



**Comprehensive Annual  
Financial Report  
Fiscal Year Ended  
June 30, 2017**



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# Coconino County Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2017

## COCONINO COUNTY BOARD OF SUPERVISORS

Art Babbott  
District 1

Elizabeth C. Archuleta  
District 2  
Chair

Matthew G. Ryan  
District 3  
Vice Chair

Jim Parks  
District 4

Lena Fowler  
District 5

## COCONINO COUNTY MANAGEMENT

Cynthia Seelhammer  
County Manager

Neal Young  
Deputy County Manager

Mike Townsend  
Deputy County Manager

### Finance Team

*Bonny Lynn, MPA, Chief Financial Officer  
Thomas Johnson, CPA, Accounting Manager  
Nancy Ho, MBA, Senior Accountant  
Chyenne Schmidt, CPA, Senior Accountant  
Marsha Westling, Accountant*

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## **INTRODUCTORY SECTION**

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January 30, 2018

The Honorable Board of Supervisors and Citizens of Coconino County, Arizona:

We are pleased to provide you the Comprehensive Annual Financial Report (CAFR) of Coconino County for the fiscal year ended June 30, 2017. The report provides additional information to the Board and citizens on the County's financial position and results of operations. Pursuant to Arizona Revised Statute (A.R.S.) 41-1279.21 the Coconino County CAFR was audited in accordance with generally accepted auditing standards for the year ended June 30, 2017 and has been issued an unmodified ("clean") opinion.

This report consists of management's representations concerning the finances of Coconino County. Consequently management assumes full responsibility for the accuracy of the information and completeness and reliability of all 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 the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not exceed anticipated benefits, the objective 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, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting 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 that there was a reasonable basis for rendering an unmodified ("clean") opinion that the County's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The Independent Auditor's Report is located at the front of the financial section of this report.

The report is prepared 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 analysis, narrative introduction, and overview 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 auditor's report in the financial section of this report.

The County's CAFR is intended to fulfill the State of Arizona Transparency Law, Arizona Revised Statutes §41-725. This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

## **Coconino County Profile**

Coconino County was established on February 19, 1891 by the 16<sup>th</sup> Territorial Assembly with an initial population count of 4,000. The County encompasses approximately 18,617 square miles – it is the largest county in Arizona and the second largest in the United States. Despite its size, Coconino County is one of the most sparsely populated counties in Arizona with a population of 7.3 per square mile (2010 Census). Only 12% of the County's total square miles are private property. The remainder is a combination of state, federal and reservation land.

The estimated 2017 population of Coconino County is 144,057. Flagstaff is the County seat and the largest city in the County. The County is home to the Grand Canyon, four other federal recreation areas and three state parks. The County is also home to reservation land belonging to the Navajo, Hopi, Havasupai, Hualapai and Paiute tribes.

Coconino County's government consists of an elected Board of Supervisors (Board). There are five districts, each represented by a Supervisor who resides in the district. The Board holds the policy-making and legislative authority for the County. It is responsible for the overall management and approval of all departmental budgets and tax rates. The Board appoints a County Manager who serves as the Chief Administrative Officer for the County. Departments are either headed by an appointed official, appointed by the Board, or an elected official. Elected offices are statutorily determined and include the Sheriff, County Attorney, Recorder, Treasurer, Assessor, Superintendent of Schools, Constable, Clerk of the Superior Court, and the Judiciary.

Coconino County provides a full range of services including law enforcement and public safety, health services, sanitation, welfare programs, highway construction and maintenance, parks and recreation, and education.

The financial reporting entity includes all the funds of the primary government. 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. Additional information can be found in the notes to the financial statements (See Note 1.A.).

