balances, July 1, 2010	<u>1,098,062</u>	<u>1,162,011</u>	<u>63,949</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ 1,572,731</u>	<u>\$ 1,572,731</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Courts
 Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 422,300	\$ 469,720	\$ 47,420
Charges for services	641,703	562,562	(79,141)
Investment earnings		7,362	7,362
Miscellaneous		3,274	3,274
Total revenues	<u>1,064,003</u>	<u>1,042,918</u>	<u>(21,085)</u>
Expenditures:			
General government	<u>2,265,402</u>	<u>978,287</u>	<u>1,287,115</u>
Total expenditures	<u>2,265,402</u>	<u>978,287</u>	<u>1,287,115</u>
Excess (deficiency) of revenues over expenditures	<u>(1,201,399)</u>	<u>64,631</u>	<u>1,266,030</u>
Other financing sources (uses):			
Transfers in	575,107	398,470	(176,637)
Transfers out	<u>(626,852)</u>	<u>(525,930)</u>	<u>100,922</u>
Total other financing sources and uses	<u>(51,745)</u>	<u>(127,460)</u>	<u>(75,715)</u>
Net change in fund balances	(1,253,144)	(62,829)	1,190,315
Fund balances, July 1, 2010	<u>1,253,144</u>	<u>1,189,292</u>	<u>(63,852)</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ 1,126,463</u>	<u>\$ 1,126,463</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Environmental and Conservation
 Year Ended June 30, 2011

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 199,830	\$ 429,653	\$ 229,823
Investment earnings	6,724	1,415	(5,309)
Miscellaneous	<u>48,018</u>	<u>48,018</u>	<u>48,018</u>
Total revenues	<u>206,554</u>	<u>479,086</u>	<u>272,532</u>
Expenditures:			
Environmental and conservation	<u>355,430</u>	<u>196,504</u>	<u>158,926</u>
Total expenditures	<u>355,430</u>	<u>196,504</u>	<u>158,926</u>
Excess (deficiency) of revenues over expenditures	<u>(148,876)</u>	<u>282,582</u>	<u>431,458</u>
Net change in fund balances	(148,876)	282,582	431,458
Fund balances, July 1, 2010	<u>148,876</u>	<u>145,526</u>	<u>(3,350)</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ 428,108</u>	<u>\$ 428,108</u>

Navajo County
Budgetary Comparison Schedule
Special Revenue - Housing
Year Ended June 30, 2011

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 319,737	\$ 63,162	\$ (256,575)
Total revenues	<u>319,737</u>	<u>63,162</u>	<u>(256,575)</u>
Expenditures:			
Urban redevelopment and housing	<u>2,855</u>	<u>35,558</u>	<u>(32,703)</u>
Total expenditures	<u>2,855</u>	<u>35,558</u>	<u>(32,703)</u>
Excess (deficiency) of revenues over expenditures	<u>316,882</u>	<u>27,604</u>	<u>(289,278)</u>
Net change in fund balances	316,882	27,604	(289,278)
Fund balances, July 1, 2010	<u>(316,882)</u>	<u>(72,047)</u>	<u>244,835</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ (44,443)</u>	<u>\$ (44,443)</u>

Navajo County
Budgetary Comparison Schedule
Special Revenue - Library District
Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 563,929	\$ 556,771	\$ (7,158)
Intergovernmental	135,992	137,643	1,651
Investment earnings	2,700	1,319	(1,381)
Miscellaneous	<u>61,471</u>	<u>10,000</u>	<u>(51,471)</u>
Total revenues	<u>764,092</u>	<u>705,733</u>	<u>(58,359)</u>
Expenditures:			
Culture and recreation	<u>772,197</u>	<u>643,317</u>	<u>128,880</u>
Total expenditures	<u>772,197</u>	<u>643,317</u>	<u>128,880</u>
Excess (deficiency) of revenues over expenditures	<u>(8,105)</u>	<u>62,416</u>	<u>70,521</u>
Other financing sources (uses):			
Transfers In		48,582	48,582
Transfers out	<u>(303,129)</u>	<u>(351,711)</u>	<u>(48,582)</u>
Total other financing sources and uses	<u>(303,129)</u>	<u>(303,129)</u>	<u></u>
Net change in fund balances	(311,234)	(240,713)	70,521
Fund balances, July 1, 2010	<u>311,234</u>	<u>302,857</u>	<u>(8,377)</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ 62,144</u>	<u>\$ 62,144</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Probation
 Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	\$	\$ 772	\$ 772
Intergovernmental	2,420,843	2,111,995	(308,848)
Charges for services	346,172	355,878	9,706
Investment earnings	3,000	4,447	1,447
Miscellaneous	<u>99</u>	<u>99</u>	<u>99</u>
Total revenues	<u>2,770,015</u>	<u>2,473,191</u>	<u>(296,824)</u>
Expenditures:			
Public safety	<u>3,443,662</u>	<u>2,469,751</u>	<u>973,911</u>
Total expenditures	<u>3,443,662</u>	<u>2,469,751</u>	<u>973,911</u>
Excess (deficiency) of revenues over expenditures	<u>(673,647)</u>	<u>3,440</u>	<u>677,087</u>
Other financing sources (uses):			
Transfers in	4,249	55,919	51,670
Transfers out	<u>(40,022)</u>	<u>(40,022)</u>	<u>(40,022)</u>
Total other financing sources and uses	<u>4,249</u>	<u>15,897</u>	<u>11,648</u>
Net change in fund balances	(669,398)	19,337	688,735
Fund balances, July 1, 2010	<u>669,398</u>	<u>531,742</u>	<u>(137,656)</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ 551,079</u>	<u>\$ 551,079</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Public Defense
 Year Ended June 30, 2011

