

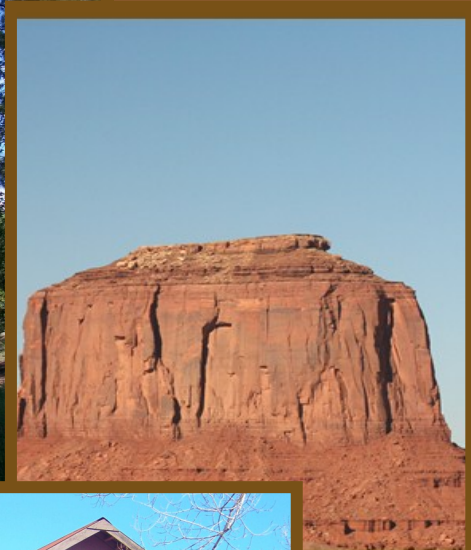


NAVAJO COUNTY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR
2009-10



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NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010

INTRODUCTORY SECTION

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

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NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

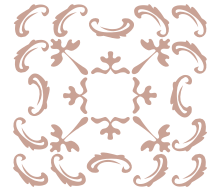


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NAVAJO COUNTY

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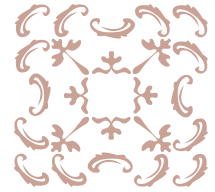


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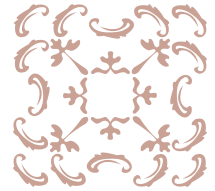


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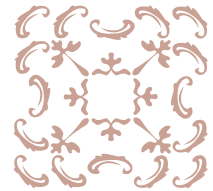


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NAVAJO COUNTY ADMINISTRATION

JAMES G. JAYNE
COUNTY MANAGER

W. JAMES MENLOVE, CPA
FINANCE DIRECTOR

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

We are pleased to provide you the Comprehensive Annual Financial Report (CAFR) for Navajo County for the fiscal year ended June 30, 2010. 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 and audited using generally accepted auditing standards by the Arizona Office of the Auditor General.

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, management of the County 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 (GAAP). 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 of the County for the fiscal year ended June 30, 2010 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. The independent auditor concluded based upon the audit; that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2010, 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 conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB), and using the guidelines established by the Government Finance Officers Association of the United States and Canada (GFOA). 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 ADMINISTRATION

JAMES G. JAYNE
COUNTY MANAGER

W. JAMES MENLOVE, CPA
FINANCE DIRECTOR

The Comprehensive Annual Financial Report consists of three sections:

Introductory Section which includes the Letter of Transmittal.

Financial Section which includes the Independent Auditors' Report, Management's Discussion and Analysis, basic financial statements, notes to the financial statements, other required supplementary information, and combining and individual fund statements and schedules.

Statistical Section which presents comprehensive statistical data on the County's financial, economic, and demographic characteristics.

NAVAJO COUNTY PROFILE

Navajo County was formed on March 21, 1895 and encompasses 9,953 square miles. The diversity of Navajo County 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. The middle part of Navajo County is where the county seat is located, in Holbrook. Holbrook became the county seat in 1871. Southern Navajo County is home to the White Mountain Apache Tribe and many picturesque lakes and forests.

The 2009 population of the County was estimated to be 112,975. 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 governed by statute, the Board of Supervisors is responsible for the overall management and approval of the departmental budgets and tax rates. The Board appoints a County Manager and each department is headed by an elected official, appointed official or a department director. Elected offices are statutorily determined 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/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.



NAVAJO COUNTY ADMINISTRATION

JAMES G. JAYNE
COUNTY MANAGER

W. JAMES MENLOVE, CPA
FINANCE DIRECTOR

The Board of Supervisors and the County Manager use the financial policies, budget management policies and strategic priorities to guide the overall development of the budget. On an annual basis, beginning in January the Finance Department, under the direction of the County Manager, meet with all elected officials and department directors and outline the Board's adopted budget guidelines. 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. These estimates are used by the budget team to assist in the updating of the five-year financial plan.

The final budget must be adopted by the Board of Supervisors 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. The final Adopted Budget cannot exceed the total of the Tentative Budget.

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 15.9% growth in population from 2000 through 2009. The major cities and towns in Navajo County account for a large portion of the overall increase. (information on the 3 tribal lands was not available):

Some of the major employers in Navajo County include Catalysts (formerly Abitibi Consolidated) - Snowflake, Arizona Public Service - Joseph City, Burlington Northern Santa Fe Railway - Winslow, Summit Healthcare - Show Low, and Northland Pioneer College - Holbrook.	Major Cities/Communities	1990	2008	% increase
	Show Low	5019	12346	146%
	Pinetop-Lakeside	2422	4522	87%
	Taylor	2418	4182	73%
	Snowflake	3679	5686	55%
	Winslow	8190	9833	20%
	Holbrook	4686	5083	8%
	White Mtn Apache Tribe	10394	N/A	
	Hopi Tribe	7360	N/A	
	Kayenta, Navajo Nation	4372	N/A	
Source: Arizona Department of Commerce: http://www.census.gov/				

The State of Arizona has been struggling to balance budget deficits in the face of declining revenues. All of Arizona's counties have been impacted by the reduced revenues at the state and local levels, as well as cost shifts imposed by the state.



NAVAJO COUNTY ADMINISTRATION

JAMES G. JAYNE
COUNTY MANAGER

W. JAMES MENLOVE, CPA
FINANCE DIRECTOR

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 level provided in 1980—the base year—is the benchmark for spending on today's essential services. Navajo County elected officials agreed that the expenditure limit, based on 1980 service levels, was not sufficient to meet the current demand for basic public services.

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

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

The proactive decision making of the Board of Supervisors has allowed Navajo County to better plan for the long-term financial sustainability of the county. 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 a significant decline in the three major revenues sources; State Shared Sales Tax, County Sales Tax and General Fund Vehicle License Tax (VLT). Since 2008, State Shared Sales Tax has decreased 18.5%, County Sales Tax by 20% and General Fund VLT by 12.7%.

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

Navajo County continues to work with State Legislators and the County Supervisors Association to find solutions to the state budget crisis with the least impact to counties.



NAVAJO COUNTY ADMINISTRATION

JAMES G. JAYNE
COUNTY MANAGER

W. JAMES MENLOVE, CPA
FINANCE DIRECTOR

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

Economic Outlook. Economists are predicting an end to the recession near the end of 2011, with a very modest recovery during 2012. Arizona was among the states hardest hit by the economic downturn with any recovery lagging behind the recovery on a national level. The weakness in the economy and the uncertainty of the state budget requires continual monitoring 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 which 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

On June 8th 2010, the Government Finance Officers Association Distinguished Budget Presentation Award was presented to the Board of Supervisors for Fiscal Year 2009. We have submitted our 2010 budget for review and anticipate receiving the award for the second consecutive year. To qualify for the award, the County's budget will be reviewed and judged as a policy document, a fiscal plan, an operations guide and a communication device.



NAVAJO COUNTY ADMINISTRATION

JAMES G. JAYNE
COUNTY MANAGER

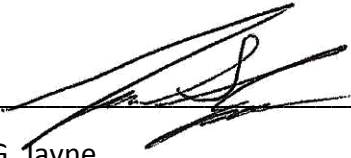
W. JAMES MENLOVE, CPA
FINANCE DIRECTOR

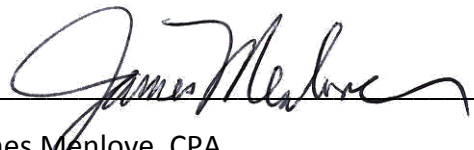
ACKNOWLEDGMENTS

Preparation of this report could only be accomplished through the coordinated efforts of the staff of the Finance Department, the cooperative and willing assistance provided by our Elected Officials and Department Directors and the competent service of the Arizona Office of the Auditor General.

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

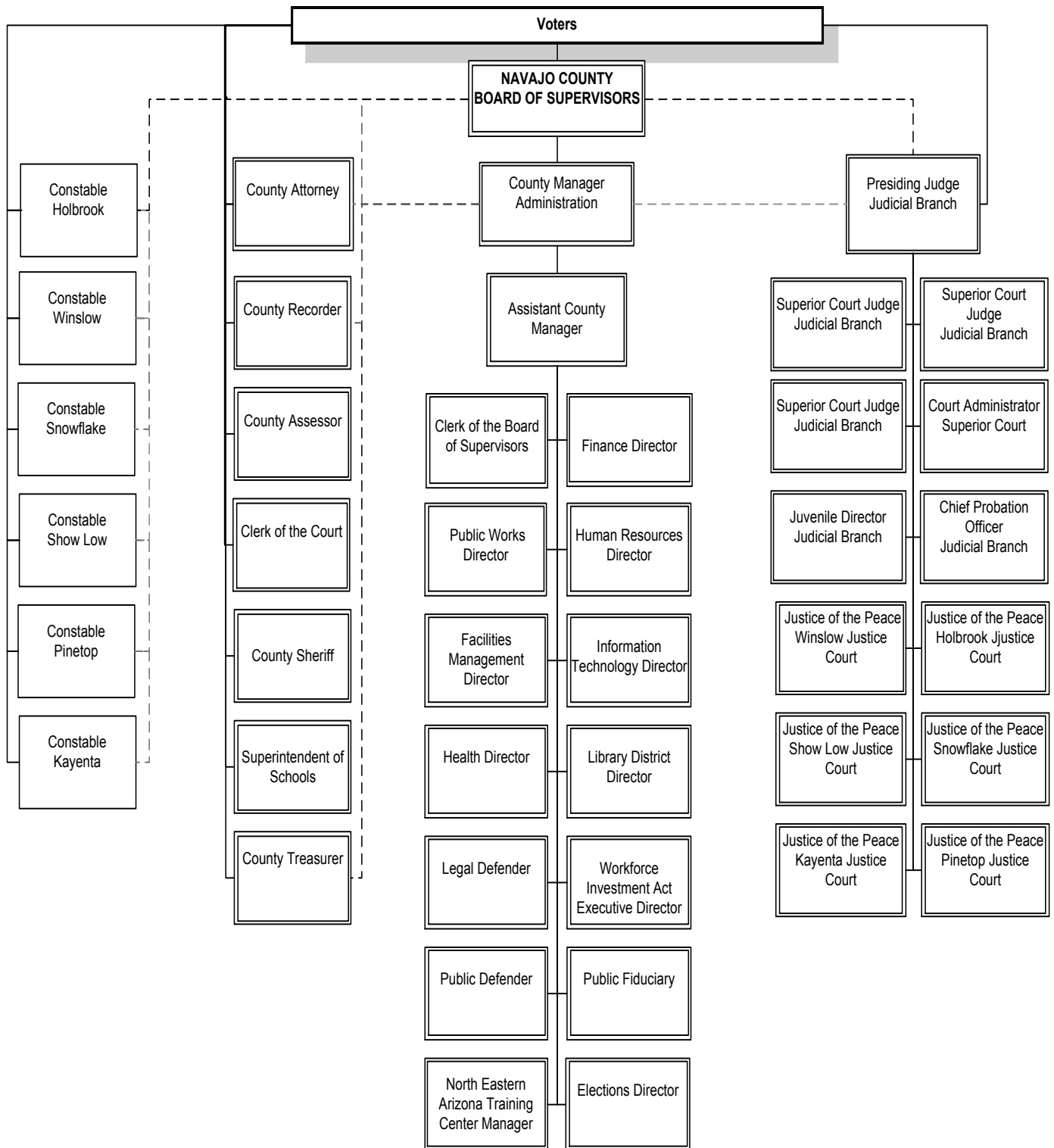
James Menlove, CPA
Finance Director



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010





NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010

JONATHAN M. NEZ

DISTRICT 1

JESSE THOMPSON

DISTRICT 2

J.R. DESPAIN

DISTRICT 3

DAVID TENNEY

DISTRICT 4

JERRY BROWNLOW

DISTRICT 5

JAMES G. JAYNE
COUNTY MANAGER

E.L. "DUSTY" PARSONS
ASSISTANT COUNTY MANAGER

Prepared by Navajo County Finance Department

James Menlove, Finance Director



Mary Jane Springer, Deputy Finance Director



Cris Parisot, Senior Accountant

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NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010

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, 2010, 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, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 22 through 30, the Budgetary Comparison Schedules on pages 80 through 85, and the Schedule of Agent Retirement Plans' Funding Progress on page 86 through 88 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.

2910 NORTH 44th STREET • SUITE 410 • PHOENIX, ARIZONA 85018 • (602) 553-0333 • FAX (602) 553-0051

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

May 10, 2011



NAVAJO COUNTY FINANCE DEPARTMENT

W. JAMES MENLOVE, CPA

FINANCE DIRECTOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2010. 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 \$105.3 million (net assets). Of this amount, \$16.2 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 \$2.5 million in fiscal year 2010.
- At the close of fiscal year 2010, the County's governmental funds reported combined ending fund balances of \$41.4 million, an increase of \$2.5 million in comparison with the prior year's balances of \$38.9 million. Approximately 97.9 percent of the fund balances, \$40.5 million, is unreserved fund balances available for spending at the County's discretion.
- At the end of the current fiscal year, unreserved fund balances for the general fund were \$7.4 million, or 20.2 percent, of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



NAVAJO COUNTY FINANCE DEPARTMENT

W. JAMES MENLOVE, CPA

FINANCE DIRECTOR

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.

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 32 through 33 of this report.*



NAVAJO COUNTY FINANCE DEPARTMENT

W. JAMES MENLOVE, CPA

FINANCE DIRECTOR

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 state law 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 money. All of the County's funds can be divided into three categories: *governmental*, *proprietary* 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 modified accrual 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 sheets and in the governmental funds statements of revenues, expenditures, and changes in fund balances for the General Fund, Public Works/HURF Fund, and the 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 34 through 37 of this report.*

Proprietary funds—The County uses one type of proprietary fund, an internal service fund, to account for self-insured employee benefits provided to county departments on a cost-reimbursement basis. At the beginning of the year, the County transferred the assets and liabilities of the internal



NAVAJO COUNTY FINANCE DEPARTMENT

W. JAMES MENLOVE, CPA

FINANCE DIRECTOR

service fund to the General Fund because the County terminated the self-insured employee benefits trust when it joined a pooled trust to provide these benefits. *The proprietary fund financial statements can be found on pages 38 and 39 of this report. Also, see Note 8 - Risk management for more information.*

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 40 through 41 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 42 through 77 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. *Other required supplementary information can be found on pages 80 through 88 of this report.*

Other information—The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information. *Combining and individual fund statements and schedules including statistical information can be found on pages 89 through 148 of this report.*

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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, 2010, compared to the prior year.



NAVAJO COUNTY FINANCE DEPARTMENT

W. JAMES MENLOVE, CPA

FINANCE DIRECTOR

	Governmental Activities	
	2010	2009
Current and other assets	\$ 45,374,572	\$ 44,391,020
Capital assets	<u>78,655,616</u>	<u>82,838,534</u>
Total assets	<u>124,030,188</u>	<u>127,229,554</u>
Other liabilities	3,410,645	3,345,524
Long-term liabilities outstanding	<u>15,339,191</u>	<u>16,107,326</u>
Total liabilities	<u>18,749,836</u>	<u>19,452,850</u>
Net Assets:		
Invested in capital assets, net of related debt	66,038,408	73,728,006
Restricted	23,034,928	19,040,878
Unrestricted	<u>16,207,016</u>	<u>15,007,820</u>
Total net assets	<u>\$105,280,352</u>	<u>\$107,776,704</u>

The County's net assets from governmental activities at the end of the fiscal year were \$105.3 million. The decrease of \$2.5 million is primarily due to a net reduction in capital assets.