The Board and the County Manager use a ten-year financial plan, along with fiscal management policies, budget management policies, and strategic goals and priorities to guide the overall development and management of the budget. Annually, departments are required to provide revenue and expenditure estimates for the current fiscal year and planned operations for the following year. These estimates are used to

update the ten-year financial plan. Departments submit their budgets which are evaluated using criteria and strategies adopted by the Board of Supervisors and budget recommendations are based on these evaluations. Final budget decisions are also subject to the availability of funds within the context of the ten-year financial plans; conformance with fiscal and budget management policies; and meeting the County's strategic goals and priorities.

The final budget must be adopted by the Board on or before the third Monday in July. The tax rate and levy must be set on or before the third Monday in August each year. The level of budgetary control is at the department level within a fund. Transfers between these levels must be approved by the Board. Additionally, actual expenditures may legally not exceed the final budget.

### **Assessing Coconino County's Economic 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.

#### *Economic Outlook.*

Arizona's economy contains some positive trends. As reported by the Economic and Business Research Center of the University of Arizona's Eller College of Management in May 2017, the State of Arizona's economy is well positioned to continue to grow. Job growth has been steady and wage growth is gaining momentum. Housing prices and permits increased, though well below the peak in 2006. In Coconino County the median home price, for the Flagstaff area, in June 2017 was \$378,000 an increase of 7% from a year ago when the median home price, in Flagstaff was \$352,000. Building permits were up by 24% in Coconino County for FY17 over FY16. The State continues to add jobs and residents at a faster pace than the nation, and is expected to continue to do so over the next three years. The local and State economy are very dependent on visitors to the State, which adds to our largest source of revenue, the sales tax.

Both the government and private sectors are experiencing growth, however the government sector is not growing at the rate of the private sector. This will challenge local governments in planning for adequate compensation levels to compete for experienced staff and to plan for implementing deferred capital needs in the areas of technology and facilities capital repair and replacement. Coconino County budgeted a total of 5% in salary increases for all employees, between merit and market for FY17.

*Impact of State Economic Condition.* Although the County's sound long-term financial planning considered and included a recessionary growth model based on prior recessions, the depth and breadth of the most recent economic downturn to both the State and local economies continues to impact County revenues. The County anticipates potential reduced and reallocated State and Federal Highways and Streets revenues, shifts in mandated State costs to counties, and further cuts to County funding for Public Safety, Courts, Health and Social Services programs. This causes continued uncertainty for Counties across the state and into the foreseeable future.

The County will continue to work with the Governor, State Legislators, County Supervisors Association and the Arizona Association of Counties to find solutions to state cost shifts to counties. In addition to these efforts, the County is actively pursuing solutions to decrease reliance on state controlled revenues and to increase locally controlled sources. Additional details are included in Management's Discussion and Analysis (MD&A) under "Economic Factors and Next Year's Budget" which can be found in the Financial section of the CAFR.

*Local economy.* The economy of Coconino County is based primarily on tourism, public administration, the service industry, wholesale and retail trade. The City of Flagstaff (the County seat) is the center of educational, governmental and scientific employment. The list of major employers remained the same in FY17 as in the prior year. Twin Arrows Navajo Casino and Resort which employs 700 people rose above the City of Flagstaff in the listing. The major employers lost 1,032 employees in total in FY17 over the prior year, but total employment in Coconino County increased by 1,832 for positive growth in total employment. The list of major employers include; Northern Arizona University, Flagstaff Medical Center, W.L. Gore and Associates, Flagstaff Unified School District, Coconino County, Twin Arrows Navajo Casino and Resort, City of Flagstaff, Walmart, Grand Canyon Railway, SCA Tissue, Coconino Community College, the U.S. Forest Service, the U.S. National Park Service, the Navajo Nation, and Nestle-Purina.

Tourism significantly impacts the local economy. Old Route 66 runs across most of the County as well as US Interstate 40. Attractions include National Parks, National Monuments and State Parks, some of which are: the Grand Canyon, Sedona/Oak Creek Canyon, Glen Canyon National Recreation Area, Wupatki National Monument, Sunset Crater National Monument, Walnut Canyon National Monument, and Slide Rock State Park. The tourism sector saw an increase of 7% in revenue in 2017 over the prior year.