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 20,590	\$ 132,499	\$ 111,909
Charges for services	25,000		(25,000)
Investment earnings	3,500	2,759	(741)
Miscellaneous	<u>417</u>	<u>417</u>	<u>417</u>
Total revenues	<u>49,090</u>	<u>135,675</u>	<u>86,585</u>
Expenditures:			
General government	<u>625,292</u>	<u>237,158</u>	<u>388,134</u>
Total expenditures	<u>625,292</u>	<u>237,158</u>	<u>388,134</u>
Excess (deficiency) of revenues over expenditures	<u>(576,202)</u>	<u>(101,483)</u>	<u>474,719</u>
Other financing sources (uses):			
Transfers in	67,773	134,317	66,544
Transfers out	<u>(82,773)</u>	<u>(112,535)</u>	<u>(29,762)</u>
Total other financing sources and uses	<u>(15,000)</u>	<u>21,782</u>	<u>36,782</u>
Net change in fund balances	(591,202)	(79,701)	511,501
Fund balances, July 1, 2010	<u>591,202</u>	<u>455,387</u>	<u>(135,815)</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ 375,686</u>	<u>\$ 375,686</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Public Health
 Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 2,213,983	\$ 2,178,963	\$ (35,020)
Licenses and permits	92,000	140,234	48,234
Intergovernmental	1,933,456	1,539,486	(393,970)
Charges for services	50,000	53,856	3,856
Investment earnings	5,000	15,243	10,243
Contributions	22,500	24,268	1,768
Miscellaneous	<u>99,252</u>	<u>8,797</u>	<u>(90,455)</u>
Total revenues	<u>4,416,191</u>	<u>3,960,847</u>	<u>(455,344)</u>
Expenditures:			
Health and welfare	<u>4,237,752</u>	<u>3,128,316</u>	<u>1,109,436</u>
Total expenditures	<u>4,237,752</u>	<u>3,128,316</u>	<u>1,109,436</u>
Excess (deficiency) of revenues over expenditures	<u>178,439</u>	<u>832,531</u>	<u>654,092</u>
Other financing sources (uses):			
Transfers in	211,175	211,175	
Transfers out	<u>(2,884,491)</u>	<u>(1,485,477)</u>	<u>1,399,014</u>
Total other financing sources and uses	<u>(2,673,316)</u>	<u>(1,274,302)</u>	<u>1,399,014</u>
Net change in fund balances	(2,494,877)	(441,771)	2,053,106
Fund balances, July 1, 2010	<u>2,494,877</u>	<u>651,103</u>	<u>(1,843,774)</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ 209,332</u>	<u>\$ 209,332</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Recreation
 Year Ended June 30, 2011

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Property taxes	\$ 154,729	\$ 161,732	\$ 7,003
Investment earnings	747	626	(121)
Miscellaneous	<u>1,375</u>	<u>1,025</u>	<u>(350)</u>
Total revenues	<u>156,851</u>	<u>163,383</u>	<u>6,532</u>
 Expenditures:			
Culture and recreation	<u>241,867</u>	<u>152,293</u>	<u>89,574</u>
Total expenditures	<u>241,867</u>	<u>152,293</u>	<u>89,574</u>
 Excess (deficiency) of revenues over expenditures	<u>(85,016)</u>	<u>11,090</u>	<u>96,106</u>
 Net change in fund balances	(85,016)	11,090	96,106
 Fund balances, July 1, 2010	<u>85,016</u>	<u>79,023</u>	<u>(5,993)</u>
Fund balances, June 30, 2011	<u><u>\$</u></u>	<u><u>\$ 90,113</u></u>	<u><u>\$ 90,113</u></u>

Navajo County
Budgetary Comparison Schedule
Special Revenue - Sheriff's Office
Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	\$	\$ 40,132	\$ 40,132
Intergovernmental	916,619	718,997	(197,622)
Charges for services	55,450	64,460	9,010
Investment earnings	4,167	3,362	(805)
Miscellaneous	59,964	85,269	25,305
Total revenues	<u>1,036,200</u>	<u>912,220</u>	<u>(123,980)</u>
Expenditures:			
Public safety	1,626,035	976,198	649,837
Debt Service			
Principal		29,908	(29,908)
Interest and other charges		1,730	(1,730)
Total expenditures	<u>1,626,035</u>	<u>1,007,836</u>	<u>618,199</u>
Excess (deficiency) of revenues over expenditures	<u>(589,835)</u>	<u>(95,616)</u>	<u>494,219</u>
Other financing sources (uses):			
Capital lease agreements		14,611	14,611
Transfers in		79,577	79,577
Transfers out	(77,123)	(74,992)	2,131
Total other financing sources and uses	<u>(77,123)</u>	<u>19,196</u>	<u>96,319</u>
Net change in fund balances	(666,958)	(76,420)	590,538
Fund balances, July 1, 2010	<u>666,958</u>	<u>600,393</u>	<u>(66,565)</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ 523,973</u>	<u>\$ 523,973</u>

Navajo County
Budgetary Comparison Schedule
Special Revenue - Special Districts
Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 77,350	\$ 47,814	\$ (29,536)
Investment earnings	30,640		(30,640)
Special assessments	24,200	171,230	147,030
Miscellaneous	<u>204,619</u>	<u>47,225</u>	<u>(157,394)</u>
Total revenues	<u>336,809</u>	<u>266,269</u>	<u>(70,540)</u>
Expenditures:			
Highways and streets	940,296	220,739	719,557
Culture and recreation	<u> </u>	<u>12,702</u>	<u>(12,702)</u>
Total expenditures	<u>940,296</u>	<u>233,441</u>	<u>706,855</u>
Excess (deficiency) of revenues over expenditures	<u>(603,487)</u>	<u>32,828</u>	<u>636,315</u>
Other financing sources (uses):			
Transfers in	200,342	129,598	(70,744)
Transfers out	<u>(201,415)</u>	<u>(320,449)</u>	<u>(119,034)</u>
Total other financing sources and uses	<u>(1,073)</u>	<u>(190,851)</u>	<u>(189,778)</u>
Net change in fund balances	(604,560)	(158,023)	446,537
Fund balances, July 1, 2010	<u>604,560</u>	<u>604,971</u>	<u>411</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ 446,948</u>	<u>\$ 446,948</u>

Navajo County
 Budgetary Comparison Schedule
 Special Revenue - Workforce Investment Act
 Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 1,042,612	\$ 673,337	\$ (369,275)
Miscellaneous	<u>218,728</u>	<u>2,613</u>	<u>(216,115)</u>
Total revenues	<u>1,261,340</u>	<u>675,950</u>	<u>(585,390)</u>
Expenditures:			
Health and welfare	<u>1,085,504</u>	<u>285,650</u>	<u>799,854</u>
Total expenditures	<u>1,085,504</u>	<u>285,650</u>	<u>799,854</u>
Excess (deficiency) of revenues over expenditures	<u>175,836</u>	<u>390,300</u>	<u>214,464</u>
Other financing sources (uses):			
Transfers in		20,695	20,695
Transfers out		<u>(20,695)</u>	<u>(20,695)</u>
Total other financing sources and uses			
Net change in fund balances	175,836	390,300	214,464
Fund balances, July 1, 2010	<u>(175,836)</u>	<u>(193,764)</u>	<u>(17,928)</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ 196,536</u>	<u>\$ 196,536</u>