A large portion of the County's net assets, 62.7 percent (\$66.0 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.

21.9 percent of the County's net assets (\$23.0 million) are subject to external restrictions on how they may be used. The County's restricted net assets increased by 21.0 percent (\$4.0 million) in the current fiscal year due to revenues exceeding expenditures in the Public Works/HURF and Flood Control District Funds in the current fiscal year.

The remaining balance of the County's net assets, 15.4 percent (\$16.2 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.



NAVAJO COUNTY FINANCE DEPARTMENT

W. JAMES MENLOVE, CPA

FINANCE DIRECTOR

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 2010 compared to the prior year:

	Governmental Activities	
	2010	2009
Program revenues:		
Charges for services	\$ 4,303,509	\$ 4,360,848
Operating grants and contributions	13,539,596	15,300,801
Capital grants and contributions	<u>15,637,667</u>	<u>12,393,158</u>
Total program revenues	33,480,772	32,054,807
General revenues:		
Property taxes	12,494,737	10,933,578
Sales taxes	5,480,598	6,330,588
State shared revenues	10,728,725	12,017,517
Grants and contributions not restricted to specific programs	4,902,289	6,444,858
Investment earnings	322,748	750,742
Gain on disposal of capital assets	115,237	23,895
Miscellaneous	1,273,310	1,466,751
Transfers	<u>(380,236)</u>	<u>-</u>
Total general revenues and transfers	34,937,408	37,967,929
Total revenues	<u>68,418,180</u>	<u>70,022,736</u>
	Governmental Activities	
	2010	2009
Program expenses:		
General government	\$ 22,647,297	\$ 19,392,043
Public safety	17,566,896	19,182,119
Highways and streets	13,057,318	14,058,305
Health and welfare	9,366,578	7,219,915
Culture and recreation	747,065	510,035
Education	6,307,885	5,723,104
Environmental and conservation	237,032	231,225
Urban redevelopment and housing	307,208	-
Interest on long-term debt	<u>677,253</u>	<u>594,260</u>
Total program expenses	<u>70,914,532</u>	<u>66,911,006</u>
Change in net assets	<u>(2,496,352)</u>	<u>3,111,730</u>
Net assets, beginning	<u>107,776,704</u>	<u>104,664,974</u>
Net assets, ending	<u>\$105,280,352</u>	<u>\$107,776,704</u>

Overall revenues decreased by 2.3 percent and program expenses increased by 6.0 percent in the current fiscal year.



NAVAJO COUNTY FINANCE DEPARTMENT

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FINANCE DIRECTOR

Operating grants and contributions decreased by \$1.8 million, or 11.5 percent, in the current year due to a decrease in general fund state government grants.

Capital grants and contributions increased by \$3.2 million, or 26.2 percent, in the current year due to construction of the Lone Pine Dam Bridge and an intergovernmental agreement with the Navajo Nation for construction of road yard facilities.

Property taxes increased by \$1.6 million, or 14.3 percent, due to the increase in assessed valuation and increase in levy as allowed by statute.

Local sales taxes decreased by \$0.8 million, or 13.4 percent, due to the poor economic conditions.

State shared revenues decreased by \$1.3 million, or 10.7 percent, in the current year due to the recession and general economic downturn in the national and state economies.

Grants and contributions not restricted to specific programs decreased by \$1.5 million, or 23.9 percent, in the current year due to a decrease in federal grant revenues.

General government expenses increased by \$3.3 million, or 16.8 percent, in the current fiscal year due to the County discontinuing the self-funded health insurance trust and participating in the Arizona Public Employers Health Pool in the current year.

Health and welfare expenses increased by \$2.1 million, or 29.7 percent, in the current fiscal year due to the construction of a Public Health Services District facility in the southern part of the county.

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 the Flood Control District Fund. At year-end, the County's governmental funds reported combined fund balances of \$41.4 million, which is an increase of \$2.5 million from last year or a change of 6.4 percent. Of the total, \$40.5 million constitutes unreserved fund balances.

Revenues for governmental functions overall decreased by \$1.8 million from last year, a decrease of 2.6 percent, and expenditures for governmental functions decreased by about \$8.8 million from last year, a decrease of 11.7 percent in the current fiscal year. Governmental function revenues exceeded expenditures by \$1.1 million in the current fiscal year.



NAVAJO COUNTY FINANCE DEPARTMENT

W. JAMES MENLOVE, CPA

FINANCE DIRECTOR

The General Fund is the County's primary operating fund. At the end of the current fiscal year, the unreserved fund balances of the General Fund totaled \$7.4 million. Unreserved fund balances represents 20.2 percent of total General Fund expenditures. This ratio indicates a strong fund balance position in comparison to expenditures. The General Fund's unreserved fund balances decreased by \$.1 million from last year, a decrease of 1.8 percent in the current fiscal year. The primary factor for the decrease was due to declining economic conditions.

The Public Works/HURF Fund's fund balances increased by \$4.9 million from last year, an increase of 65.4 percent in the current fiscal year. The primary factor for the increase was due to the delay of certain capital improvement projects.

The Flood Control District Fund's fund balance increased by \$1.7 million from last year, or 24.0 percent, in the current fiscal year. The primary factor for the increase was due to revenues exceeding expenditures. The County is accumulating financial resources for the future rehabilitation of the Winslow levy and other planned flood control projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

For the General Fund, actual revenues were less than the original and final budget amounts by \$.3 million while the actual expenditures were \$11.1 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 declining economic conditions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

During the current fiscal year, the net book value of capital assets being depreciated decreased by \$4.3 million. *Additional information on capital assets can be found in Notes 5 and 6 on pages 56 and 57 of this report.*



NAVAJO COUNTY FINANCE DEPARTMENT

W. JAMES MENLOVE, CPA

FINANCE DIRECTOR

DEBT ADMINISTRATION

At the end of the current fiscal year, the County had total long-term liabilities outstanding of \$15.3 million, which included certificates of participation outstanding of \$5.0 million that financed the construction of jail facilities and \$6.3 million in revenue bonds that financed the acquisition, construction, and improvements of county buildings and facilities. Included in long-term liabilities is \$1.5 million of special assessment debt with governmental commitment and \$2.5 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, and estimated landfill closure and post-closure care costs. There were no significant changes to the County's credit ratings or debt limitations during the current fiscal year. *Additional information on long-term debt can be found in Note 7 on pages 58 through 62 of this report.*

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

There has been a significant downturn in the national and state economy beginning in the latter part of 2008. Certain economists are predicting an end to the recession at the end of 2011 with a very modest recovery during 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.

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, 2010

BASIC FINANCIAL STATEMENTS



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Statement of Net Assets

	Governmental Activities
Assets	
Cash and investments	\$ 37,853,647
Cash and investments held by trustee	1,276,107
Receivables (net of allowance for uncollectibles):	
Property taxes	764,062
Accrued interest	50,785
Due from other governments	4,202,087
Inventories	528,878
Prepaid items	45,569
Restricted assets:	
Cash and investments held by trustee	653,437
Capital assets, not being depreciated	12,104,757
Capital assets, being depreciated, net	66,550,859
Total assets	<u>124,030,188</u>
Liabilities	
Accounts payable	2,321,277
Accrued payroll and employee benefits	1,069,944
Due to other governments	19,424
Noncurrent liabilities	
Due within 1 year	2,836,470
Due in more than 1 year	12,502,721
Total liabilities	<u>18,749,836</u>
Net Assets	
Invested in capital assets, net of related debt	66,038,408
Restricted for:	
Highways and streets	12,132,684
Public safety	8,575,954
Debt service	1,924,862
Capital projects	401,428
Unrestricted	16,207,016
Total net assets	<u>\$ 105,280,352</u>

See accompanying notes to financial statements



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Statement of Activities

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	\$22,647,297	\$3,531,064	\$1,735,327	(\$17,380,906)
Public safety	17,566,896	517,702	3,290,457	(13,758,737)
Highways and streets	13,057,318	39,249		2,619,598
Health and welfare	9,366,578	215,494	1,803,890	(7,347,194)
Culture and recreation	747,065		122,207	(624,858)
Education	6,307,885		6,086,494	(221,391)
Environmental and conservation	237,032		195,574	(41,458)
Urban redevelopment and housing	307,208		305,647	(1,561)
Interest on long-term debt	677,253			(677,253)
Total governmental activities	<u>\$70,914,532</u>	<u>\$4,303,509</u>	<u>\$13,539,596</u>	<u>(\$15,637,667)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purpose				\$6,464,630
Property taxes, levied for flood control				2,742,387
Property taxes, levied for public health district				2,148,297
Property taxes, levied for library district				547,247
Property taxes, levied for white mountain lake recreation district				154,333
Property taxes, levied for special districts				437,843
General county sales tax				5,480,598
Shared revenues - state sales tax				8,732,190
Shared revenues - state vehicle license tax				1,996,535
Grants and contributions not restricted to specific programs				4,902,289
Investment earnings				322,748
Gain on disposal of capital assets				115,237
Miscellaneous				1,273,310
Transfers				(380,236)
Total general revenues and transfers				<u>34,937,408</u>
Change in net assets				(2,496,352)
Net assets, July 1, 2009				<u>107,776,704</u>
Net assets, June 30, 2010				<u>\$105,280,352</u>

See accompanying notes to financial statements



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Balance Sheet Governmental Funds

	General Fund	Public Works/ HURF Fund	Flood Control District Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$4,338,628	\$12,011,967	\$8,839,545	\$12,663,507	\$37,853,647
Cash and investments held by trustee	325,096			951,011	1,276,107
Receivables:					
Property taxes	339,455		189,026	235,581	764,062
Accrued interest	7,370	14,459	10,285	18,671	50,785
Due from other funds	2,426,916	274,479		256,992	2,958,387
Due from other governments	1,822,446	970,639		1,409,002	4,202,087
Inventories		528,878		-	528,878
Prepaid items				45,569	45,569
Restricted assets:					
Cash and investments held by trustee				653,437	653,437
Total assets	<u>\$9,259,911</u>	<u>\$13,800,422</u>	<u>\$9,038,856</u>	<u>\$16,233,770</u>	<u>\$48,332,959</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$545,855	\$1,236,837	\$20,088	\$518,497	\$2,321,277
Accrued payroll and employee benefits	693,559	132,000	7,749	236,636	1,069,944
Due to other governments	19,424		-	-	19,424
Due to other funds	6,001	-	274,479	2,677,907	2,958,387
Deferred revenues	252,986		135,678	184,992	573,656
Total liabilities	<u>1,517,825</u>	<u>1,368,837</u>	<u>437,994</u>	<u>3,618,032</u>	<u>6,942,688</u>
Fund balances:					
Reserved for inventories		528,878			528,878
Reserved for capital projects	325,096				325,096
Unreserved, reported in:					
General Fund	7,416,990				7,416,990
Special revenue funds		11,902,707	8,600,862	10,614,544	31,118,113
Capital projects funds				76,332	76,332
Debt service funds				1,924,862	1,924,862
Total fund balances	<u>7,742,086</u>	<u>12,431,585</u>	<u>8,600,862</u>	<u>12,615,738</u>	<u>41,390,271</u>
Total liabilities and fund balances	<u>\$9,259,911</u>	<u>\$13,800,422</u>	<u>\$9,038,856</u>	<u>\$16,233,770</u>	<u>\$48,332,959</u>

See accompanying notes to financial statements



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Reconciliation of the Balance Sheet to the Statement of Net Assets Governmental Funds

Fund balances—total governmental funds	\$ 41,390,271
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.	78,655,616
Some receivables are not available to pay for current-period expenditures and therefore, are deferred in the funds.	573,656
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>(15,339,191)</u>
Net assets of governmental activities	<u>\$ 105,280,352</u>

See accompanying notes to financial statements



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

	General Fund	Public Works/ HURF Fund	Flood Control District Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$6,397,385		\$2,742,386	\$3,154,537	\$12,294,308
Licenses and permits	454,494			165,169	619,663
Fines and forfeits	1,087,357			249,245	1,336,602
Intergovernmental	20,545,394	\$15,032,384		14,074,675	49,652,453
Charges for services	1,012,452	39,249		1,295,544	2,347,245
Investment earnings	76,000	81,289	66,694	98,764	322,747
Special assessments				133,181	133,181
Contributions				31,141	31,141
Miscellaneous	519,338	235,037		518,936	1,273,311
Total revenues	30,092,420	15,387,959	2,809,080	19,721,192	68,010,651
Expenditures:					
Current:					
General government	18,130,072			3,531,680	21,661,752
Public safety	12,226,372		817,477	3,794,278	16,838,127
Highways and streets		9,888,985		198,844	10,087,829
Health and welfare	3,271,809			6,034,991	9,306,800
Culture and recreation				740,591	740,591
Education	323,717			5,815,346	6,139,063
Environmental and conservation				237,032	237,032
Urban redevelopment and housing				307,208	307,208
Debt service:					
Principal				858,416	858,416
Interest and other charges				677,253	677,253
Capital outlay	81,675				81,675
Total expenditures	34,033,645	9,888,985	817,477	22,195,639	66,935,746
Excess (deficiency) of revenues over expenditures	(3,941,225)	5,498,974	1,991,603	(2,474,447)	1,074,905
Other financing sources (uses):					
Sale of capital assets	95,036	20,201			115,237
Transfers in	3,873,834	142,240		4,032,407	8,048,481
Transfers out	(2,718,933)	(787,506)	(327,996)	(2,955,167)	(6,789,602)
Total other financing sources and uses	1,249,937	(625,065)	(327,996)	1,077,240	1,374,116
Net change in fund balances	(2,691,288)	4,873,909	1,663,607	(1,397,207)	2,449,021
Fund balances, July 1, 2009	10,433,374	7,516,396	6,937,255	14,012,945	38,899,970
Increase in reserve for inventories		41,280			41,280
Fund balances, June 30, 2010	\$7,742,086	\$12,431,585	\$8,600,862	\$12,615,738	\$41,390,271

See accompanying notes to financial statements



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities Governmental Funds

Net change in fund balances—total governmental funds		\$ 2,449,021
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	1,768,636	
Depreciation expense	<u>(5,421,547)</u>	(3,652,911)
Collections of revenues in governmental funds exceeded revenues reported in the Statement of Activities		(462,762)
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.		
Principal repaid		858,416
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.		
Increase in compensated absences	(91,005)	
Decrease in landfill closure and post-closure care costs	<u>724</u>	(90,281)
Some cash outlays, such as purchases of inventories, are reported as expenditures in the governmental funds when purchased. In the Statement of Activities, however, they are reported as expenses when consumed.		
Increase in inventories		41,280
Net transfers of the internal service funds assets and liabilities are reported in the governmental funds to record the close-out of the fund during the year.		<u>(1,639,115)</u>
Change in net assets of governmental activities		<u>\$ (2,496,352)</u>

See accompanying notes to financial statements



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Statement of Revenues, Expenditures, and Changes in Fund Net Assets Proprietary Funds

	Governmental Activities - <u>Internal Service Fund</u>
Transfers in (out):	
Transfers in	\$ 550,000
Transfers out	<u>(2,189,115)</u>
Net transfers out	<u>(1,639,115)</u>
Decrease in net assets	<u>(1,639,115)</u>
Net Assets, July 1, 2009	1,639,115
Net Assets, June 30, 2010	<u><u>\$ -</u></u>

See accompanying notes to financial statements



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Statement of Cash Flows Proprietary Funds

	Governmental Activities - <u>Internal Service Fund</u>
Cash flows from noncapital financing activities:	
Cash transfers to other funds	\$ (2,187,577)
Net cash used by noncapital financing activities	<u>(2,187,577)</u>
Net decrease in cash and cash equivalents	<u>(2,187,577)</u>
 Cash and cash equivalents, July 1, 2009	 <u>2,187,577</u>
Cash and cash equivalents, June 30, 2010	<u><u>-</u></u>
 Schedule of Noncash Investing, Capital and Noncapital Activities	
Transfer out of accrued interest to General Fund	1,538
Accrued interest transferred to General Fund	(1,538)
Claims payable transferred to General Fund	550,000
Transfer of claims payable to General Fund	<u>(550,000)</u>
Net total	<u><u>\$ -</u></u>

See accompanying notes to financial statements



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Statement of Fiduciary Net Assets Fiduciary Funds

	Investment Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 105,297,219	\$ 4,434,108
Interest receivable	167,670	20,876
Total assets	<u>\$ 105,464,889</u>	<u>\$ 4,454,984</u>
Liabilities		
Due to other governments		\$ 3,717,744
Deposits held for others		737,240
Total liabilities		<u>\$ 4,454,984</u>
Net Assets		
Held in trust for investment trust participants	<u>\$ 105,464,889</u>	

See accompanying notes to financial statements



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Statement of Changes in Fiduciary Net Assets Fiduciary Funds

	Investment Trust Funds
Additions:	
Contributions from participants	\$ 245,347,579
Net investment income	778,759
Total additions	<u>246,126,338</u>
Deductions:	
Distributions to participants	<u>228,602,614</u>
Change in net assets	17,523,724
Net assets, July 1, 2009	<u>87,941,165</u>
Net assets, June 30, 2010	<u><u>\$ 105,464,889</u></u>

See accompanying notes to financial statements



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Notes to Financial Statements

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, 2010, the County implemented the provision of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. The implementation of this Statement did not have a material effect on the County's financial statements.