Navajo County
Budgetary Comparison Schedule
Capital Projects - General Government
Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Miscellaneous	\$ 122,520	\$	\$ (122,520)
Total revenues	<u>122,520</u>	<u></u>	<u>(122,520)</u>
Expenditures:			
General government	<u></u>	52,943	(52,943)
Total expenditures	<u></u>	<u>52,943</u>	<u>(52,943)</u>
Excess (deficiency) of revenues over expenditures	<u>122,520</u>	<u>(52,943)</u>	<u>(175,463)</u>
Other financing sources:			
Transfers in	<u></u>	110,954	110,954
Total other financing sources and uses	<u></u>	<u>110,954</u>	<u>110,954</u>
Net change in fund balances	122,520	58,011	(64,509)
Fund balances, July 1, 2010	<u>(122,520)</u>	<u>(122,528)</u>	<u>(8)</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ (64,517)</u>	<u>\$ (64,517)</u>

Navajo County
Budgetary Comparison Schedule
Capital Projects - Public Health
Year Ended June 30, 2011

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Miscellaneous	\$ 1,929,024	\$	\$ (1,929,024)
Total revenues	<u>1,929,024</u>	<u></u>	<u>(1,929,024)</u>
Expenditures:			
Health and welfare	<u>1,643,584</u>	<u>531,778</u>	<u>1,111,806</u>
Total expenditures	<u>1,643,584</u>	<u>531,778</u>	<u>1,111,806</u>
Excess (deficiency) of revenues over expenditures	<u>285,440</u>	<u>(531,778)</u>	<u>(817,218)</u>
Other financing sources:			
Transfers in	1,643,584	498,011	(1,145,573)
Transfers out	<u></u>	<u>(110,954)</u>	<u>(110,954)</u>
Total other financing sources and uses	<u>1,643,584</u>	<u>387,057</u>	<u>(1,256,527)</u>
Net change in fund balances	1,929,024	(144,721)	(2,073,745)
Fund balances, July 1, 2010	<u>(1,929,024)</u>	<u></u>	<u>1,929,024</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ (144,721)</u>	<u>\$ (144,721)</u>

Navajo County
Budgetary Comparison Schedule
Capital Projects - Special Districts
Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Miscellaneous	\$ 17,263	\$	\$ (17,263)
Total revenues	<u>17,263</u>	<u></u>	<u>(17,263)</u>
Expenditures:			
Highways and streets	<u>215,722</u>	<u>240</u>	<u>215,482</u>
Total expenditures	<u>215,722</u>	<u>240</u>	<u>215,482</u>
Excess (deficiency) of revenues over expenditures	<u>(198,459)</u>	<u>(240)</u>	<u>198,219</u>
Other financing sources:			
Transfers out	<u></u>	<u>(215,872)</u>	<u>(215,872)</u>
Total other financing sources and uses	<u></u>	<u>(215,872)</u>	<u>(215,872)</u>
Net change in fund balances	(198,459)	(216,112)	(17,653)
Fund balances, July 1, 2010	<u>198,459</u>	<u>198,860</u>	<u>401</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ (17,252)</u>	<u>\$ (17,252)</u>

Navajo County
Budgetary Comparison Schedule
Debt Service - General Government
Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 1,300,765	\$	\$ (1,300,765)
Total revenues	<u>1,300,765</u>	<u></u>	<u>(1,300,765)</u>
Expenditures:			
Debt Service			
Principal	350,000	350,000	
Interest and other charges	<u>364,710</u>	<u>237,497</u>	<u>127,213</u>
Total expenditures	<u>714,710</u>	<u>587,497</u>	<u>127,213</u>
Excess (deficiency) of revenues over expenditures	<u>586,055</u>	<u>(587,497)</u>	<u>(1,173,552)</u>
Other financing sources (uses):			
Transfers in	<u>584,710</u>	<u>766,632</u>	<u>181,922</u>
Total other financing sources and uses	<u>584,710</u>	<u>766,632</u>	<u>181,922</u>
Net change in fund balances	1,170,765	179,135	(991,630)
Fund balances, July 1, 2010	<u>(1,170,765)</u>	<u>467,355</u>	<u>1,638,120</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ 646,490</u>	<u>\$ 646,490</u>

Navajo County
 Budgetary Comparison Schedule
 Debt Service - Jail
 Year Ended June 30, 2011

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Investment earnings	\$ <u> </u>	\$ <u>3,611</u>	\$ <u>3,611</u>
Total revenues	<u> </u>	<u>3,611</u>	<u>3,611</u>
Expenditures:			
Debt Service			
Principal	330,000	330,000	
Interest and other charges	<u>486,985</u>	<u>302,541</u>	<u>184,444</u>
Total expenditures	<u>816,985</u>	<u>632,541</u>	<u>184,444</u>
Excess (deficiency) of revenues over expenditures	<u>(816,985)</u>	<u>(628,930)</u>	<u>188,055</u>
Other financing sources (uses):			
Transfers in	390,000	390,000	
Transfers out	<u> </u>	<u>(173,172)</u>	<u>(173,172)</u>
Total other financing sources and uses	<u>390,000</u>	<u>216,828</u>	<u>(173,172)</u>
Net change in fund balances	(426,985)	(412,102)	14,883
Fund balances, July 1, 2010	<u>426,985</u>	<u>1,565,151</u>	<u>1,138,166</u>
Fund balances, June 30, 2011	<u>\$ <u> </u></u>	<u>\$ <u>1,153,049</u></u>	<u>\$ <u>1,153,049</u></u>

Navajo County
Budgetary Comparison Schedule
Debt Service - Special Districts
Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 282,408	\$ 244,371	\$ (38,037)
Investments earnings		2,673	2,673
Special assessments		27,587	27,587
Miscellaneous	<u>190,000</u>	<u></u>	<u>(190,000)</u>
Total revenues	<u>472,408</u>	<u>274,631</u>	<u>(197,777)</u>
Expenditures:			
Debt Service			
Principal	207,652	207,652	
Interest and other charges	<u>156,959</u>	<u>83,934</u>	<u>73,025</u>
Total expenditures	<u>364,611</u>	<u>291,586</u>	<u>73,025</u>
Excess (deficiency) of revenues over expenditures	<u>107,797</u>	<u>(16,955)</u>	<u>(124,752)</u>
Other financing sources (uses):			
Transfers in		406,323	406,323
Transfers out	<u></u>	<u>(122)</u>	<u>(122)</u>
Total other financing sources and uses	<u></u>	<u>406,201</u>	<u>406,201</u>
Net change in fund balances	107,797	389,246	281,449
Fund balances, July 1, 2010	<u>(107,797)</u>	<u>(107,644)</u>	<u>153</u>
Fund balances, June 30, 2011	<u>\$</u>	<u>\$ 281,602</u>	<u>\$ 281,602</u>