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



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Notes to Financial Statements

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 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



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Notes to Financial Statements

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 evidenced 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.

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.



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Notes to Financial Statements

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. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

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

The County reports the following fund types:

The internal service fund accounts for self-insured employee benefits provided to county departments on a cost-reimbursement basis.

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 in a fiduciary capacity or as an agent for individuals, private organizations, the State and various local governments.



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Notes to Financial Statements

C. Basis of Accounting

The government-wide, proprietary fund, 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.

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.

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.

The County's internal service fund follows FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The County has chosen the option not to follow FASB Statements and Interpretations issued after November 30, 1989.



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Notes to Financial Statements

D. Cash and Investments

For the purposes of its statement of cash flows, the County considers cash on hand, demand deposits, cash on deposit with the County Treasurer, and only those highly liquid investments with a maturity of 3 months or less when purchased to be cash equivalents.

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.

E. Inventories

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 are offset by a fund balance reserve to indicate that they do not constitute "available spendable resources." These inventories are stated at cost using the first-in, first-out method.

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.

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.



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Notes to Financial Statements

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

H. Investment Earnings

Investment earnings is composed of interest and dividends.

I. Compensated Absences

Compensated absences payable consists of unused annual 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 number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative. Upon retirement or death, employees who have accumulated 301 hours or more of unused sick leave and have 5 or more years of continuous service will receive a partial sick leave payment, not to exceed \$5,000, based on the number of years of continuous service. Accordingly, annual and vested sick leave benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.



NAVAJO COUNTY

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Notes to Financial Statements

Note 2 - Stewardship, Compliance, and Accountability

Deficit fund balances—At June 30, 2010, the following funds reported deficit fund balances, which violate state statutes. The following funds had fund deficits in excess of \$20,000:

Fund	Deficit
Governmental Funds:	
Special Revenue:	
Housing	\$72,047
Workforce Investment	193,764
Capital Projects:	
General Government	122,528
Debt Service:	
Special Districts	107,644

These fund deficits resulted either from operations or a carryover deficit from prior years, but are expected to be corrected through normal operations or through general fund operating transfers in future years.



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Notes to Financial Statements

Note 3 - Deposits and Investments

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds; 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 rated P1 by Moody's investors service or A1 or better by Standard and Poor's rating service.
2. Corporate bonds, debentures, and notes must be rated A or better by Moody's investors service or Standard and Poor's rating service.
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 demand deposit, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.



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Notes to Financial Statements

Concentration of credit risk

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

Interest rate risk

Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years and that public operating fund monies invested in securities and deposits have a maximum maturity of 3 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, 2010, the carrying amount of the County's deposits was \$63,358,846, which primarily consisted of money market and savings accounts, and the bank balance was \$62,379,715. The County's formal policy is to follow collateralization requirements set forth in A.R.S. §35-323 as described above.

In November 2008, the FDIC's Board of Directors established a program called the Temporary Liquidity Guarantee Program (TLGP). This program was designed to assist in the stabilization of the nation's financial system. Under the Transaction Account Guarantee (TAG) program, a component of the TLGP, the FDIC guarantees all funds held in qualifying noninterest-bearing transaction accounts at participating insured depository institutions. Effective June 22, 2010, an amendment to 12 CFR 370, in part, extended the TAG program until December 31, 2010.



NAVAJO COUNTY

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YEAR ENDED JUNE 30, 2010

Notes to Financial Statements

Investments—The County's investments at June 30, 2010, were as follows:

Investment Type	Amount
U.S. agency securities	\$60,481,830
Repurchase agreements	15,686,278
Corporate bonds	5,000,000
Bank notes	3,000,000
U.S. Treasury money market funds	<u>1,934,544</u>
	<u>\$86,102,652</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, 2010, 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	\$36,785,760
U.S. agency securities	AA Ae	Standard and Poor's	23,696,070
Repurchase agreements	Aaa	Moody's	15,686,278
Corporate bonds	AAA	Standard and Poor's	5,000,000
Bank notes	AAA	Standard and Poor's	3,000,000
U.S. Treasury money market funds	AA Am	Standard and Poor's	<u>1,934,544</u>
			<u>\$86,102,652</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, 2010, the County had \$1,934,544 of U.S. Treasury money market funds that were uninsured and held by the counterparty not in the County's name and \$15,686,278 of repurchase agreements (secured by federal agency securities) that were uninsured and held by the counterparty's trust department or agent not in the County's name.



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Notes to Financial Statements

Concentration of credit risk—The County's formal policy stipulates that the County will diversify the investment portfolio by limiting investments to avoid over-concentration in securities from a specific issuer, excluding obligations issued or guaranteed by the United States or any of the senior debt of its agencies or sponsored agencies. The County had investments at June 30, 2010, of 5 percent or more in Federal Home Loan Bank, Federal National Mortgage Association (including repurchase agreements), Federal Home Loan Mortgage Corporation, and General Electric Capital Corporation bond. These investments were 37.57 percent, 34.99 percent, 15.91 percent and 5.81 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, 2010, the County had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity (In Years)
U.S. agency securities	\$60,481,830	1.953
Repurchase agreements	15,686,278	.003
Corporate bonds	5,000,000	.523
Bank notes	3,000,000	1.923
U.S. Treasury money market funds	<u>1,934,544</u>	.003
	<u>\$86,102,652</u>	



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Notes to Financial Statements

At June 30, 2010, \$23,758,931 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. \$ 23,758,931

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 \$ 26,758,931



NAVAJO COUNTY

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Notes to Financial Statements

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

Cash, deposits, and investments:

Cash on hand	\$ 53,020
Amount of deposits	63,358,846
Amount of investments	<u>86,102,652</u>
Total	<u>\$ 149,514,518</u>

	Governmental Activities	Investment Trust Funds	Agency Funds	Total
Cash and investments	\$37,853,647	\$105,297,219	\$4,434,108	\$147,584,974
Cash and investments held by trustee	1,276,107			1,276,107
Restricted assets—cash and investments held by trustee	<u>653,437</u>	<u> </u>	<u> </u>	<u>653,437</u>
Total	<u>\$39,783,191</u>	<u>\$105,297,219</u>	<u>\$4,434,108</u>	<u>\$149,514,518</u>

Note 4 - Due from Other Governments

Amounts due from other governments at June 30, 2010, include \$957,586 in state and county sales taxes, \$410,931 in vehicle license taxes from the State of Arizona, \$703,804 in state-shared revenue from highway user taxes, and \$2,129,766 in various grants from the state and federal governments.



NAVAJO COUNTY

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YEAR ENDED JUNE 30, 2010

Notes to Financial Statements

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,439,671	\$ 30,000	\$ -	\$ 5,469,671
Construction in progress	<u>6,524,469</u>	<u>2,721,938</u>	<u>2,611,321</u>	<u>6,635,086</u>
Total capital assets not being depreciated	<u>11,964,140</u>	<u>2,751,938</u>	<u>2,611,321</u>	<u>12,104,757</u>
Capital assets being depreciated:				
Buildings and improvements	32,353,226	11,456	-	32,364,682
Infrastructure	73,042,113	1,065,396	930,675	73,176,834
Machinery and equipment	<u>25,283,610</u>	<u>551,167</u>	<u>841,817</u>	<u>24,992,960</u>
Total	<u>130,678,949</u>	<u>1,628,019</u>	<u>1,772,492</u>	<u>130,534,476</u>
Less accumulated depreciation for:				
Buildings and improvements	12,842,016	971,815	-	13,813,831
Infrastructure	27,906,846	2,318,644	400,668	29,824,822
Machinery and equipment	<u>19,055,693</u>	<u>2,131,088</u>	<u>841,817</u>	<u>20,344,964</u>
Total	<u>59,804,555</u>	<u>5,421,547</u>	<u>1,242,485</u>	<u>63,983,617</u>
Total capital assets being depreciated, net	<u>70,874,394</u>	<u>(3,793,528)</u>	<u>530,007</u>	<u>66,550,859</u>
Governmental activities capital assets, net	<u>\$ 82,838,534</u>	<u>\$(1,041,590)</u>	<u>\$3,141,328</u>	<u>\$ 78,655,616</u>



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Notes to Financial Statements

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 977,546
Public safety	1,129,236
Highways and streets	2,965,295
Health and welfare	101,123
Culture and recreation	6,474
Education	<u>241,873</u>
Total governmental activities depreciation expense	<u>\$5,421,547</u>

Note 6 - Construction and Other Significant Commitments

The County had major contractual commitments related to various capital projects at June 30, 2010, for the construction of roads and bridges. At June 30, 2010, the County had spent \$6,635,086 on these projects and had remaining contractual commitments with contractors of \$4,763,487. These projects are being primarily financed from revenue sources of the Public Works/HURF and Flood Control District Funds and revenue bond monies.



NAVAJO COUNTY

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Notes to Financial Statements

Note 7 - Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2010:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due within 1 year
Governmental activities					
Revenue bonds payable	\$6,600,000	\$ -	\$ 335,000	\$ 6,265,000	\$ 350,000
Certificates of participation payable	5,340,000	-	310,000	5,030,000	330,000
Special assessment debt with governmental commitment	1,702,213	-	185,106	1,517,107	180,117
Capital leases payable	53,687	-	28,310	25,377	25,377
Landfill closure and post-closure care costs payable	11,591	-	724	10,867	724
Compensated absences payable	<u>2,399,835</u>	<u>2,029,677</u>	<u>1,938,672</u>	<u>2,490,840</u>	<u>1,950,252</u>
Total governmental activities long-term liabilities	<u>\$16,107,326</u>	<u>\$2,029,677</u>	<u>\$2,797,812</u>	<u>\$15,339,191</u>	<u>\$2,836,470</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.



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Revenue bonds outstanding at June 30, 2010, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
Navajo County Pledged Revenue Obligations, Series 2008	\$6,600,000	2011 – 2024	3.50 – 4.00%	<u>\$6,265,000</u>

The following schedule details debt service requirements to maturity for the County's revenue bonds payable at June 30, 2010:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year ending June 30		
2011	\$ 350,000	\$ 228,585
2012	370,000	215,985
2013	380,000	202,860
2014	385,000	189,473
2015	405,000	175,648
2016-20	2,255,000	648,615
2021-24	<u>2,120,000</u>	<u>177,528</u>
Total	<u>\$6,265,000</u>	<u>\$1,838,694</u>

The County has pledged a portion of its general county sales tax revenues toward the payment of debt related to revenue bonds outstanding at June 30, 2010. At June 30, 2010, pledged revenues totaled \$8,103,694, consisting of \$6,265,000 for principal and \$1,838,694 for interest. The amount of \$575,573, or 7.10 percent of total pledged revenues, was required to cover current-year debt service. Future principal and interest payments are expected to require less than 4% of pledged sales tax revenues. Future pledged revenues required to pay all remaining debt service for revenue bonds through final maturity at July 1, 2024, is \$8,103,694.



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Notes to Financial Statements

Certificates of participation—The County has issued certificates of participation (COPs) 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, 2010, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
Navajo County, Arizona Municipal Property Corporation Jail Facility COPs, Series 2000	\$7,320,000	2010 – 2021	5.00 – 6.25%	<u>\$5,030,000</u>

The following schedule details debt service requirements to maturity for the County's certificates of participation payable at June 30, 2010:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year ending June 30		
2011	\$ 330,000	\$ 298,031
2012	355,000	278,100
2013	375,000	256,200
2014	400,000	232,950
2015	425,000	208,200
2016-20	2,530,000	606,319
2021	<u>615,000</u>	<u>19,219</u>
Total	<u>\$5,030,000</u>	<u>\$1,899,019</u>



NAVAJO COUNTY

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Notes to Financial Statements

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. Total principal and interest remaining to be paid on these bonds is \$1,893,804, payable through July 2019. At June 30, 2010, pledged revenues totaled \$1,893,804, consisting of \$1,517,107 for principal and \$376,697 for interest. The amount of \$255,735, or 13.5 percent of total pledged revenues, was required to cover current-year debt service. 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 \$1,893,804. 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, 2010
Sutter Drive	\$ 245,750	5.50%	2011-2016	\$ 122,944
Scott's Pine Tract A	184,124	6.17%	2011-2017	88,638
Shumway Road	1,150,000	5.40%	2011-2017	825,000
Bucking Horse	<u>524,000</u>	5.75%	2011-2019	<u>480,525</u>
Total	<u>\$2,103,874</u>			<u>\$1,517,107</u>



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Notes to Financial Statements

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		
2011	\$ 180,117	\$ 83,934
2012	178,154	73,890
2013	186,154	63,994
2014	198,154	53,656
2015	216,154	42,663
2016-20	<u>558,374</u>	<u>58,560</u>
Total	<u>\$1,517,107</u>	<u>\$376,697</u>

Compensated absences—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2010, 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.



NAVAJO COUNTY

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Notes to Financial Statements

Note 8 - 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; but was unable to obtain insurance at a cost it considered to be economically justifiable. Therefore, the County joined and is covered by two public entity risk pools: the Arizona Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool, which are described below.

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 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

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Notes to Financial Statements June 30, 2010

On July 1, 2009, the County terminated the Navajo County Employee Benefit Trust (NCEBT), which had been created to provide and administer a self-insured program for employee health benefits. On that date, the County transferred the assets and liabilities of the NCEBT, which was accounted for as an internal service fund, to the General Fund as provided by A.R.S. §11-981. The County paid the NCEBT's liabilities for reported but unpaid claims and for claims incurred but not reported prior to July 1, 2009, from the General Fund. These claims were paid as of June 30, 2010. Also on July 1, 2009, Navajo County joined the Public Employers Health Pool (APEHP), formerly 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.



NAVAJO COUNTY

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Notes to Financial Statements

Note 9 - Operating Leases

The County leases office space and land under the provisions of various long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases were \$94,088 for the year ended June 30, 2010. The operating leases have remaining noncancelable terms from 1 to 15 years and provide renewal options. The future minimum payments required under the operating leases at June 30, 2010, were as follows:

Year ending June 30	Governmental Activities
2011	\$ 71,426
2012	39,137
2013	31,486
2014	31,486
2015	31,486
2016 – 2020	123,000
2021 – 2025	<u>123,000</u>
Total minimum lease payments	<u>\$451,021</u>



NAVAJO COUNTY

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Notes to Financial Statements

Note 10 - 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 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 five-member board, known as The Fund Manager, 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 CORP is governed by The Fund Manager of PSPRS and participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.



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Notes to Financial Statements

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 Fund Manager 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.

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, 2010, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.4 percent (9.0 percent for retirement and 0.4 percent long-term disability) of the members' annual covered payroll and the County was required by statute to contribute at the actuarially determined rate of 9.4 percent (8.34 percent for retirement, 0.66 percent for health insurance premium, and 0.4 percent for long-term disability) of the members' annual covered payroll.



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

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ended June 30			
2010	\$1,506,523	\$119,282	\$72,330
2009	1,478,102	177,573	92,498
2008	1,402,691	182,620	87,106

Agent plans—For the year ended June 30, 2010, 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 21.11 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 0.81 percent of covered payroll. Active CORP members were required by statute to contribute 8.41 percent of the members' annual covered payroll. In addition, the County was required to contribute 6.96 percent. 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 0.53 percent of covered payroll. 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 14.25 percent of the members' annual covered payroll. The health insurance premium portion of the contribution rate was actuarially set at 1.89 percent of covered payroll.

Actuarial methods and assumptions—The contribution requirements for the year ended June 30, 2010, were established by the June 30, 2008, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.



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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 2010 contribution requirements, are as follows:

Actuarial valuation date	June 30, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	28 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	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



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Notes to Financial Statements

Annual Pension/OPEB Cost—The County's pension/OPEB cost for the agent plans for the year ended June 30, 2010, and related information follows:

	PSPRS		CORP		EORP	
	Pension	Health Insurance	Pension	Health Insurance	Pension	Health Insurance
Annual pension/ OPEB costs	\$413,594	\$16,032	\$122,623	\$10,107	\$193,294	\$29,557
Contributions made	413,594	16,032	122,623	10,107	193,294	29,557

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



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Notes to Financial Statements

Plan	Year Ended June 30	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/OPEB Obligation
PSPRS				
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
Pension	2008	334,908	100%	0
Health insurance	2008	11,838	100%	0
CORP				
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
Pension	2008	68,860	100%	0
Health insurance	2008	8,514	100%	0
EORP				
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
Pension	2008	178,061	100%	0
Health insurance	2008	15,858	100%	0



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Notes to Financial Statements

Funded Status—The funded status of the plans as of the most recent valuation date, June 30, 2010, along with the actuarial assumptions and methods used in those valuations follow. 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 Fund Manager 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.

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Actuarial accrued liability (a)	\$11,424,640	\$265,433	\$2,580,501	\$113,737
Actuarial value of assets (b)	6,141,516	-	2,789,103	-
Unfunded actuarial accrued liability (funding excess) (a) – (b)	5,283,124	265,433	(208,602)	113,737
Funded ratio (b)/(a)	53.8%	0.0%	108.1%	0.0%
Covered payroll (c)	\$2,056,308	\$2,056,308	\$1,700,382	\$1,700,382
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a) - (b))/(c))	256.9%	12.9%	(12.3%)	6.7%



NAVAJO COUNTY

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Notes to Financial Statements

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, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	26 years for underfunded, 20 years for overfunded
Asset valuation method	7-year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases	5.5–8.5% for PSPRS and CORP; 5.00% for EORP
includes inflation at	5.50% for PSPRS and CORP; 5.00% for EORP



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Notes to Financial Statements

Note 11 - Interfund Balances and Activity

Interfund receivables and payables—Interfund balances at June 30, 2010, were as follows:

Payable from	Payable to			
	General Fund	Public Works/ HURF Fund	Other Governmental Funds	Total
General Fund	-	-	\$ 6,001	\$ 6,001
Flood Control District Fund	-	\$274,479	-	274,479
Other Governmental Funds	<u>\$2,426,916</u>	<u>-</u>	<u>250,991</u>	<u>2,677,907</u>
Total	<u>\$2,426,916</u>	<u>\$274,479</u>	<u>\$256,992</u>	<u>\$2,958,387</u>

The interfund balances resulted from time lags between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances are expected to be paid in one year.



NAVAJO COUNTY

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Notes to Financial Statements

Interfund transfers—Interfund transfers for the year ended June 30, 2010, were as follows:

Transfers to					
<u>Transfer from</u>	<u>General Fund</u>	<u>Public Works/HURF Fund</u>	<u>Other Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
General Fund	-	\$ 5,000	\$1,783,697	\$ 550,000	\$ 2,338,697
Public Works/HURF Fund	\$ 787,506	-	-	-	787,506
Flood Control District Fund	190,756	137,240	-	-	327,996
Other Governmental Funds	706,457	-	2,248,710	-	2,955,167
Internal Service Fund	<u>2,189,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,189,115</u>
Total	<u>\$3,873,834</u>	<u>\$142,240</u>	<u>\$4,032,407</u>	<u>\$550,000</u>	<u>\$8,598,481</u>

In addition to the above interfund transfers, the general fund transferred \$380,236 to the agency funds to correctly report balances held in an agency capacity. Further, transfers between the general fund and internal service fund were for the closeout of the internal service fund during the year.

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.



NAVAJO COUNTY

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YEAR ENDED JUNE 30, 2010

Notes to Financial Statements

Note 12 - County Treasurer's Investment Pool

Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The Treasurer has a fiduciary responsibility to administer those and the County's monies under 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 \$1,636,416 in deposits and \$1,929,544 of investments in U.S. Treasury money market funds. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks. See Note 3 for disclosure of the County's deposit and investment risks.

Details of each major investment classification follow:



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Notes to Financial Statements

Investment Type	Principal	Interest	Maturities	Amount
		Rates		
U.S. agency securities	\$60,481,830	1.125% - 3.75%	07/10 – 06/15	\$60,481,830
Repurchase agreements	15,686,278	.10%	07/10	15,686,278
Corporate bonds	5,000,000	1.625%	01/11	5,000,000
Bank notes	3,000,000	Variable	06/12	3,000,000
U.S. Treasury money market funds	5,000	.02%	N/A	5,000

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

Statement of Net Assets

Assets	\$146,134,869
Liabilities	<u>4,454,984</u>
Net assets	<u>\$141,679,885</u>

Net assets held in trust for:

Internal participants	\$ 36,214,996
External participants	<u>105,464,889</u>
Total net assets held in trust	<u>\$141,679,885</u>

Statement of Changes in Net Assets

Total additions	\$366,074,117
Total deductions	<u>356,860,473</u>
Net increase	9,213,644
Net assets held in trust:	
July 1, 2009	<u>132,466,241</u>
June 30, 2010	<u>\$141,679,885</u>

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NAVAJO COUNTY
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OTHER REQUIRED
SUPPLEMENTARY INFORMATION



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 6,317,367	\$ 6,397,385	\$ 80,018
Licenses and permits	589,821	454,494	(135,327)
Fines and forfeits	921,800	1,087,357	165,557
Intergovernmental	21,056,585	20,545,394	(511,191)
Charges for services	802,701	1,012,452	209,751
Investment earnings	124,282	76,000	(48,282)
Miscellaneous	620,488	519,338	(101,150)
Total revenues	30,433,044	30,092,420	(340,624)
Expenditures:			
General government			
Board of Supervisors/Administration	2,808,074	2,275,796	532,278
Buildings and Grounds	1,950,946	1,710,928	240,018
Elections	632,162	294,120	338,042
Planning and Zoning	539,246	435,071	104,175
Recorder	274,487	211,093	63,394
Voter Registration	201,383	176,344	25,039
Assessor	1,279,006	1,178,060	100,946
Information Technology	1,120,048	730,462	389,586
Treasurer	448,466	421,748	26,718
Personnel Commission	17,515	9,693	7,822
County-wide	1,903,854	1,541,156	362,698
Legal Defender	393,517	378,195	15,322
County Attorney	2,272,528	2,193,109	79,419
Superior Court	2,773,135	2,713,390	59,745
Public Defender	1,090,356	804,601	285,755
Clerk of the Court	1,302,297	1,116,734	185,563
Holbrook Justice Court	334,869	329,513	5,356
Winslow Justice Court	307,666	308,868	(1,202)
Snowflake Justice Court	378,674	372,915	5,759
Show Low Justice Court	287,204	280,262	6,942
Pinetop Justice Court	340,811	330,501	10,310
Kayenta Justice Court	104,227	106,896	(2,669)
Kayenta Constable	26,629	25,525	1,104

See accompanying note to budgetary comparison schedule.



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

(Continued)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Pinetop Constable	\$ 46,913	\$ 51,186	\$ (4,273)
Snowflake Constable	28,672	28,686	(14)
Holbrook Constable	26,671	26,447	224
Winslow Constable	28,976	31,529	(2,553)
Show Low Constable	47,425	47,244	181
Total general government	<u>20,965,757</u>	<u>18,130,072</u>	<u>2,835,685</u>
Public safety			
Juvenile Detention	1,072,529	1,052,456	20,073
Juvenile Probation	455,308	410,905	44,403
Adult Probation	587,219	529,997	57,222
Jail Operations	6,832,252	5,370,488	1,461,764
Sheriff	6,093,401	4,862,526	1,230,875
Total public safety	<u>15,040,709</u>	<u>12,226,372</u>	<u>2,814,337</u>
Health and welfare			
Public Fiduciary	447,795	389,820	57,975
Indigent Health	3,398,400	2,881,989	516,411
Total health and welfare	<u>3,846,195</u>	<u>3,271,809</u>	<u>574,386</u>
Education			
School Superintendent	<u>327,592</u>	<u>323,717</u>	<u>3,875</u>
Capital outlay			
Capital outlay	500,000	80,143	419,857
Construction projects	500,000	1,532	498,468
Total capital outlay	<u>1,000,000</u>	<u>81,675</u>	<u>918,325</u>

See accompanying note to budgetary comparison schedule.



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

(Continued)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Contingency	\$ 4,000,000	\$ -	\$ 4,000,000
Total expenditures	45,180,253	34,033,645	11,146,608
Excess (deficiency) of revenues over expenditures	(14,747,209)	(3,941,225)	10,805,984
Other financing sources (uses):			
Sale of capital assets	-	95,036	95,036
Transfers in	5,491,534	3,873,834	(1,617,700)
Transfers out	(2,595,249)	(2,718,933)	(123,684)
Total other financing sources and uses	2,896,285	1,249,937	(1,646,348)
Net change in fund balances	(11,850,924)	(2,691,288)	9,159,636
Fund balances, July 1, 2009	11,850,924	10,433,374	(1,417,550)
Fund balances, June 30, 2010	\$ -	\$ 7,742,086	\$ 7,742,086

See accompanying note to budgetary comparison schedule.



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Required Supplementary Information

Budgetary Comparison Schedule

Public Works/HURF Fund

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 13,179,750	\$ 15,032,384	\$ 1,852,634
Charges for services	-	39,249	39,249
Investment earnings	201,000	81,289	(119,711)
Miscellaneous	216,000	235,037	19,037
Total revenues	<u>13,596,750</u>	<u>15,387,959</u>	<u>1,791,209</u>
Expenditures:			
Highways and streets	<u>18,080,565</u>	<u>9,888,985</u>	<u>8,191,580</u>
Total expenditures	<u>18,080,565</u>	<u>9,888,985</u>	<u>8,191,580</u>
Excess (deficiency) of revenues over expenditures	<u>(4,483,815)</u>	<u>5,498,974</u>	<u>9,982,789</u>
Other financing sources (uses):			
Sale of capital assets	-	20,201	20,201
Transfers in	-	142,240	142,240
Transfers out	<u>(787,506)</u>	<u>(787,506)</u>	<u>-</u>
Total other financing sources and uses	<u>(787,506)</u>	<u>(625,065)</u>	<u>162,441</u>
Net change in fund balances	<u>(5,271,321)</u>	<u>4,873,909</u>	<u>10,145,230</u>
Fund balances, July 1, 2009	5,271,321	7,516,396	2,245,075
Increase in reserve for inventories	-	41,280	41,280
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ 12,431,585</u>	<u>\$ 12,431,585</u>

See accompanying note to budgetary comparison schedule.



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Required Supplementary Information

Budgetary Comparison Schedule

Flood Control District Fund

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 2,695,827	\$ 2,742,386	\$ 46,559
Investment earnings	154,753	66,694	(88,059)
Total revenues	<u>2,850,580</u>	<u>2,809,080</u>	<u>(41,500)</u>
Expenditures:			
Public safety	<u>7,426,697</u>	<u>817,477</u>	<u>6,609,220</u>
Total expenditures	<u>7,426,697</u>	<u>817,477</u>	<u>6,609,220</u>
Excess (deficiency) of revenues over expenditures	<u>(4,576,117)</u>	<u>1,991,603</u>	<u>6,567,720</u>
Other financing sources (uses):			
Transfers out	<u>(190,756)</u>	<u>(327,996)</u>	<u>(137,240)</u>
Total other financing sources and uses	<u>(190,756)</u>	<u>(327,996)</u>	<u>(137,240)</u>
Net change in fund balances	<u>(4,766,873)</u>	<u>1,663,607</u>	<u>6,430,480</u>
Fund balances, July 1, 2009	<u>4,766,873</u>	<u>6,937,255</u>	<u>2,170,382</u>
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ 8,600,862</u>	<u>\$ 8,600,862</u>

See accompanying note to budgetary comparison schedule.



NAVAJO COUNTY

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YEAR ENDED JUNE 30, 2010

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.

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

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YEAR ENDED JUNE 30, 2010

Required Supplementary Information Schedule of Agent Retirement Plans' Funding Progress

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						
6/30/10	\$6,141,516	\$11,424,640	\$(5,283,124)	53.8	\$2,056,308	256.9%
Health Insurance						
6/30/10	-	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	-	272,996	(272,996)	0.0	2,098,902	13.0
Pension						
6/30/08	5,911,599	9,957,770	(4,046,171)	59.4	2,033,947	198.9
Health Insurance						
6/30/08	-	372,652	(372,652)	0.0	2,033,947	18.3



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Required Supplementary Information Schedule of Agent Retirement Plans' Funding Progress

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
Pension						
6/30/10	\$2,789,103	\$2,580,501	\$208,602	108.1%	\$1,700,382	N/A
Health Insurance						
6/30/10	-	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	-	115,931	(115,931)	0.0	1,955,474	5.9
Pension						
6/30/08	2,100,462	1,948,603	151,859	107.8	1,743,730	N/A
Health Insurance						
6/30/08	-	80,646	(80,646)	0.0	1,743,730	4.6



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Required Supplementary Information Schedule of Agent Retirement Plans' Funding Progress

Note 1 - Actuarial Information Available

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 Fund Manager 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, 2010

Nonmajor Governmental Funds	
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. 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 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 federal and state grants and a secondary property tax levy.
Probation	Accounts for Adult and Juvenile Probation programs and services provided in coordination with the State's Superior Court System. Funding sources include state grants and fees paid by probationers.