Navajo County
Comprehensive Annual Financial Report
Year Ended June 30, 2011

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

Navajo County
Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2011

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
Assets				
Cash and investments	\$4,434,108	\$ 14,881,031	\$ 14,593,748	\$ 4,721,391
Interest receivable	<u>20,876</u>	<u></u>	<u>19,472</u>	<u>1,404</u>
Total Assets	<u>\$4,454,984</u>	<u>\$14,881,031</u>	<u>\$14,613,220</u>	<u>\$ 4,722,795</u>
Liabilities				
Due to other governments	\$3,717,744	\$ 12,550,432	\$ 13,528,705	\$ 2,739,471
Deposits held for other parties	<u>737,240</u>	<u>2,330,599</u>	<u>1,084,515</u>	<u>1,983,324</u>
Total Liabilities	<u>\$4,454,984</u>	<u>\$14,881,031</u>	<u>\$14,613,220</u>	<u>\$ 4,722,795</u>



Navajo County

Comprehensive Annual Financial Report
Year Ended June 30, 2011

STATISTICAL SECTION

Navajo County
Statistical Section
June 30, 2011

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 91 through 97 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 98 through 101 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 102 through 105 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 106 through 108 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 109 through 112 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 Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$ 54,360,439	\$ 57,948,043	\$ 55,643,023	\$ 59,552,340	\$ 55,332,385
Restricted	1,715,242	9,778,365	15,322,958	15,958,946	21,309,950
Unrestricted	<u>10,249,740</u>	<u>4,829,001</u>	<u>8,491,241</u>	<u>16,657,154</u>	<u>22,441,546</u>
Total governmental activities net assets	<u>\$ 66,325,421</u>	<u>\$ 72,555,409</u>	<u>\$ 79,457,222</u>	<u>\$ 92,168,440</u>	<u>\$ 99,083,881</u>

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities:				
Invested in capital assets, net of related debt	\$ 61,704,323	\$ 73,728,006	\$ 66,038,408	\$ 70,264,651
Restricted	24,374,755	19,040,878	23,034,928	27,364,817
Unrestricted	<u>16,119,289</u>	<u>15,007,820</u>	<u>16,207,016</u>	<u>6,481,167</u>
Total governmental activities net assets	<u>\$ 102,198,367</u>	<u>\$ 107,776,704</u>	<u>\$ 105,280,352</u>	<u>\$ 104,110,635</u>

Note: Navajo County implemented GASB 34 in fiscal year 2003. Consequently, net assets by component and changes in net assets (pages 92 & 93) were not available for fiscal year 2002.

Navajo County
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Expenses:				
General government	\$ 16,481,849	\$ 15,392,349	\$ 18,389,571	\$ 19,479,297
Public safety	13,635,116	11,361,939	11,659,715	13,099,102
Highways and streets	7,521,368	9,418,291	8,434,616	8,851,369
Sanitation	30,528	25,103	94,595	35,887
Economic opportunity				
Health and welfare	4,403,499	4,241,657	4,736,700	5,874,892
Culture and recreation	660,852	585,971	531,045	468,926
Education	226,269	232,790	263,909	289,270
Environmental and conservation				
Urban redevelopment and housing				
Interest on long-term debt	558,992	540,314	507,110	374,442
Total governmental activities expenses	<u>43,518,473</u>	<u>41,798,414</u>	<u>44,617,261</u>	<u>48,473,185</u>
Program Revenues:				
Charges for services:				
General government	3,008,100	3,949,254	5,224,551	4,477,711
Public Safety	1,809,061	525,746	802,050	2,810,667
Highway and streets	4,544	942		28,647
Sanitation	40,000	(17,003)	(86,267)	92,693
Health and welfare	41,475	29,745	70,821	93,599
Culture and recreation	10,250	16,548	8,942	11,926
Operating grants and contributions:				
General government	8,093,867	5,000	1,718,024	2,428,758
Public Safety	3,519,132		2,917,059	3,696,730
Highway and streets	7,798,373		10,997,876	228,409
Health and welfare	1,189,036	10,663	926,755	1,837,979
Culture and recreation	401,306		135,598	145,307
Education				639,532
Environmental and conservation				
Urban redevelopment and housing				
Capital grants and contributions:				
Highway and streets				12,567,738
Total governmental activities program revenues	<u>25,915,144</u>	<u>4,520,895</u>	<u>22,715,409</u>	<u>29,059,696</u>
Net (Expense) Revenue	\$ (17,603,329)	\$ (37,277,519)	\$ (21,901,852)	\$ (19,413,489)
General Revenues:				
Property taxes	\$ 5,877,286	\$ 5,221,794	\$ 6,402,534	\$ 7,973,918
General county sales tax	5,256,637	5,901,927	5,205,992	7,260,596
Shared revenues	12,625,712	13,107,115	11,362,815	12,781,414
Payment in lieu of taxes			861,599	757,594
Grants and contributions not restricted to specific programs		19,550,932	1,228,182	946,207
Investment earnings	793,842	1,178,509	1,184,173	909,436
Fines and forfeits	782,429			
Rent	57,105			
Gain on disposal of capital assets		309,309	140,937	59,167
Miscellaneous	746,976	324,454	408,225	581,789
Transfers				
Total general revenues and transfers	<u>26,139,987</u>	<u>45,594,040</u>	<u>26,794,457</u>	<u>31,270,121</u>
Change in net assets - governmental activities	<u>\$ 8,536,658</u>	<u>\$ 8,316,521</u>	<u>\$ 4,892,605</u>	<u>\$ 11,856,632</u>

(Continued)

Navajo County
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

Fiscal Year				
2007	2008	2009	2010	2011
\$ 19,745,840	\$ 20,503,496	\$ 19,392,043	\$ 22,647,297	\$ 22,396,786
14,534,493	17,570,231	19,182,119	17,566,896	16,191,164
10,990,269	12,960,992	14,058,305	13,057,318	14,480,464
18,880				
2,162				
6,274,590	6,809,907	7,219,915	9,366,578	7,129,008
554,419	472,151	510,035	747,065	814,786
4,883,527	7,119,026	5,723,104	6,307,885	5,710,417
	234,078	231,225	237,032	196,504
	5,000		307,208	35,558
<u>179,518</u>	<u>349,677</u>	<u>594,260</u>	<u>677,253</u>	<u>625,962</u>
<u>57,183,698</u>	<u>66,024,558</u>	<u>66,911,006</u>	<u>70,914,532</u>	<u>67,580,649</u>
4,882,461	3,746,695	3,473,303	3,531,064	3,465,053
2,910,947	541,256	765,083	517,702	672,441
115,198	83,076		39,249	98,695
95,930	77,965	122,462	215,494	194,090
2,241,225	1,851,358	3,719,202	1,735,327	2,584,222
3,062,299	3,063,868	3,599,091	3,290,457	2,916,270
184,839				
2,227,071	1,751,447	2,199,624	1,803,890	2,280,437
38,313	38,102	64,885	122,207	137,643
4,944,866	7,186,346	5,512,115	6,086,494	3,665,344
	162,086	205,884	195,574	429,653
			305,647	63,162
<u>12,956,489</u>	<u>12,361,020</u>	<u>12,393,158</u>	<u>15,637,667</u>	<u>13,170,789</u>
<u>33,659,638</u>	<u>30,863,219</u>	<u>32,054,807</u>	<u>33,480,772</u>	<u>29,677,799</u>
\$ (23,524,060)	\$ (35,161,339)	\$ (34,856,199)	\$ (37,433,760)	\$ (37,902,850)
\$ 8,636,394	\$ 9,707,389	\$ 10,933,578	\$ 12,494,737	\$ 12,866,253
6,778,153	7,083,165	6,330,588	5,480,598	5,889,027
13,521,307	13,302,354	12,017,517	10,728,725	11,405,376
1,433,848	3,922,712	6,444,858	4,902,289	4,489,096
1,733,012	1,624,746	750,742	322,748	254,483
104,656	11,971	23,895	115,237	5,957
1,016,509	1,207,819	1,466,751	1,273,310	1,822,741
			(380,236)	
<u>33,223,879</u>	<u>36,860,156</u>	<u>37,967,929</u>	<u>34,937,408</u>	<u>36,732,933</u>
<u>\$ 9,699,819</u>	<u>\$ 1,698,817</u>	<u>\$ 3,111,730</u>	<u>\$ (2,496,352)</u>	<u>\$ (1,169,917)</u>

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

	Fiscal Year				
	2002	2003	2004	2005	2006
General fund					
Reserved	\$ 130,496	\$ 84,466	\$ 109,411	\$ 124,747	\$
Unreserved	1,221,764	4,512,907	8,174,226	10,386,065	12,379,484
Assigned*					
Unassigned					
Total general fund	<u>\$ 1,352,260</u>	<u>\$ 4,597,373</u>	<u>\$ 8,283,637</u>	<u>\$ 10,510,812</u>	<u>\$ 12,379,484</u>
All other governmental funds					
Reserved	\$ 231,823	\$ 335,486	\$ 5,742,868	\$ 6,699,626	\$ 10,983,270
Unreserved, reported in:					
Special revenue funds	8,915,193	10,697,618	7,661,943	5,695,432	7,581,812
Debt service funds	1,610,327	1,715,242			
Capital projects funds	4,775,138	4,800,163	2,864,748	3,176,207	3,443,911
Nonspendable*					
Restricted					
Assigned					
Unassigned					
Total all other governmental funds	<u>\$ 15,532,481</u>	<u>\$ 17,548,509</u>	<u>\$ 16,269,559</u>	<u>\$ 15,571,265</u>	<u>\$ 22,008,993</u>

(Continued)

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

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

Fiscal Year				
2007	2008	2009	2010	2011
\$ 16,110,913	\$ 3,957,781 10,939,695	\$ 2,883,159 7,550,215	\$ 325,096 7,416,990	\$ 3,182,499 3,349,495
<u>\$ 16,110,913</u>	<u>\$ 14,897,476</u>	<u>\$ 10,433,374</u>	<u>\$ 7,742,086</u>	<u>\$ 6,531,994</u>
\$ 397,700	\$ 500,703	\$ 679,641	\$ 528,878	\$ 543,055 28,973,243 1,231,112 (270,933)
21,439,571 1,995,785 4,791,323	26,620,823 1,777,950 24,543	25,962,952 1,824,003	31,118,113 1,924,862 76,332	
<u>\$ 28,624,379</u>	<u>\$ 28,924,019</u>	<u>\$ 28,466,596</u>	<u>\$ 33,648,185</u>	<u>\$ 30,476,477</u>

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

	Fiscal Year			
	2002	2003	2004	2005
Revenues:				
Property taxes	\$ 3,983,078	\$ 5,325,701	\$ 5,598,844	\$ 5,944,655
Licenses and permits	662,253	612,942	687,864	735,239
Fines and forfeits	980,814	782,430	768,843	849,138
Intergovernmental	33,877,689	38,818,933	36,512,199	35,236,042
Charges for services	2,123,342	4,300,740	4,505,232	4,435,720
Investment earnings	1,098,758	793,844	1,178,509	1,184,173
Special assessments	1,704,622	493,133	697,839	541,145
Rents and royalties	67,168	57,105		
Contributions	6,484	65,129	15,663	13,624
Miscellaneous	461,815	747,477	324,454	408,225
Total revenues	<u>44,966,023</u>	<u>51,997,434</u>	<u>50,289,447</u>	<u>49,347,961</u>
Expenditures:				
General government	16,792,519	16,285,966	14,942,786	17,519,255
Public safety	10,075,186	13,357,260	11,457,252	11,656,881
Highways and streets	11,314,789	9,457,334	12,281,281	10,462,632
Sanitation	30,861	30,528		64,518
Economic opportunity				
Health and welfare	4,167,647	4,159,855	4,301,274	4,917,449
Culture and recreation	546,011	732,897	588,911	513,452
Education	248,712	226,270	222,995	252,173
Environmental and conservation				
Urban redevelopment and housing	250,000			
Debt service:				
Principal	547,458	517,747	525,549	718,342
Interest and other charges	595,597	558,992	540,314	507,110
Capital outlay	<u>2,055,808</u>	<u>1,495,651</u>	<u>903,973</u>	<u>2,284,380</u>
Total expenditures	<u>46,624,588</u>	<u>46,822,500</u>	<u>45,764,335</u>	<u>48,896,192</u>
Excess (deficiency) of revenues over expenditures	(1,658,565)	5,174,934	4,525,112	451,769
Other financing sources (uses):				
Revenue bonds issued				
Capital lease agreements	55,861		55,861	63,086
Special assessment bonds issued				
Sale of capital assets	216,625		309,309	140,937
Transfers in	5,255,401	3,371,339	2,791,392	3,519,951
Transfers out	<u>(5,255,401)</u>	<u>(3,371,339)</u>	<u>(2,791,392)</u>	<u>(3,519,951)</u>
Total other financing sources and uses	<u>272,486</u>		<u>365,170</u>	<u>204,023</u>
Net change in fund balances	<u>\$ (1,386,079)</u>	<u>\$ 5,174,934</u>	<u>\$ 4,890,282</u>	<u>\$ 655,792</u>
Ratio of total debt service expenditures to non-capital expenditures	2.56%	2.38%	2.38%	2.63%