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Nonmajor Governmental Funds	
Special Revenue Funds	
Public Defense	Accounts for the public defense of criminal cases including public defense enhancement funds. Funding sources include statutory fees and other surcharges related to public defense.
Public Health	Accounts for a variety of health service and education programs including Bio-Terrorism, Women, Infants and Children (WIC), Nutrition, Tobacco, Dental and 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.
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 Rainbow Accommodation School, juvenile detention Hope School, Special Services Consortium and unincorporated 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.



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Nonmajor Governmental Funds	
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	Account for the accumulation of resources for payment of principal and interest on the 2000 Series Certificates of Participation jail construction bonds and 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 Holbrook complex. 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, Madison Lane, Scott's Pine Meadow, Shumway Road, Bucking Horse, Wild Cat Way, Beaver Dam and North Whistle Stop Loop County Road Improvement Districts. Funding sources are secondary property taxes assessed the benefiting property owners within the district boundaries.



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Combining Balance Sheet Nonmajor Governmental Funds

	Special Revenue			
	Administration	County Attorney	Courts	Environmental and Conservation
Assets				
Cash and investments	\$ 1,819,183	\$ 1,470,570	\$ 1,347,167	\$ 175,581
Cash and investments held by trustee	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Accrued interest	2,122	1,691	1,637	207
Other	-	-	-	-
Due from other funds	12,060	4,147	190,672	-
Due from other governments	30,950	149,610	-	15,000
Prepaid items	-	-	-	-
Restricted assets:				
Cash and investments held by trustee	-	-	-	-
Total assets	\$ 1,864,315	\$ 1,626,018	\$ 1,539,476	\$ 190,788
Liabilities and fund balance				
Liabilities:				
Accounts payable	\$ 107,658	\$ 38,216	\$ 36,906	\$ 18,708
Accrued payroll & employee benefits	3,535	43,092	23,232	-
Due to other funds	273,152	382,699	290,046	26,554
Deferred revenues	-	-	-	-
Total liabilities	384,345	464,007	350,184	45,262
Fund balances:				
Unreserved, reported in				
Special revenue funds	1,479,970	1,162,011	1,189,292	145,526
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Total fund balances(deficits)	1,479,970	1,162,011	1,189,292	145,526
Total liabilities and fund balances	\$ 1,864,315	\$ 1,626,018	\$ 1,539,476	\$ 190,788



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Combining Balance Sheet Nonmajor Governmental Funds (Continued)

	Special Revenue				
	Housing	Library District	Probation	Public Defense	Public Health
Assets					
Cash and investments	\$ 2,855	\$ 371,828	\$ 675,376	\$ 475,895	\$ 830,553
Cash and investments held by trustee	-	-	-	-	-
Receivables:					
Property taxes	-	33,448	-	-	131,619
Accrued interest	3	442	829	553	3,269
Other	-	-	-	-	-
Due from other funds	-	4,132	37,226	-	1,533
Due from other governments	244,955	18,070	-	-	183,568
Prepaid items	-	-	-	-	-
Restricted assets:					
Cash and investments held by trustee	-	-	-	-	-
Total assets	\$ 247,813	\$ 427,920	\$ 713,431	\$ 476,448	\$ 1,150,542
Liabilities and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ 26,176	72,099	\$ 13,537	\$ 52,694
Accrued payroll & employee benefits	-	7,811	68,067	930	79,569
Due to other funds	319,860	66,531	41,523	6,594	270,466
Deferred revenues	-	24,545	-	-	96,710
Total liabilities	319,860	125,063	181,689	21,061	499,439
Fund balances:					
Unreserved, reported in					
Special revenue funds	(72,047)	302,857	531,742	455,387	651,103
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total fund balances(deficits)	(72,047)	302,857	531,742	455,387	651,103
Total liabilities and fund balances	\$ 247,813	\$ 427,920	\$ 713,431	\$ 476,448	\$ 1,150,542



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Combining Balance Sheet Nonmajor Governmental Funds (Continued)

	Special Revenue			
	Recreation	Sheriff's Office	Special Districts	Superintendent of Schools
Assets				
Cash and investments	\$ 85,083	\$ 864,319	\$ 732,245	\$ 2,922,206
Cash and investments held by trustee	-	-	-	-
Receivables:				
Property taxes	37,691	-	6,061	-
Accrued interest	107	2,533	852	3,391
Other	-	-	-	-
Due from other funds	-	2,260	-	-
Due from other governments	-	31,607	-	735,242
Prepaid items	-	-	-	45,569
Restricted assets:				
Cash and investments held by trustee	-	-	-	-
Total assets	<u>\$ 122,881</u>	<u>\$ 900,719</u>	<u>\$ 739,158</u>	<u>\$ 3,706,408</u>
Liabilities and fund balance				
Liabilities:				
Accounts payable	\$ 12,181	\$ 100,168	\$ 1,201	\$ 28,328
Accrued payroll & employee benefits	-	3,289	-	-
Due to other funds	-	196,869	127,627	-
Deferred revenues	31,677	-	5,359	-
Total liabilities	<u>43,858</u>	<u>300,326</u>	<u>134,187</u>	<u>28,328</u>
Fund balances:				
Unreserved, reported in				
Special revenue funds	79,023	600,393	604,971	3,678,080
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Total fund balances(deficits)	<u>79,023</u>	<u>600,393</u>	<u>604,971</u>	<u>3,678,080</u>
Total liabilities and fund balances	<u>\$ 122,881</u>	<u>\$ 900,719</u>	<u>\$ 739,158</u>	<u>\$ 3,706,408</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Combining Balance Sheet Nonmajor Governmental Funds (Continued)

	Special Revenue	Capital Projects		
	Workforce Investment Act	General Government	Public Health	Special Districts
Assets				
Cash and investments	\$ 191,035	\$ -	\$ -	\$ 215,872
Cash and investments held by trustee	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Accrued interest	222	-	-	251
Other	-	-	-	-
Due from other funds	4,962	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
Restricted assets:				
Cash and investments held by trustee	-	-	-	-
Total assets	\$ 196,219	\$ -	\$ -	\$ 216,123
Liabilities and fund balance				
Liabilities:				
Accounts payable	\$ 10,625	\$ -	\$ -	\$ -
Accrued payroll & employee benefits	7,111	-	-	-
Due to other funds	372,247	122,528	-	17,263
Deferred revenues	-	-	-	-
Total liabilities	389,983	122,528	-	17,263
Fund balances:				
Unreserved, reported in				
Special revenue funds	(193,764)	-	-	-
Capital projects funds	-	(122,528)	-	198,860
Debt service funds	-	-	-	-
Total fund balances(deficits)	(193,764)	(122,528)	-	198,860
Total liabilities and fund balances	\$ 196,219	\$ -	\$ -	\$ 216,123



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Combining Balance Sheet Nonmajor Governmental Funds (Continued)

	Debt Service			Total Nonmajor Governmental Funds
	General Government	Jail	Special Districts	
Assets				
Cash and investments	\$ -	\$ 427,561	\$ 56,178	12,663,507
Cash and investments held by trustee	467,355	483,656	-	951,011
Receivables:				
Property taxes	-	-	26,762	235,581
Accrued interest	-	497	65	18,671
Other	-	-	-	256,992
Due from other funds	-	-	-	1,409,002
Due from other governments	-	-	-	45,569
Prepaid items	-	-	-	-
Restricted assets:				
Cash and investments held by trustee	-	653,437	-	653,437
Total assets	\$ 467,355	\$ 1,565,151	\$ 83,005	\$ 16,233,770
Liabilities and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	518,497
Accrued payroll & employee benefits	-	-	-	236,636
Due to other funds	-	-	163,948	2,677,907
Deferred revenues	-	-	26,701	184,992
Total liabilities	-	-	190,649	3,618,032
Fund balances:				
Unreserved, reported in				
Special revenue funds	-	-	-	10,614,544
Capital projects funds	-	-	-	76,332
Debt service funds	467,355	1,565,151	(107,644)	1,924,862
Total fund balances(deficits)	467,355	1,565,151	(107,644)	12,615,738
Total liabilities and fund balances	\$ 467,355	\$ 1,565,151	\$ 83,005	\$ 16,233,770



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

	Special Revenue			
	Administration	County Attorney	Courts	Environmental and Conservation
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines and forfeits	-	191,875	-	-
Intergovernmental	1,194,271	1,497,632	445,680	195,574
Charges for services	203,412	69,510	554,732	-
Investment earnings	8,868	3,604	10,276	1,064
Special assessments	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	57,752	133,934	9,491	18,941
Total revenues	<u>1,464,303</u>	<u>1,896,555</u>	<u>1,020,179</u>	<u>215,579</u>
Expenditures:				
General government	430,625	1,945,698	898,972	-
Public safety	53,634	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Education	645,715	-	-	-
Environmental and conservation	-	-	-	237,032
Urban redevelopment and housing	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>1,129,974</u>	<u>1,945,698</u>	<u>898,972</u>	<u>237,032</u>
Excess (deficiency) of revenues over expenditures	334,329	(49,143)	121,207	(21,453)
Other financing sources (uses):				
Special assessment bonds issued	-	-	-	-
Transfers in	18,000	1,164	195,656	-
Transfers out	(95,647)	(1,164)	(204,327)	(226,070)
Total other financing sources (uses)	<u>(77,647)</u>	<u>-</u>	<u>(8,671)</u>	<u>(226,070)</u>
Net change in fund balances	256,682	(49,143)	112,536	(247,523)
Fund balances (deficits), July 1, 2009	<u>1,223,288</u>	<u>1,211,154</u>	<u>1,076,756</u>	<u>393,049</u>
Fund balances (deficits), June 30, 2010	<u>\$ 1,479,970</u>	<u>\$ 1,162,011</u>	<u>\$ 1,189,292</u>	<u>\$ 145,526</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds (Continued)

	Special Revenue			
	Housing	Library District	Probation	Public Defense
Revenues:				
Property taxes	\$ -	\$ 547,247	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines and forfeits	-	-	238	-
Intergovernmental	305,647	122,207	2,261,711	131,359
Charges for services	-	-	368,712	29,455
Investment earnings	-	2,557	5,041	3,929
Special assessments	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	13,408	184	58
Total revenues	<u>305,647</u>	<u>685,419</u>	<u>2,635,886</u>	<u>164,801</u>
Expenditures:				
General government	-	-	-	133,857
Public safety	-	-	2,543,334	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	586,121	-	-
Education	-	-	-	-
Environmental and conservation	-	-	-	-
Urban redevelopment and housing	307,208	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>307,208</u>	<u>586,121</u>	<u>2,543,334</u>	<u>133,857</u>
Excess (deficiency) of revenues over expenditures	(1,561)	99,298	92,552	30,944
Other financing sources (uses):				
Special assessment bonds issued	-	-	-	-
Transfers in	-	-	18,108	-
Transfers out	-	(104,528)	(5,169)	(968)
Total other financing sources (uses)	<u>-</u>	<u>(104,528)</u>	<u>12,939</u>	<u>(968)</u>
Net change in fund balances	(1,561)	(5,230)	105,491	29,976
Fund balances (deficits), July 1, 2009	<u>(70,486)</u>	<u>308,087</u>	<u>426,251</u>	<u>425,411</u>
Fund balances (deficits), June 30, 2010	<u>\$ (72,047)</u>	<u>\$ 302,857</u>	<u>\$ 531,742</u>	<u>\$ 455,387</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds (Continued)

	Special Revenue			
	Public Health	Recreation	Sheriff's Office	Special Districts
Revenues:				
Property taxes	\$ 2,148,295	\$ 154,333	\$ -	\$ 106,286
Licenses and permits	165,169	-	-	-
Fines and forfeits	-	-	57,132	-
Intergovernmental	1,499,862	-	1,028,746	-
Charges for services	50,325	-	19,398	-
Investment earnings	22,009	759	5,137	2,365
Special assessments	-	-	-	122,249
Contributions	31,141	-	-	-
Miscellaneous	8,009	375	40,100	71,570
Total revenues	<u>3,924,810</u>	<u>155,467</u>	<u>1,150,513</u>	<u>302,470</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	1,197,310	-
Highways and streets	-	-	-	160,733
Health and welfare	3,680,591	-	-	-
Culture and recreation	-	154,470	-	-
Education	-	-	-	-
Environmental and conservation	-	-	-	-
Urban redevelopment and housing	-	-	-	-
Debt Service				
Principal	-	-	28,310	-
Interest and other charges	-	-	2,519	-
Total expenditures	<u>3,680,591</u>	<u>154,470</u>	<u>1,228,139</u>	<u>160,733</u>
Excess (deficiency) of revenues over expenditures	244,219	997	(77,626)	141,737
Other financing sources (uses):				
Special assessment bonds issued	-	-	-	-
Transfers in	211,175	-	10,326	85,280
Transfers out	(2,229,576)	-	(812)	(85,280)
Total other financing sources (uses)	<u>(2,018,401)</u>	<u>-</u>	<u>9,514</u>	<u>-</u>
Net change in fund balances	(1,774,182)	997	(68,112)	141,737
Fund balances (deficits), July 1, 2009	<u>2,425,285</u>	<u>78,026</u>	<u>668,505</u>	<u>463,234</u>
Fund balances (deficits), June 30, 2010	<u>\$ 651,103</u>	<u>\$ 79,023</u>	<u>\$ 600,393</u>	<u>\$ 604,971</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds (Continued)

	Special Revenue		Capital Projects	
	Superintendent of Schools	Workforce Investment Act	General Government	Public Health
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines and forfeits	-	-	-	-
Intergovernmental	5,119,099	272,887	-	-
Charges for services	-	-	-	-
Investment earnings	25,405	-	-	-
Special assessments	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	160,066	2,200	-	-
Total revenues	<u>5,304,570</u>	<u>275,087</u>	<u>-</u>	<u>-</u>
Expenditures:				
General government	-	-	122,528	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	424,580	-	1,929,820
Culture and recreation	-	-	-	-
Education	5,169,631	-	-	-
Environmental and conservation	-	-	-	-
Urban redevelopment and housing	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>5,169,631</u>	<u>424,580</u>	<u>122,528</u>	<u>1,929,820</u>
Excess (deficiency) of revenues over expenditures	134,939	(149,493)	(122,528)	(1,929,820)
Other financing sources (uses):				
Special assessment bonds issued	-	-	-	-
Transfers in	-	1,626	-	1,929,820
Transfers out	-	(1,626)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,929,820</u>
Net change in fund balances	134,939	(149,493)	(122,528)	-
Fund balances (deficits), July 1, 2009	<u>3,543,141</u>	<u>(44,271)</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), June 30, 2010	<u>\$ 3,678,080</u>	<u>\$ (193,764)</u>	<u>\$ (122,528)</u>	<u>\$ -</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds (Continued)