(Continued)

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

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 7,934,263	\$ 8,673,499	\$ 9,581,813	\$ 10,780,692	\$ 12,294,308	\$ 12,612,528
979,368	879,866	643,032	513,081	619,663	529,657
990,927	1,646,183	1,290,001	1,563,382	1,336,602	1,317,038
43,263,385	47,350,129	50,665,504	52,104,688	49,652,453	46,350,655
5,544,948	5,478,487	2,515,958	2,284,384	2,347,245	2,583,583
909,436	1,727,733	1,624,746	750,741	322,747	254,483
			356,318	133,181	198,817
26,879	38,281	56,956	25,916	31,141	30,333
<u>604,968</u>	<u>990,990</u>	<u>1,222,929</u>	<u>1,466,751</u>	<u>1,273,311</u>	<u>1,822,741</u>
<u>60,254,174</u>	<u>66,785,168</u>	<u>67,600,939</u>	<u>69,845,953</u>	<u>68,010,651</u>	<u>65,699,835</u>
18,794,253	19,975,143	22,871,415	22,160,207	21,661,752	21,894,300
13,875,071	13,759,567	17,525,292	18,403,733	16,838,127	17,020,246
10,366,859	10,681,812	14,792,747	17,778,854	10,087,829	15,462,752
	19,424				
	2,162				
6,022,260	6,270,192	6,813,069	7,074,321	9,306,800	7,138,323
444,143	562,599	471,342	501,738	740,591	808,312
274,985	4,893,943	7,119,291	5,515,147	6,139,063	5,674,996
		234,078	231,225	237,032	196,504
		5,000		307,208	35,558
686,012	421,836	303,173	487,701	858,416	919,249
374,442	179,518	349,677	594,260	677,253	625,962
<u>2,118,079</u>	<u>1,990,735</u>	<u>6,238,140</u>	<u>3,030,157</u>	<u>81,675</u>	<u>274,573</u>
<u>52,956,104</u>	<u>58,756,931</u>	<u>76,723,224</u>	<u>75,777,343</u>	<u>66,935,746</u>	<u>70,050,775</u>
7,298,070	8,028,237	(9,122,285)	(5,931,390)	1,074,905	(4,350,940)
		6,600,000			
		77,845	6,846		18,913
59,167	104,656	11,971	23,895	115,237	5,957
2,094,983	3,903,479	1,845,732	2,304,012	8,048,481	6,600,855
<u>(2,094,983)</u>	<u>(3,653,479)</u>	<u>(1,845,732)</u>	<u>(2,304,012)</u>	<u>(6,789,602)</u>	<u>(6,600,855)</u>
<u>59,167</u>	<u>354,656</u>	<u>6,689,816</u>	<u>30,741</u>	<u>1,374,116</u>	<u>24,870</u>
<u>\$ 7,357,237</u>	<u>\$ 8,382,893</u>	<u>\$ (2,432,469)</u>	<u>\$ (5,900,649)</u>	<u>\$ 2,449,021</u>	<u>\$ (4,326,070)</u>
2.09%	1.06%	0.93%	1.49%	2.30%	2.21%

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

<u>Primary Assessed Value</u>							
<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>
2002	258,323,717	272,095,611	14,214,887	544,634,215	0.9747	4,846,695,667	11.24%
*2003	279,670,685	267,623,207	14,340,262	563,168,606	1.0814	5,049,758,994	11.15%
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	998,764,550	1.2057	8,941,980,626	11.17%
2011	683,204,674	355,446,889	20,353,287	1,059,004,850	1.2035	9,625,529,702	11.00%

Source: Navajo County Assessor's Office

* Revised abstract as a result of Rodeo-Chediski fire

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

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

County Direct Rates						
Fiscal Year	Primary	Fire District	Library District	Flood Control District	*Public Health District	Total Direct
2002	0.6506	0.1000	0.0200	0.2041	0.0000	0.9747
2003	0.6909	0.1000	0.0203	0.2041	0.0661	1.0814
2004	0.4772	0.1000	0.0200	0.2041	0.0759	0.8772
2005	0.6316	0.1000	0.0200	0.2041	0.0759	1.0316
2006	0.6337	0.1000	0.0300	0.3000	0.1963	1.2600
2007	0.6229	0.1000	0.0400	0.3000	0.1963	1.2592
2008	0.6041	0.1000	0.0500	0.3000	0.1963	1.2504
2009	0.5775	0.1000	0.0500	0.3000	0.1963	1.2238
2010	0.5594	0.1000	0.0500	0.3000	0.1963	1.2057
2011	0.5572	0.1000	0.0500	0.3000	0.1963	1.2035

Overlapping Rates					
Fiscal Year	School Equalization	School Districts	Cities	Other Special Districts	Community College District
2002	0.4974	3.8095-7.9525	0.4680-0.9501	0.1431-2.2033	1.4164
2003	0.4889	3.8179-7.6519	0.4500-0.9501	0.1249-2.4719	1.4542
2004	0.4717	3.4929-8.0212	0.5442-0.9501	0.1097-2.4287	1.4406
2005	0.4560	3.3400-8.0200	0.5638-0.9501	0.0767-2.4079	1.5092
2006	0.4358	3.6852-9.8584	0.5324-0.9501	0.0967-2.6514	1.5200
2007	0.0000	3.7977-8.0200	0.5216-0.9134	0.0871-2.6347	1.4858
2008	0.0000	3.1373-6.7592	0.2845-0.8870	0.0864-2.6281	1.4206
2009	0.0000	3.6519-7.7773	0.2845-0.8685	0.0785-3.5500	1.3382
2010	0.3306	3.6624-8.3747	0.2789-0.8550	0.0706-3.5500	1.1352
2011	0.3564	3.0839-8.0000	0.2789-0.8567	0.0707-3.5500	1.1308

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 Public Health District tax rate first adopted in FY 2002-2003.

Navajo County
Principal Property Taxpayers
Current Year and Seven Years Ago

<u>Taxpayer</u>	<u>2011</u>				<u>2004</u>			
	<u>Primary Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Primary Assessed Value</u>		<u>Primary Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Primary Assessed Value</u>	
Arizona Public Service Company	\$ 116,232,825	1	10.98%		\$ 96,593,064	1	15.49%	
PacifiCorp Electric Operations	39,885,091	2	3.77		32,473,751	2	5.21	
Peabody Western Coal Co.	15,225,000	3	1.44		15,712,500	3	2.52	
Transwestern Pipeline Co.	13,530,348	4	1.28		7,818,785	6	1.25	
El Paso Natural Gas Co.	9,462,004	5	0.89		9,728,496	5	1.56	
Citizens Telecom of White Mountains	7,214,064	6	0.68		10,589,603	4	1.70	
Catalyst Paper Snowflake, Inc.	5,136,404	7	0.49		6,684,840	7	1.07	
Burlington Northern/Santa Fe Railway	5,096,633	8	0.48		5,184,182	10	0.83	
Unisource Energy Corporation	4,854,664	9	0.46		N/A			
Navopache Electric Co-Op Inc.	4,850,600	10	0.46		5,430,813	9	0.87	
TOTALS	\$ 221,487,633		20.93%		\$ 190,216,034		30.50%	
Total 2011 Navajo County Assessed Value	\$ 1,059,004,850				Total 2004 Navajo County Assessed Value			\$ 623,721,601

Source: Navajo County Assessor's Office

Note: Information for principal property taxpayers was not available prior to fiscal year 2004; consequently the comparison is for a seven year period.

Navajo County
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within Fiscal Year		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$3,517,124	\$3,304,881	93.97%	\$210,540	\$3,515,421	99.95%
2003	3,904,688	3,666,841	93.91	235,625	3,902,466	99.94
2004	2,973,275	2,836,571	95.40	135,392	2,971,963	99.96
2005	4,055,404	3,867,955	95.38	184,930	4,052,885	99.94
2006	4,321,713	4,139,945	95.79	178,926	4,318,871	99.93
2007	4,583,700	4,401,681	96.03	176,074	4,577,755	99.87
2008	4,917,295	4,684,181	95.26	223,964	4,908,145	99.81
2009	5,250,715	5,003,706	95.30	233,505	5,237,211	99.74
2010	5,588,550	5,306,931	94.96	250,155	5,557,086	99.44
2011	5,885,264	5,569,913	94.64		5,569,913	94.64

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.

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)
2002	\$	\$ 6,900,000	\$ 2,563,698	\$ 50,478	\$ 9,514,176	0.57%	\$ 93.87
2003		6,670,000	2,298,150	32,597	9,000,747	0.50	87.20
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	N/A (2)	119.48
2011	5,915,000	4,700,000	1,309,455	12,693	11,937,148	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 2010 and 2011.

(3) Population was not available for 2011.

Navajo County
Pledged Revenue Coverage
Last Ten Fiscal Years

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

2000 Series Jail Facility COPs

Fiscal Year	Revenues	Less: Expenditures	Net Available Resources	Debt Service		Coverage Ratio
				Principal	Interest	
2002	\$ 26,746,236	\$ 25,393,976	\$ 1,352,260	\$ 215,000	\$ 420,439	2.13
2003	29,158,695	24,561,322	4,597,373	230,000	409,420	7.19
2004	32,128,944	23,845,307	8,283,637	240,000	397,345	13.00
2005	39,178,639	28,667,827	10,510,812	250,000	384,745	16.56
2006	43,895,225	31,515,741	12,379,484	265,000	371,245	19.46
2007	49,604,695	33,493,782	16,110,913		356,670	45.17
2008	57,611,975	42,714,499	14,897,476	280,000	348,970	23.69
2009	50,385,592	39,952,218	10,433,374	295,000	333,010	16.61
2010	44,494,664	36,752,578	7,742,086	310,000	316,031	12.37
2011	42,549,369	36,017,375	6,531,994	330,000	298,031	10.40

Special Assessment Bonds

Fiscal Year	Revenues	Debt Service		Coverage Ratio
		Principal	Interest	
2009	\$300,706	\$166,022	\$105,882	1.11
2010	273,885	185,106	94,237	0.98
2011	241,567	207,652	83,934	0.83

Navajo County
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	\$ 1,059,004,850
Debt limit (15% of assessed value)	158,850,728
Debt applicable to limit:	
General obligation bonds	
Less: Amount set aside for repayment	
of general obligation debt	
Total net debt applicable to limit	
Legal debt margin	<u>\$ 158,850,728</u>

	Fiscal Year				
	2002	2003	2004	2005	2006
Debt Limit	\$81,695,132	\$84,475,291	\$93,558,240	\$96,689,290	\$102,590,120
Total net debt applicable to limit					
Legal debt margin	<u>81,695,132</u>	<u>8,475,291</u>	<u>93,558,240</u>	<u>96,689,290</u>	<u>102,590,120</u>
Total net debt applicable to the limit as a percentage of the debt	0%	0%	0%	0%	0%

(Continued)

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
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt Limit	\$110,225,508	\$121,847,141	\$136,253,654	\$149,814,683	\$158,850,728
Total net debt applicable to limit					
Legal debt margin	<u>110,225,508</u>	<u>121,847,141</u>	<u>136,253,654</u>	<u>149,814,683</u>	<u>158,850,728</u>
Total net debt applicable to the limit as a percentage of the debt	0%	0%	0%	0%	0%

Navajo County
Demographic and Economic Statistics
Last Ten Calendar Years

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2001	98,549	\$ 1,586,569	\$ 16,099	7.7%
2002	101,358	1,682,401	16,599	8.4
2003	103,220	1,807,125	17,508	8.6
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	N/A (1)	N/A (1)	15.7

Source: Population from 2001 through 2010 was obtained from the U.S. Census Bureau. Income and per capita information for 2001 through 2009 were obtained from the US Department of Commerce, Bureau of Economic Analysis Unit. Unemployment rates for Navajo County, Arizona was obtained from the Arizona Workforce Informer.

(1) Personal income and per capita personal income was not available for 2010.