	Capital Projects		Debt Service		Total Nonmajor Governmental Funds
	Special Districts	General Government	Jail	Special Districts	
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ 198,376	\$ 3,154,537
Licenses and permits	-	-	-	-	165,169
Fines and forfeits	-	-	-	-	249,245
Intergovernmental	-	-	-	-	14,074,675
Charges for services	-	-	-	-	1,295,544
Investment earnings	2,293	-	4,919	538	98,764
Special assessments	-	-	-	10,932	133,181
Contributions	-	-	-	-	31,141
Miscellaneous	-	-	-	2,848	518,936
Total revenues	<u>2,293</u>	<u>-</u>	<u>4,919</u>	<u>212,694</u>	<u>19,721,192</u>
Expenditures:					
General government	-	-	-	-	3,531,680
Public safety	-	-	-	-	3,794,278
Highways and streets	-	-	-	38,111	198,844
Health and welfare	-	-	-	-	6,034,991
Culture and recreation	-	-	-	-	740,591
Education	-	-	-	-	5,815,346
Environmental and conservation	-	-	-	-	237,032
Urban redevelopment and housing	-	-	-	-	307,208
Debt Service					
Principal	-	335,000	310,000	185,106	858,416
Interest and other charges	-	246,314	319,541	108,879	677,253
Total expenditures	<u>-</u>	<u>581,314</u>	<u>629,541</u>	<u>332,096</u>	<u>22,195,639</u>
Excess (deficiency) of revenues over expenditures	2,293	(581,314)	(624,622)	(119,402)	(2,474,447)
Other financing sources (uses):					
Transfers in	-	1,171,252	390,000	-	4,032,407
Transfers out	-	-	-	-	(2,955,167)
Total other financing sources (uses)	<u>-</u>	<u>1,171,252</u>	<u>390,000</u>	<u>-</u>	<u>1,077,240</u>
Net change in fund balances	2,293	589,938	(234,622)	(119,402)	(1,397,207)
Fund balances (deficits), July 1, 2009	<u>196,567</u>	<u>(122,583)</u>	<u>1,799,773</u>	<u>11,758</u>	<u>14,012,945</u>
Fund balances (deficits), June 30, 2010	<u>\$ 198,860</u>	<u>\$ 467,355</u>	<u>\$ 1,565,151</u>	<u>\$ (107,644)</u>	<u>\$ 12,615,738</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedule

Special Revenue - Administration

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 4,808,971	\$ 1,194,271	\$ (3,614,700)
Charges for services	198,797	203,412	4,615
Investment earnings	-	8,868	8,868
Miscellaneous	111,500	57,752	(53,748)
Total revenues	<u>5,119,268</u>	<u>1,464,303</u>	<u>(3,654,965)</u>
Expenditures:			
General government	5,562,847	430,625	5,132,222
Public safety	10,654	53,634	(42,980)
Education	2,210,350	645,715	1,564,635
Total expenditures	<u>7,783,851</u>	<u>1,129,974</u>	<u>6,653,877</u>
Excess (deficiency) of revenues over expenditures	<u>(2,664,583)</u>	<u>334,329</u>	<u>2,998,912</u>
Other financing sources (uses):			
Transfers in	18,000	18,000	-
Transfers out	(18,000)	(95,647)	(77,647)
Total other financing sources and uses	<u>-</u>	<u>(77,647)</u>	<u>(77,647)</u>
Net change in fund balances	(2,664,583)	256,682	2,921,265
Fund balances, July 1, 2009	<u>2,664,583</u>	<u>1,223,288</u>	<u>(1,441,295)</u>
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ 1,479,970</u>	<u>\$ 1,479,970</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedule

Special Revenue - County Attorney

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	\$ 190,000	\$ 191,875	\$ 1,875
Intergovernmental	1,687,315	1,497,632	(189,683)
Charges for services	30,050	69,510	39,460
Investment earnings	5,000	3,604	(1,396)
Miscellaneous	21,700	133,934	112,234
Total revenues	<u>1,934,065</u>	<u>1,896,555</u>	<u>(37,510)</u>
Expenditures:			
General government	<u>3,206,874</u>	<u>1,945,698</u>	<u>1,261,176</u>
Total expenditures	<u>3,206,874</u>	<u>1,945,698</u>	<u>1,261,176</u>
Excess (deficiency) of revenues over expenditures	<u>(1,272,809)</u>	<u>(49,143)</u>	<u>1,223,666</u>
Other financing sources (uses):			
Transfers in	550,040	1,164	(548,876)
Transfers out	<u>(403,157)</u>	<u>(1,164)</u>	<u>401,993</u>
Total other financing sources and uses	<u>146,883</u>	<u>-</u>	<u>(146,883)</u>
Net change in fund balances	(1,125,926)	(49,143)	1,076,783
Fund balances, July 1, 2009	<u>1,125,926</u>	<u>1,211,154</u>	<u>85,228</u>
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ 1,162,011</u>	<u>\$ 1,162,011</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedule

Special Revenue - Courts

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 500,866	\$ 445,680	\$ (55,186)
Charges for services	389,939	554,732	164,793
Investment earnings	2,400	10,276	7,876
Miscellaneous	-	9,491	9,491
Total revenues	<u>893,205</u>	<u>1,020,179</u>	<u>126,974</u>
Expenditures:			
General government	<u>1,956,501</u>	<u>898,972</u>	<u>1,057,529</u>
Total expenditures	<u>1,956,501</u>	<u>898,972</u>	<u>1,057,529</u>
Excess (deficiency) of revenues over expenditures	<u>(1,063,296)</u>	<u>121,207</u>	<u>1,184,503</u>
Other financing sources (uses):			
Transfers in	600,000	195,656	(404,344)
Transfers out	<u>(800,000)</u>	<u>(204,327)</u>	<u>595,673</u>
Total other financing sources and uses	<u>(200,000)</u>	<u>(8,671)</u>	<u>191,329</u>
Net change in fund balances	(1,263,296)	112,536	1,375,832
Fund balances, July 1, 2009	<u>1,263,296</u>	<u>1,076,756</u>	<u>(186,540)</u>
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ 1,189,292</u>	<u>\$ 1,189,292</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedule

Special Revenue - Environmental and Conservation

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 173,276	\$ 195,574	\$ 22,298
Investment earnings	6,724	1,064	(5,660)
Miscellaneous	-	18,941	18,941
Total revenues	<u>180,000</u>	<u>215,579</u>	<u>35,579</u>
Expenditures:			
Environmental and conservation	<u>421,338</u>	<u>237,032</u>	<u>184,306</u>
Total expenditures	<u>421,338</u>	<u>237,032</u>	<u>184,306</u>
			-
Excess (deficiency) of revenues over expenditures	<u>(241,338)</u>	<u>(21,453)</u>	<u>219,885</u>
Other financing sources (uses):			
Transfers out	<u>(229,670)</u>	<u>(226,070)</u>	<u>3,600</u>
Total other financing sources and uses	<u>(229,670)</u>	<u>(226,070)</u>	<u>3,600</u>
Net change in fund balances	(471,008)	(247,523)	223,485
Fund balances, July 1, 2009	<u>471,008</u>	<u>393,049</u>	<u>(77,959)</u>
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ 145,526</u>	<u>\$ 145,526</u>



NAVAJO COUNTY

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YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedule

Special Revenue - Housing

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 70,734	\$ 305,647	\$ 234,913
Total revenues	<u>70,734</u>	<u>305,647</u>	<u>234,913</u>
Expenditures:			
Urban redevelopment and housing	<u>276</u>	<u>307,208</u>	<u>(306,932)</u>
Total expenditures	<u>276</u>	<u>307,208</u>	<u>(306,932)</u>
Excess (deficiency) of revenues over expenditures	<u>70,458</u>	<u>(1,561)</u>	<u>(72,019)</u>
Net change in fund balances	70,458	(1,561)	(72,019)
Fund balances, July 1, 2009	<u>(70,458)</u>	<u>(70,486)</u>	<u>(28)</u>
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ (72,047)</u>	<u>\$ (72,047)</u>



NAVAJO COUNTY

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YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedule

Special Revenue - Library District

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 550,284	\$ 547,247	\$ (3,037)
Intergovernmental	157,421	122,207	(35,214)
Investment earnings	2,700	2,557	(143)
Miscellaneous	13,725	13,408	(317)
Total revenues	<u>724,130</u>	<u>685,419</u>	<u>(38,711)</u>
Expenditures:			
Culture and recreation	<u>953,077</u>	<u>586,121</u>	<u>366,956</u>
Total expenditures	<u>953,077</u>	<u>586,121</u>	<u>366,956</u>
			-
Excess (deficiency) of revenues over expenditures	<u>(228,947)</u>	<u>99,298</u>	<u>328,245</u>
Other financing sources (uses):			
Transfers out	<u>(104,528)</u>	<u>(104,528)</u>	<u>-</u>
Total other financing sources and uses	<u>(104,528)</u>	<u>(104,528)</u>	<u>-</u>
Net change in fund balances	(333,475)	(5,230)	328,245
Fund balances, July 1, 2009	333,475	308,087	(25,388)
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ 302,857</u>	<u>\$ 302,857</u>



NAVAJO COUNTY

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YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedule

Special Revenue - Probation

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	\$ -	\$ 238	\$ 238
Intergovernmental	2,522,307	2,261,711	(260,596)
Charges for services	378,120	368,712	(9,408)
Investment earnings	8,400	5,041	(3,359)
Miscellaneous	2,600	184	(2,416)
Total revenues	2,911,427	2,635,886	(275,541)
Expenditures:			
Public safety	3,507,026	2,543,334	963,692
Total expenditures	3,507,026	2,543,334	963,692
Excess (deficiency) of revenues over expenditures	(595,599)	92,552	688,151
Other financing sources (uses):			
Transfers in	4,301	18,108	13,807
Transfers out	-	(5,169)	(5,169)
Total other financing sources and uses	4,301	12,939	8,638
Net change in fund balances	(591,298)	105,491	696,789
Fund balances, July 1, 2009	591,298	426,251	(165,047)
Fund balances, June 30, 2010	\$ -	\$ 531,742	\$ 531,742



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedule

Special Revenue - Public Defense

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 106,041	\$ 131,359	\$ 25,318
Charges for services	43,000	29,455	(13,545)
Investment earnings	7,000	3,929	(3,071)
Miscellaneous	-	58	58
Total revenues	<u>156,041</u>	<u>164,801</u>	<u>8,760</u>
Expenditures:			
General government	<u>585,262</u>	<u>133,857</u>	<u>451,405</u>
Total expenditures	<u>585,262</u>	<u>133,857</u>	<u>451,405</u>
Excess (deficiency) of revenues over expenditures	<u>(429,221)</u>	<u>30,944</u>	<u>460,165</u>
Other financing sources (uses):			
Transfers out	-	(968)	(968)
Total other financing sources and uses	<u>-</u>	<u>(968)</u>	<u>(968)</u>
Net change in fund balances	(429,221)	29,976	459,197
Fund balances, July 1, 2009	<u>429,221</u>	<u>425,411</u>	<u>(3,810)</u>
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ 455,387</u>	<u>\$ 455,387</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedule

Special Revenue - Public Health

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 2,160,416	\$ 2,148,295	\$ (12,121)
Licenses and permits	49,000	165,169	116,169
Intergovernmental	1,849,024	1,499,862	(349,162)
Charges for services	45,000	50,325	5,325
Investment earnings	50,000	22,009	(27,991)
Contributions	15,000	31,141	16,141
Miscellaneous	2,280	8,009	5,729
Total revenues	<u>4,170,720</u>	<u>3,924,810</u>	<u>(245,910)</u>
Expenditures:			
Health and welfare	<u>6,454,746</u>	<u>3,680,591</u>	<u>2,774,155</u>
Total expenditures	<u>6,454,746</u>	<u>3,680,591</u>	<u>2,774,155</u>
Excess (deficiency) of revenues over expenditures	<u>(2,284,026)</u>	<u>244,219</u>	<u>2,528,245</u>
Other financing sources (uses):			
Transfers in	211,175	211,175	-
Transfers out	<u>(335,996)</u>	<u>(2,229,576)</u>	<u>(1,893,580)</u>
Total other financing sources and uses	<u>(124,821)</u>	<u>(2,018,401)</u>	<u>(1,893,580)</u>
Net change in fund balances	(2,408,847)	(1,774,182)	634,665
Fund balances, July 1, 2009	<u>2,408,847</u>	<u>2,425,285</u>	<u>16,438</u>
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ 651,103</u>	<u>\$ 651,103</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedule

Special Revenue - Recreation

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 139,077	\$ 154,333	\$ 15,256
Investment earnings	-	759	759
Miscellaneous	-	375	375
Total revenues	<u>139,077</u>	<u>155,467</u>	<u>16,390</u>
Expenditures:			
Culture and recreation	<u>214,769</u>	<u>154,470</u>	<u>60,299</u>
Total expenditures	<u>214,769</u>	<u>154,470</u>	<u>60,299</u>
Excess (deficiency) of revenues over expenditures	<u>(75,692)</u>	<u>997</u>	<u>76,689</u>
Net change in fund balances	(75,692)	997	76,689
Fund balances, July 1, 2009	<u>75,692</u>	<u>78,026</u>	<u>2,334</u>
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ 79,023</u>	<u>\$ 79,023</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedule

Special Revenue - Sheriff's Office

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeits	\$ -	\$ 57,132	\$ 57,132
Intergovernmental	1,300,299	1,028,746	(271,553)
Charges for services	-	19,398	19,398
Investment earnings	300	5,137	4,837
Miscellaneous	<u>59,005</u>	<u>40,100</u>	<u>(18,905)</u>
Total revenues	<u>1,359,604</u>	<u>1,150,513</u>	<u>(209,091)</u>
Expenditures:			
Public safety	2,059,398	1,197,310	862,088
Debt Service			
Principal	-	28,310	(28,310)
Interest and other charges	<u>-</u>	<u>2,519</u>	<u>(2,519)</u>
Total expenditures	<u>2,059,398</u>	<u>1,228,139</u>	<u>831,259</u>
Excess (deficiency) of revenues over expenditures	<u>(699,794)</u>	<u>(77,626)</u>	<u>622,168</u>
Other financing sources (uses):			
Transfers in	-	10,326	10,326
Transfers out	<u>-</u>	<u>(812)</u>	<u>(812)</u>
Total other financing sources and uses	<u>-</u>	<u>9,514</u>	<u>9,514</u>
Net change in fund balances	(699,794)	(68,112)	631,682
Fund balances, July 1, 2009	<u>699,794</u>	<u>668,505</u>	<u>(31,289)</u>
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ 600,393</u>	<u>\$ 600,393</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedule

Special Revenue - Special Districts

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 44,000	\$ 106,286	\$ 62,286
Investment earnings	18,800	2,365	(16,435)
Special assessments	3,700	122,249	118,549
Miscellaneous	441,592	71,570	(370,022)
Total revenues	<u>508,092</u>	<u>302,470</u>	<u>(205,622)</u>
Expenditures:			
Highways and streets	<u>958,269</u>	<u>160,733</u>	<u>797,536</u>
Total expenditures	<u>958,269</u>	<u>160,733</u>	<u>797,536</u>
Excess (deficiency) of revenues over expenditures	<u>(450,177)</u>	<u>141,737</u>	<u>591,914</u>
Other financing sources (uses):			
Transfers in	-	85,280	85,280
Transfers out	-	(85,280)	(85,280)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(450,177)	141,737	591,914
Fund balances, July 1, 2009	<u>450,177</u>	<u>463,234</u>	<u>13,057</u>
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ 604,971</u>	<u>\$ 604,971</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedule

Special Revenue - Workforce Investment Act

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 1,075,153	\$ 272,887	\$ (802,266)
Miscellaneous	-	2,200	2,200
Total revenues	<u>1,075,153</u>	<u>275,087</u>	<u>(800,066)</u>
Expenditures:			
Health and welfare	<u>1,109,280</u>	<u>424,580</u>	<u>684,700</u>
Total expenditures	<u>1,109,280</u>	<u>424,580</u>	<u>684,700</u>
Excess (deficiency) of revenues over expenditures	<u>(34,127)</u>	<u>(149,493)</u>	<u>(115,366)</u>
Other financing sources (uses):			
Transfers in	-	1,626	1,626
Transfers out	-	(1,626)	(1,626)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(34,127)	(149,493)	(115,366)
Fund balances, July 1, 2009	<u>34,127</u>	<u>(44,271)</u>	<u>(78,398)</u>
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ (193,764)</u>	<u>\$ (193,764)</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedule

Capital Projects - Special Districts

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment earnings	\$ -	\$ 2,293	\$ 2,293
Miscellaneous	<u>17,263</u>	<u>-</u>	<u>(17,263)</u>
Total revenues	<u>17,263</u>	<u>2,293</u>	<u>(14,970)</u>
Expenditures:			
Highways and streets	<u>213,472</u>	<u>-</u>	<u>213,472</u>
Total expenditures	<u>213,472</u>	<u>-</u>	<u>213,472</u>
Excess (deficiency) of revenues over expenditures	<u>(196,209)</u>	<u>2,293</u>	<u>198,502</u>
Net change in fund balances	(196,209)	2,293	198,502
Fund balances, July 1, 2009	<u>196,209</u>	<u>196,567</u>	<u>358</u>
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ 198,860</u>	<u>\$ 198,860</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedule

Debt Service - General Government

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 500,000	\$ -	\$ (500,000)
Total revenues	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
Expenditures:			
Debt Service			
Principal	335,000	335,000	-
Interest and other charges	<u>165,000</u>	<u>246,314</u>	<u>(81,314)</u>
Total expenditures	<u>500,000</u>	<u>581,314</u>	<u>(81,314)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(581,314)</u>	<u>(581,314)</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>1,171,252</u>	<u>1,171,252</u>
Total other financing sources and uses	<u>-</u>	<u>1,171,252</u>	<u>1,171,252</u>
Net change in fund balances	-	589,938	589,938
Fund balances, July 1, 2009	<u>-</u>	<u>(122,583)</u>	<u>(122,583)</u>
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ 467,355</u>	<u>\$ 467,355</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedule

Debt Service - Jail

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment earnings	\$ -	\$ 4,919	\$ 4,919
Total revenues	-	4,919	4,919
Expenditures:			
Debt Service			
Principal	310,000	310,000	-
Interest and other charges	327,000	319,541	7,459
Total expenditures	637,000	629,541	7,459
Excess (deficiency) of revenues over expenditures	(637,000)	(624,622)	12,378
Other financing sources (uses):			
Transfers in	637,000	390,000	(247,000)
Total other financing sources and uses	637,000	390,000	(247,000)
Net change in fund balances	-	(234,622)	(234,622)
Fund balances, July 1, 2009	-	1,799,773	1,799,773
Fund balances, June 30, 2010	\$ -	\$ 1,565,151	\$ 1,565,151



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Budgetary Comparison Schedule

Debt Service - Special Districts

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Property taxes	\$ 179,630	\$ 198,376	\$ 18,746
Investments earnings	-	538	538
Special assessments	-	10,932	10,932
Miscellaneous	190,000	2,848	(187,152)
Total revenues	369,630	212,694	(156,936)
Expenditures:			
Highways and Streets		38,111	(38,111)
Debt Service			
Principal	217,662	185,106	32,556
Interest and other charges	163,548	108,879	54,669
Total expenditures	381,210	332,096	49,114
Excess (deficiency) of revenues over expenditures	(11,580)	(119,402)	(107,822)
Net change in fund balances	(11,580)	(119,402)	(107,822)
Fund balances, July 1, 2009	11,580	11,758	178
Fund balances, June 30, 2010	\$ -	\$ (107,644)	\$ (107,644)



NAVAJO COUNTY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010

CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL
FUNDS



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Capital Assets Used in the Operation of Governmental Funds Comparative Schedules By Source As of June 30, 2010 and 2009

	2010	2009
Governmental funds capital assets:		
Land	\$ 5,469,671	\$ 5,439,671
Construction in progress	6,635,086	6,524,469
Buildings and improvements	32,364,682	32,353,226
Infrastructure	73,176,834	73,042,113
Machinery and equipment	24,992,960	25,283,610
Total governmental funds capital assets	<u>\$ 142,639,233</u>	<u>\$ 142,643,089</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 32,557,933	\$ 32,743,997
Special revenue funds	108,053,606	109,899,092
Capital projects funds	2,027,694	-
Total governmental funds capital assets	<u>\$ 142,639,233</u>	<u>\$ 142,643,089</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity

Function	Land	Construction in Progress	Buildings and Improvements	Infrastructure	Machinery and Equipment	Total
General government	\$ 194,662	\$ 19,064	\$ 11,431,253	\$ 665,211	\$ 4,492,379	\$ 16,802,569
Public safety	30,000	794,102	15,965,076	7,773,775	4,298,773	28,861,726
Highways and streets	4,801,577	3,036,854	1,170,117	64,737,848	14,033,000	87,779,396
Health and welfare	431,692	2,785,066	847,796		854,383	4,918,937
Culture and recreation			111,530		74,521	186,051
Education	11,740		2,838,910		1,239,904	4,090,554
Total governmental capital assets	<u>\$ 5,469,671</u>	<u>\$ 6,635,086</u>	<u>\$ 32,364,682</u>	<u>\$ 73,176,834</u>	<u>\$ 24,992,960</u>	<u>\$ 142,639,233</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function and Activity

Function	Governmental Funds Capital Assets July 1, 2009	Increases	Decreases	Governmental Funds Capital Assets June 30, 2010
General government	\$ 16,775,136	\$ 91,645	\$ 64,212	\$ 16,802,569
Public safety	28,797,727	632,930	568,931	28,861,726
Highways and streets	90,306,828	1,185,926	3,713,358	87,779,396
Health and welfare	2,557,889	2,398,360	37,312	4,918,937
Culture and recreation	186,051	-	-	186,051
Education	<u>4,019,458</u>	<u>71,096</u>	<u>-</u>	<u>4,090,554</u>
Total governmental funds capital assets	<u>\$ 142,643,089</u>	<u>\$ 4,379,957</u>	<u>\$ 4,383,813</u>	<u>\$ 142,639,233</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Statement of Changes in Assets and Liabilities Agency Funds

	Balance			Balance
	July 1, 2009	Additions	Deductions	June 30, 2010
Assets				
Cash and investments	\$ 13,124,968	\$ 68,182,081	\$ 76,872,941	\$ 4,434,108
Interest receivable	25,327	-	4,451	20,876
Total Assets	<u>\$ 13,150,295</u>	<u>\$ 68,182,081</u>	<u>\$ 76,877,392</u>	<u>\$ 4,454,984</u>
Liabilities				
Due to other governments	\$ 12,514,076	\$ 67,767,357	\$ 76,563,689	\$ 3,717,744
Deposits held for other parties	636,219	414,724	313,703	737,240
Total Liabilities	<u>\$ 13,150,295</u>	<u>\$ 68,182,081</u>	<u>\$ 76,877,392</u>	<u>\$ 4,454,984</u>

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NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010

STATISTICAL SECTION



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Statistical Section

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 127 through 136 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 137 through 140 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 141 through 143 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 and economic information can be found on pages 144 and 145 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 146 through 148 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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Net Assets by Component Last Eight Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 54,360,439	\$ 57,948,043	\$ 55,643,023	\$ 59,552,340
Restricted	1,715,242	9,778,365	15,322,958	15,958,946
Unrestricted	10,249,740	4,829,001	8,491,241	16,657,154
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>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Net Assets by Component Last Eight Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
Governmental activities:				
Invested in capital assets, net of related debt	\$ 55,332,385	\$ 61,704,323	\$ 73,728,006	\$ 66,038,408
Restricted	21,309,950	24,374,755	19,040,878	23,034,928
Unrestricted	22,441,546	16,119,289	15,007,820	16,207,016
Total governmental activities net assets	<u>\$ 99,083,881</u>	<u>\$ 102,198,367</u>	<u>\$ 107,776,704</u>	<u>\$ 105,280,352</u>



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Changes in Net Assets Last Eight Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
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	43,518,473	41,798,414	44,617,261	48,473,185
Program Revenues				
Governmental activities:				
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	25,915,144	4,520,895	22,715,409	29,059,696
Net Revenue (Expense)	\$ (17,603,329)	\$ (37,277,519)	\$ (21,901,852)	\$ (19,413,489)



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Changes in Net Assets Last Eight Fiscal Years (accrual basis of accounting) (continued)

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	\$ 19,745,840	\$ 20,503,496	\$ 19,392,043	\$ 22,647,297
Public safety	14,534,493	17,570,231	19,182,119	17,566,896
Highways and streets	10,990,269	12,960,992	14,058,305	13,057,318
Sanitation	18,880	-	-	-
Economic opportunity	2,162	-	-	-
Health and welfare	6,274,590	6,809,907	7,219,915	9,366,578
Culture and recreation	554,419	472,151	510,035	747,065
Education	4,883,527	7,119,026	5,723,104	6,307,885
Environmental and conservation	-	234,078	231,225	237,032
Urban redevelopment and housing	-	5,000	-	307,208
Interest on long-term debt	179,518	349,677	594,260	677,253
Total governmental activities expenses	57,183,698	66,024,558	66,911,006	70,914,532
Program Revenues				
Governmental activities:				
Charges for services:				
General government	4,882,461	3,746,695	3,473,303	3,531,064
Public Safety	2,910,947	541,256	765,083	517,702
Highway and streets	115,198	83,076	-	39,249
Health and welfare	95,930	77,965	122,462	215,494
Operating grants and contributions:				
General government	2,241,225	1,851,358	3,719,202	1,735,327
Public Safety	3,062,299	3,063,868	3,599,091	3,290,457
Highway and streets	184,839	-	-	-
Health and welfare	2,227,071	1,751,447	2,199,624	1,803,890
Culture and recreation	38,313	38,102	64,885	122,207
Education	4,944,866	7,186,346	5,512,115	6,086,494
Environmental and conservation	-	162,086	205,884	195,574
Urban redevelopment and housing	-	-	-	305,647
Capital grants and contributions:				
Highway and streets	12,956,489	12,361,020	12,393,158	15,637,667
Total governmental activities program revenues	33,659,638	30,863,219	32,054,807	33,480,772
Net Revenue (Expense)	\$ (23,524,060)	\$ (35,161,339)	\$ (34,856,199)	\$ (37,433,760)



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)
(continued)

	Fiscal Year			
	2003	2004	2005	2006
General Revenues				
Governmental activities:				
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
Total governmental activities general revenues	26,139,987	45,594,040	26,794,457	31,270,121
Change in net assets - governmental activities	\$ 8,536,658	\$ 8,316,521	\$ 4,892,605	\$ 11,856,632



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Changes in Net Assets Last Eight Fiscal Years (accrual basis of accounting) (continued)

	Fiscal Year			
	2007	2008	2009	2010
General Revenues				
Governmental activities:				
Property taxes	\$ 8,636,394	\$ 9,707,389	\$ 10,933,578	\$ 12,494,737
General county sales tax	6,778,153	7,083,165	6,330,588	5,480,598
Shared revenues	13,521,307	13,302,354	12,017,517	10,728,725
Payment in lieu of taxes	-	-	-	-
Grants and contributions not restricted to specific programs	1,433,848	3,922,712	6,444,858	4,902,289
Investment earnings	1,733,012	1,624,746	750,742	322,748
Fines and forfeits	-	-	-	-
Rent	-	-	-	-
Gain on disposal of capital assets	104,656	11,971	23,895	115,237
Miscellaneous	1,016,509	1,207,819	1,466,751	1,273,310
Transfers	-	-	-	(380,236)
Total governmental activities general revenues and transfers	33,223,879	36,860,156	37,967,929	34,937,408
Change in net assets - governmental activities	\$ 9,699,819	\$ 1,698,817	\$ 3,111,730	\$ (2,496,352)



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2001	2002	2003	2004	2005
General fund					
Reserved	\$ 100,664	\$ 130,496	\$ 84,466	\$ 109,411	\$ 124,747
Unreserved	(440,326)	1,221,764	4,512,907	8,174,226	10,386,065
Total general fund	\$ (339,662)	\$ 1,352,260	\$ 4,597,373	\$ 8,283,637	\$ 10,510,812
All other governmental funds					
Reserved	\$ 294,530	\$ 231,823	\$ 335,486	\$ 5,742,868	\$ 6,699,626
Unreserved, reported in:					
Special revenue funds	12,463,399	8,915,193	10,697,618	7,661,943	5,695,432
Debt service funds	646,500	1,610,327	1,715,242	-	-
Capital projects funds	5,659,272	4,775,138	4,800,163	2,864,748	3,176,207
Total all other governmental funds	\$ 19,063,701	\$ 15,532,481	\$ 17,548,509	\$ 16,269,559	\$ 15,571,265



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(continued)

	Fiscal Year				
	2006	2007	2008	2009	2010
General fund					
Reserved	\$ -	\$ -	\$ 3,957,781	\$ 2,883,159	\$ 325,096
Unreserved	12,379,484	16,110,913	10,939,695	7,550,215	7,416,990
Total general fund	\$ 12,379,484	\$ 16,110,913	\$ 14,897,476	\$ 10,433,374	\$ 7,742,086
All other governmental funds					
Reserved	\$ 10,983,270	\$ 397,700	\$ 500,703	\$ 679,641	\$ 528,878
Unreserved, reported in:					
Special revenue funds	7,581,812	21,439,571	26,620,823	25,962,952	31,118,113
Debt service funds	-	1,995,785	1,777,950	1,824,003	1,924,862
Capital projects funds	3,443,911	4,791,323	24,543	-	76,332
Total all other governmental funds	\$ 22,008,993	\$ 28,624,379	\$ 28,924,019	\$ 28,466,596	\$ 33,648,185



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

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

	Fiscal Year				
	2001	2002	2003	2004	2005
Revenues					
Property taxes	\$ 6,696,898	\$ 3,983,078	\$ 5,325,701	\$ 5,598,844	\$ 5,944,655
Licenses and permits	672,298	662,253	612,942	687,864	735,239
Fines and forfeits	731,328	980,814	782,430	768,843	849,138
Intergovernmental	32,679,755	33,877,689	38,818,933	36,512,199	35,236,042
Charges for services	1,478,549	2,123,342	4,300,740	4,505,232	4,435,720
Investment earnings	1,673,485	1,098,758	793,844	1,178,509	1,184,173
Special assessments	1,753,201	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	741,263	461,815	747,477	324,454	408,225
Total revenues	46,426,777	44,966,023	51,997,434	50,289,447	49,347,961
Expenditures					
General government	14,945,238	16,792,519	16,285,966	14,942,786	17,519,255
Public safety	9,859,235	10,075,186	13,357,260	11,457,252	11,656,881
Highways and streets	8,727,727	11,314,789	9,457,334	12,281,281	10,462,632
Sanitation	619,173	30,861	30,528	-	64,518
Economic opportunity	-	-	-	-	-
Health and welfare	4,648,457	4,167,647	4,159,855	4,301,274	4,917,449
Culture and recreation	401,020	546,011	732,897	588,911	513,452
Education	260,709	248,712	226,270	222,995	252,173
Environmental and conservation	-	-	-	-	-
Urban redevelopment and housing	-	250,000	-	-	-
Capital outlay	9,245,977	2,055,808	1,495,651	903,973	2,284,380
Debt service:					
Principal	554,020	547,458	517,747	525,549	718,342
Interest and other charges	509,702	595,597	558,992	540,314	507,110
Total expenditures	49,771,258	46,624,588	46,822,500	45,764,335	48,896,192
Excess(deficiency) of revenues over expenditures	(3,344,481)	(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	220,938	-	-	-	-
Sale of capital assets	-	216,625	-	309,309	140,937
Transfers in	2,382,408	5,255,401	3,371,339	2,791,392	3,519,951
Transfers out	(2,382,408)	(5,255,401)	(3,371,339)	(2,791,392)	(3,519,951)
Total other financing sources (uses)	220,938	272,486	-	365,170	204,023
Net change in fund balances	\$ (3,123,543)	\$ (1,386,079)	\$ 5,174,934	\$ 4,890,282	\$ 655,792
Ratio of total debt service expenditures to non-capital expenditures	2.62%	2.56%	2.38%	2.38%	2.63%