Navajo County

Employment by Sector and Major Employers

Last Ten Calendar Years

Employment by Sector1

	2002	2003	2004	2005	2006
Mining and Construction	2,525	2,600	2,500	2,825	3,200
Educational & Health Services	2,475	2,850	2,950	3,100	3,250
Financial Activities	600	750	600	575	650
Government	10,250	10,300	10,125	9,850	9,875
Leisure & Hospitality	3,025	3,100	3,200	3,175	3,200
Manufacturing	800	800	900	900	975
Information	550	575	650	750	800
Professional & Business Services	900	950	1,100	1,100	1,250
Trade, Transportation & Utilities	5,425	5,550	5,550	5,600	5,700
Other Services	850	825	800	950	925

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

<u>Employer</u>	<u>Employer Type</u>
Abitibi Consolidated, Inc., (Catalyst) Snowflake	Paper Mills
APS, Joseph City	Electric Services
Bashas', Taylor	Retail
Burlington Northern Santa Fe	Line-Haul
Holiday Inn, Kayenta	Hotels and Motels
Kayenta Boarding B.I.A. School	Education
Keams Canyon Indian Hospital	Medical
Navajo County	Government
Navajo Government Executive Branch	Government
Navajo Tribal Utility Authority, Keams Canyon	Utilities
Navopache Electric Cooperative, Inc.	Utilities
Northland Pioneer College, Holbrook	Colleges
Peabody Coal Co., Kayenta	Coal and Mining
PFFJ, Inc., Snowflake	Pork Production
Pinon Unified School District #4	Education
Railway, Winslow	Railroad Operation
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

Sources: Holbrook Chamber of Commerce; 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
Last Ten Calendar Years

Employment by Sector

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Mining and Construction	2,925	2,375	1,600	1,450	1,325
Educational & Health Services	3,325	3,300	3,500	3,550	3,200
Financial Activities	600	525	475	400	425
Government	9,925	10,400	10,100	9,650	9,500
Leisure & Hospitality	3,475	3,475	3,150	3,500	3,625
Manufacturing	900	800	550	525	525
Information	825	1,000	1,075	1,150	1,150
Professional & Business Services	1,350	1,275	1,025	1,000	1,025
Trade, Transportation & Utilities	6,050	5,650	5,375	5,250	5,025
Other Services	800	850	750	700	525

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

Function	Fiscal Year						
	2005	2006	2007	2008	2009	2010	2011
General government	247	258	272	290	284	284	294
Public safety	229	226	240	260	256	248	239
Highways and streets	84	82	84	90	90	81	81
Health and welfare	53	56	62	67	66	63	65
Culture and recreation	2	3	3	4	4	5	6
Total	<u>615</u>	<u>625</u>	<u>661</u>	<u>711</u>	<u>700</u>	<u>681</u>	<u>685</u>

Source: Navajo County Budget 2005 - 2011

Note: Information was not available prior to fiscal year 2005 on full-time equivalent employees by function.

Navajo County
Operating Indicators by Function
Last Eight Fiscal Years

Function	Fiscal Year		
	2004	2005	2006
General Government			
Assessor			
Number of parcels assessed	78,098	79,096	80,664
Elections			
Elections	3	4	5
Number voting	8,931	46,644	13,398
Planning & Zoning			
Building permits issued	2,825	3,009	3,674
Public Fiduciary			
Guardianships/conservatorships	93	95	97
Public Safety			
Adult Probation			
Community service hours	-	-	40,493
Pre-sentence reports written for courts	-	-	772
Probationers actively supervised	-	-	726
Juvenile Probation			
Average length of detention (days)	18	16	15
Juveniles in detention	326	351	281
Probationers	171	197	166
Community restitution hours	11,593	12,160	8,909
Sheriff			
Inmate population	327	348	369
Highways & Streets			
Public Works			
Crack sealing (miles)	44	27	45
Street resurfacing (miles)	37	82	54
Waste Tire Program			
Waste tires collected			
Health & Welfare			
Public Health District			
Certified copies of birth or death certificates			
Childhood immunization visits	3,922	3,371	5,905
Restaurant inspections and re-inspections	462	468	603
Culture & Recreation			
Library District			
Number of items circulated	343,170	355,087	372,980
Number of library cards issued (by member libraries)	5,517	5,068	6,395
Number of prints, media and electronic items	176,971	198,856	220,545
Number of items owned by Library District	8,454	11,839	13,800
Education			
School Superintendent			
Charter schools	8	8	8
Charter students	1,882	1,686	1,547
District students	21,757	21,507	21,253
School districts	14	14	14

Source: Navajo County departments' monthly and annual performance reports.

(Continued)

Note: Operating indicators by function were not available prior to fiscal year 2004.

Navajo County
Operating Indicators by Function
Last Eight Fiscal Years

Fiscal Year				
2007	2008	2009	2010	2011
83,044	84,824	85,536	85,858	86,304
4	5	4	4	4
43,445	23,687	51,626	21,379	50,969
3,789	3,085	1,837	1,285	926
99	104	103	110	99
34,370	50,415	51,910	49,198	40,687
744	678	594	504	637
868	1,036	1,009	1,008	1,349
15	12	8	10	12
318	338	457	441	408
164	186	199	171	110
9,170	10,504	8,740	8,939	5,173
385	363	363	361	319
9	2	0	47	49
33	52	42	25	42
	56,775	51,481	48,743	60,117
5,311	5,685	6,811	6,913	4,949
8,608	10,586	7,343	10,299	5,154
592	593	608	336	709
380,765	442,038	456,579	480,959	441,232
5,835	6,079	5,985	6,206	6,170
241,479	262,997	287,552	310,602	333,901
15,216	16,907	19,607	21,774	24,199
6	6	6	7	7
817	818	839	471	352
20,948	20,861	20,497	19,913	19,071
14	14	14	14	14

Navajo County
Capital Asset Statistics by Function
Last Nine Fiscal Years

Function	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government									
Elections									
Voting Machines	76	76	76	158	158	158	158	158	173
Superior Courts									
Divisions	3	3	3	3	4	4	4	4	4
Division - Satellite									1
Justice Courts	6	6	6	6	6	6	6	6	6
Public Safety									
Sheriff									
Inmate beds available					407		433	425	426
Jail Facilities	1	1	1	1	1	1	1	1	1
Stations	0	0	0	0	0	0	0	0	0
Improvement Districts									
Flood Warning Sites	30	31	31	31	31	31	31	30	31
Flood Control District Properties	7	8	8	8	8	8	8	9	12
Road Improvement Districts	1	0	3	0	2	1	1	1	1
Highways and Streets									
Public Works									
Miles of maintained roads	719.76	722.98	727.7	738.98	747.83	732.01	737.65	734.9	733.28
Bridges	14	14	14	14	14	14	14	14	14
Sanitation									
Landfill/Environment									
Transfer Stations	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
Show Low - Owned	1	1	1	1	1	1	1	1	1
Snowflake - Operated	1	1	1	1	1	1	1	1	1
Holbrook - Owned	1	1	1	1	1	1	1	1	1
Winslow - Owned	1	1	1	1	1	1	1	1	1
Pinetop - Owned	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
Library District									
Number of facilities owned	0	0	0	0	0	0	0	0	0
Facilities operated	1	1	1	1	1	1	1	1	1
Bookmobiles	0	0	0	0	0	0	0	0	0
Education									
Schools	1	1	1	1	1	1	1	1	1

Source: Navajo County capital asset reports.

Note: Capital asset statistics by function were not available prior to fiscal year 2003.