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Revenues					
Property taxes	\$ 7,934,263	\$ 8,673,499	\$ 9,581,813	\$ 10,780,692	\$ 12,294,308
Licenses and permits	979,368	879,866	643,032	513,081	619,663
Fines and forfeits	990,927	1,646,183	1,290,001	1,563,382	1,336,602
Intergovernmental	43,263,385	47,350,129	50,665,504	52,104,688	49,652,453
Charges for services	5,544,948	5,478,487	2,515,958	2,284,384	2,347,245
Investment earnings	909,436	1,727,733	1,624,746	750,741	322,747
Special assessments	-	-	-	356,318	133,181
Contributions	26,879	38,281	56,956	25,916	31,141
Miscellaneous	604,968	990,990	1,222,929	1,466,751	1,273,311
Total revenues	60,254,174	66,785,168	67,600,939	69,845,953	68,010,651
Expenditures					
General government	18,794,253	19,975,143	22,871,415	22,160,207	21,661,752
Public safety	13,875,071	13,759,567	17,525,292	18,403,733	16,838,127
Highways and streets	10,366,859	10,681,812	14,792,747	17,778,854	10,087,829
Sanitation	-	19,424	-	-	-
Economic opportunity	-	2,162	-	-	-
Health and welfare	6,022,260	6,270,192	6,813,069	7,074,321	9,306,800
Culture and recreation	444,143	562,599	471,342	501,738	740,591
Education	274,985	4,893,943	7,119,291	5,515,147	6,139,063
Environmental and conservation	-	-	234,078	231,225	237,032
Urban redevelopment and housing	-	-	5,000	-	307,208
Capital outlay	2,118,079	1,990,735	6,238,140	3,030,157	81,675
Debt service:					
Principal	686,012	421,836	303,173	487,701	858,416
Interest and other charges	374,442	179,518	349,677	594,260	677,253
Total expenditures	52,956,104	58,756,931	76,723,224	75,777,343	66,935,746
Excess(deficiency) of revenues over expenditures	7,298,070	8,028,237	(9,122,285)	(5,931,390)	1,074,905
Other financing sources (uses)					
Revenue bonds issued	-	-	6,600,000	-	-
Capital lease agreements	-	-	77,845	6,846	-
Sale of capital assets	59,167	104,656	11,971	23,895	115,237
Transfers in	2,094,983	3,903,479	1,845,732	2,304,012	8,048,481
Transfers out	(2,094,983)	(3,653,479)	(1,845,732)	(2,304,012)	(6,789,602)
Total other financing sources (uses)	59,167	354,656	6,689,816	30,741	1,374,116
Net change in fund balances	\$ 7,357,237	\$ 8,382,893	\$ (2,432,469)	\$ (5,900,649)	\$ 2,449,021
Ratio of total debt service expenditures to non-capital expenditures	2.09%	1.06%	0.93%	1.49%	2.30%



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

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

Primary Assessed Value

Fiscal Year	Residential and Vacant Property	Commercial Property	Unattached Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate **	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2001	\$ 246,889,442	\$ 260,470,271	\$ 18,968,648	\$ 534,952,560	\$ 0.9818	\$ 4,675,185,409	11.44%
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

Source: Navajo County Assessor

* Revised abstract as a result of Rodeo-Chediski fire

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



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years (rate per \$100 of assessed value)

County Direct Rates

Fiscal Year	Primary	Secondary			*Public Health District	Total Direct
		Fire District	Library District	Flood Control District		
2001	0.6381	0.1000	0.0200	0.2237	0.0000	0.9818
2002	0.6506	0.1000	0.0200	0.2041	0.0000	0.9747
2003	0.6909	0.1000	0.0200	0.2041	0.0661	1.0811
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

Overlapping Rates (1)

Fiscal Year	School Equalization	School Districts	Cities	Other Special Districts	Community College District
2001	0.5123	3.2571-7.9502	0.4881-0.9501	0.1512-1.8913	1.4106
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	0.5610-0.9501	0.0767-2.4450	1.5092
2006	0.4358	3.3931-8.0200	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	0.0864-2.7749	1.4206
2009	0.0000	3.6519-7.7773	0.2845-0.8685	0.0785-2.7512	1.3382
2010	0.3306	3.6624-8.3747	0.2789-0.8550	0.0706-2.7326	1.1352

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

(1) Includes both primary and secondary tax rates.

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



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Principal Property Taxpayers Current Year and Six Years Ago

<u>Taxpayer</u>	2010			2004		
	<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	\$ 107,346,606	1	10.75%	\$ 96,593,064	1	15.49%
PacifiCorp Electric Operations	31,068,621	2	3.11%	32,473,751	2	5.21%
Peabody Western Coal Co	16,669,389	3	1.67%	15,712,500	3	2.52%
Transwestern Pipeline Co	11,923,788	4	1.19%	7,818,785	6	1.25%
El Paso Natural Gas Co	9,163,477	5	0.92%	9,728,496	5	1.56%
Catalyst Paper Inc (formerly Abitibi Consolidated)	7,481,324	6	0.75%	6,684,840	7	1.07%
Citizens Telecom of White Mountains	6,231,982	7	0.62%	10,589,603	4	1.70%
Burlington Northern/Santa Fe Railway	4,483,725	8	0.45%	5,184,182	10	0.83%
Navopache Electric Co-Op Inc	3,328,331	9	0.33%	5,430,813	9	0.87%
Unisource Energy Corporation	2,821,246	10	0.28%	N/A		
Totals	<u>\$ 200,518,489</u>		<u>20.08%</u>	<u>\$ 190,216,034</u>		<u>30.50%</u>
Total 2010 Navajo County Assessed Value	\$ 998,764,550		Total 2010 Navajo County Assessed Value	\$ 623,721,601		



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

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
2001	\$3,337,983	\$ 3,166,326	94.86%	\$ 170,392	\$ 3,336,718	99.96%
2002	3,517,245	3,304,881	93.96	210,485	3,515,366	99.95
2003	3,904,840	3,666,841	93.91	235,460	3,902,301	99.93
2004	2,973,896	2,836,571	95.38	135,776	2,972,347	99.95
2005	4,056,255	3,867,955	95.36	185,395	4,053,350	99.93
2006	4,322,597	4,139,945	95.77	179,345	4,319,290	99.92
2007	4,584,560	4,401,681	96.01	176,228	4,577,909	99.85
2008	4,917,541	4,684,181	95.25	222,125	4,906,306	99.77
2009	5,251,608	5,003,706	95.28	223,541	5,227,247	99.54
2010	5,590,696	5,306,931	94.92	-	5,306,931	94.92

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

1) General Fund Levies and Collections only



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

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)
2001	\$ -	\$ 7,115,000	\$ 2,889,106	\$ -	\$ 10,004,106	0.63%	\$ 101.51
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	N/A (2)	121.23
2010	6,265,000	5,030,000	1,517,107	25,377	12,837,484	N/A (2)	119.48

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



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Legal Debt Margin Information Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$ 998,764,550
Debt limit (15% of assessed value)	149,814,683
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>\$ 149,814,683</u>

	Fiscal Year				
	2001	2002	2003	2004	2005
Debit Limit	\$ 80,242,884	\$ 81,695,132	\$ 84,475,291	\$ 93,558,240	\$ 96,689,290
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 80,242,884</u>	<u>\$ 81,695,132</u>	<u>\$ 84,475,291</u>	<u>\$ 93,558,240</u>	<u>\$ 96,689,290</u>
Total net debt applicable to the limit as a percentage of the debt	0%	0%	0%	0%	0%

	Fiscal Year				
	2006	2007	2008	2009	2010
Debit Limit	\$ 102,590,120	\$ 110,225,508	\$ 121,847,141	\$ 136,253,654	\$ 149,814,683
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 102,590,120</u>	<u>\$ 110,225,508</u>	<u>\$ 121,847,141</u>	<u>\$ 136,253,654</u>	<u>\$ 149,814,683</u>
Total net debt applicable to the limit as a percentage of the debt	0%	0%	0%	0%	0%

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



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Pledged Revenue Coverage Last Ten Fiscal Years

2008 Series Pledged Revenue Obligation Bonds

Fiscal Year	County Excise Tax	State Shared Sales Tax	Net Available		Debt Service		Coverage
			Revenue		Principal	Interest	
2008	\$ 7,083,165	\$ 10,915,470	\$ 17,998,635		-	-	-
2009	6,330,588	9,844,544	16,175,132		\$ 335,000	\$ 245,299	27.87%
2010	5,480,598	8,732,190	14,212,788		350,000	235,710	24.27

2000 Series Jail Facility Certificates of Participation

Fiscal Year	Revenues	Less: Expenditures	Net Available		Debt Service		Coverage
			Resources		Principal	Interest	
2001	\$ 24,741,415	\$ 25,081,077	\$ (339,662)		\$ 205,000	\$ 430,689	-
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		280,000	360,180	25.17
2008	57,611,975	42,714,499	14,897,476		295,000	341,270	23.41
2009	50,385,592	39,952,218	10,433,374		310,000	335,392	16.17
2010	44,494,664	36,752,578	7,742,086		330,000	310,823	12.08

Special Assessment Bonds

Fiscal Year	Revenues	Debt Service			Coverage
		Principal	Interest		
2006	\$ 58,425	\$ 28,336	\$ 7,922		1.61%
2007	282,358	46,360	50,387		2.92
2008	320,788	244,353	83,396		0.98
2009	300,706	127,204	105,882		1.29
2010	273,885	220,337	94,879		0.87



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Demographic and Economic Statistics Last Ten Calendar Years

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2001	98,549	1,586,569	\$ 16,099	7.7%
2002	101,358	1,682,418	\$ 16,599	8.4
2003	103,220	1,807,123	\$ 17,507	8.6
2004	105,020	1,933,252	\$ 18,408	8.4
2005	106,968	2,120,572	\$ 19,824	8.0
2006	109,000	2,260,947	\$ 20,743	7.2
2007	110,999	2,405,337	\$ 21,670	6.3
2008	112,348	2,540,579	\$ 22,613	9.7
2009	112,975	N/A (1)	N/A (1)	14.9
2010	107,449	N/A (1)	N/A (1)	15.7

Source: Population from 2000 through 2010 was obtained from the U.S. Census Bureau. Income and per capita information for 2001 through 2008 were obtained from the U.S. 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 were not available for 2009 and 2010.



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Employment by Sector Current and Two Years Ago

	<u>2010</u>	<u>2008</u>
Mining and Construction	1,400	2,525
Educational and Health Services	3,475	3,425
Financial Activities	425	600
Government	10,125	10,800
Leisure and Hospitality	3,225	2,975
Manufacturing	525	725
Information	1,125	800
Professional & Business Services	1,000	1,225
Trade, Transportation & Utilities	5,125	5,725
Other Services	650	625

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Full-Time Equivalent Employees by Function Last Six Fiscal Years

Function	Fiscal Year					
	2005	2006	2007	2008	2009	2010
General government	254	267	280	297	290	290
Public safety	229	226	240	260	256	248
Highways and streets	84	82	84	90	90	81
Health and welfare	46	47	54	60	60	57
Culture and recreation	2	3	3	4	4	5
Total	615	625	661	711	700	681

Source: Navajo County Adopted Budget 2005 - 2010



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Operating Indicators by Function Last Eight Fiscal Years

Function	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General Government								
Assessor								
Number of parcels assessed	76,984	78,098	79,096	80,664	83,044	84,824	85,536	85,858
Elections								
Elections	3	3	4	5	4	5	4	4
Number voting	40,337	8,931	46,644	13,398	43,445	23,687	51,626	21,379
Planning & Zoning								
Building permits issued	2,657	2,825	3,009	3,674	3,789	3,085	1,837	1,285
Public Fiduciary								
Guardianships/conservatorships	92	93	95	97	99	104	103	110
Public Safety								
Adult Probation								
Community service hours	-	-	-	40,493	34,370	50,415	51,910	49,198
Pre-sentence reports written for courts	-	-	-	772	744	678	594	504
Probationers actively supervised	-	-	-	726	868	1,036	1,009	1,008
Juvenile Probation								
Average length of detention (days)	15	18	16	15	15	12	8	10
Juveniles brought to detention	489	326	351	281	318	338	457	441
Probationers	228	171	197	166	164	186	199	171
Community restitution hours	13,614	11,593	12,160	8,909	9,170	10,504	8,740	8,939
Sheriff								
Inmate population	262	327	348	369	385	363	363	361
Highways & Streets								
Public Works								
Crack sealing (miles)	85	44	27	45	9	2	0	47
Street resurfacing (miles)	11	37	82	54	33	52	42	25
Waste Tire Program								
Waste tires collected						56,775	51,481	48,743
Health & Welfare								
Public Health District								
Certified copies of birth or death certificates					5,311	5,685	6,811	6,913
Childhood immunization visits		3,922	3,371	5,905	8,608	10,586	7,343	10,299
Restaurant inspections and re-inspections	562	462	468	603	592	593	608	336
Culture & Recreation								
Library District								
Number of items circulated	324,809	366,023	366,798	388,090	385,850	435,507	490,226	466,931
Number of library cards issued (by member libraries)	5,576	5,369	5,571	6,227	5,954	6,071	5,881	6,710
Number of prints, media and electronic items	167,970	191,636	212,148	234,218	256,108	279,820	305,680	328,228
Number of items owned by Library District	6,414	10,641	13,342	14,800	16,181	18,427	2,951	23,306
Education								
School Superintendent								
Charter schools	8	8	8	8	6	6	6	7
Charter students	1,832	1,882	1,686	1,547	817	818	839	471
District students	19,804	21,757	21,507	21,253	20,948	20,861	20,497	19,913
School districts	13	14	14	14	14	14	14	14



NAVAJO COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Capital Asset Statistics by Function Last Eight Fiscal Years

Function	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government								
Elections								
Voting Machines	76	76	76	158	158	158	158	158
Superior Courts								
Divisions	3	3	3	3	4	4	4	4
Justice Courts	6	6	6	6	6	6	6	6
Public Safety								
Sheriff								
Inmate beds - permanent*	-	-	-	-	407	-	433	425
Jail Facilities	1	1	1	1	1	1	1	1
Improvement Districts								
Flood Warning Sites	30	31	31	31	31	31	31	30
Flood Control District Properties	7	8	8	8	8	8	8	9
Road Improvement Districts	1	0	3	0	2	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	737.65
Bridges	14	14	14	14	14	14	14	14
Sanitation								
Landfill/Environment								
Transfer Stations	-	-	-	-	-	-	-	-
Health								
Health Care								
Public health facilities								
Heber - Owned	1	1	1	1	1	1	1	1
Show Low - Owned	1	1	1	1	1	1	1	1
Snowflake - Operated	1	1	1	1	1	1	1	1
Holbrook - Owned	1	1	1	1	1	1	1	1
Winslow - Owned	1	1	1	1	1	1	1	1
Pinetop - Owned	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
Library District								
Facilities operated	1	1	1	1	1	1	1	1
Education								
Schools	1	1	1	1	1	1	1	1

* Inmate Beds - permanent: data not available for all years