*Strategic Budget Process and Financial Planning.* The County has had a comprehensive long-term financial planning process in place since fiscal year (FY) 2007. In FY17 the County continued to expand on the Strategic Budget Process begun in FY10. The goal of the process is to provide consistent delivery of essential services to its residents in times of economic growth or recession, and to identify opportunities for cost containment through prevention efforts. Keys to this process are; 1) a ten-year financial plan, 2) aligning high probability revenue types with mission critical expenditures, 3) balancing recurring expenditures with recurring revenue, 4) building prudent reserves, 5) planning the budget to include employee compensation, facilities R & R, and IT, 6) continued development of the Strategic Budgeting Process, and 7) development of new revenue sources.

The County, as a member of the Northern Arizona Public Employee Benefit Trust (NAPEBT), has successfully achieved lower than average growth in health insurance costs over the past several years. Through becoming a self-funded trust and implementing a wellness program, claims experience has stayed well below national averages. In the FY17 budget, health insurance premiums increased on average 13% over the three different plans offered to County employees. This was the first increase

in four years, and is well below the national average for health plan premium increases. The financial efficacy of the on-site health clinic model, through the Vera Clinic, has yet to be determined; it has only been in operation for about 18 months.

### **Budget Management Policy**

- The Board uses the approved County fiscal policies and strategic priorities to guide the County's budget process. Decisions are evaluated within these contexts as well as the accompanying ten-year financial plan.
- During the budget process, departments are asked to develop and evaluate a line item budget for both revenues and expenditures and present program performance measures and outcomes. Funding for all County programs is submitted to the Budget Team and County Manager, for a recommendation to the Board of Supervisors for approval of funding. Requests for increases to program funding must demonstrate the estimated return on investment, efficiency, or be clearly tied to a specific strategic priority outcome indicator, as adopted by the Board of Supervisors.
- A new budget request process was implemented in FY16 and modified for FY17, for departments to use when requesting all Information Technology (IT) expenditures with a value of \$20,000 or a use of IT staff resources of 20 hours or more. An internal committee was formed by the County Manager, called the Executive Technology Committee (ETC). All IT requests must be submitted to the ETC committee and vetted and ranked through a rigorous evaluation process. Once they are ranked, the ETC then submits a budget request to the County Manager for consideration and recommendation to the Board of Supervisors for budget approval.

Coconino County's fiscal policies promote long-term stability, provide perspective to the financial picture of the County in its entirety rather than single issues, link long-term financial planning to day-to-day operations, and provide a framework for the Board of Supervisors and the citizens for measuring the fiscal impact of government services against established fiscal parameters. The fiscal policies include:

*Operating Budget Policies.* The operating budget is a plan for allocating current resources to current expenditures.

*Capital Budget Policies.* The capital budget provides resources for capital maintenance and future capital needs, without adversely affecting the operating budget.

*Revenue Policies.* Funding for public programs should be derived from a fair, equitable and adequate resource base, while minimizing tax differential burdens.

*Reserve Policies.* Responsible reserve policies will provide adequate resources for cash flow and contingency purposes, while maintaining reasonable tax rates. The County maintains a contingency for cash liquidity and as an emergency contingency in the County General Fund equal to at least 10% of its annual revenue budget. The County also maintains a revenue smoothing reserve of 5% of its annual revenue budget. These funds should only be utilized to cover short-term drops in County revenues to maintain service levels in difficult economic times.

*Debt Policies.* Responsible debt management policy maintains the County's ability to incur present and future debt at minimal interest rates in amounts needed for infrastructure and economic development without endangering its ability to finance essential County services.

## **Major Initiatives/Impacts**

### Public Pension Plans

The state oversees all of the public pension systems which benefit Coconino County employees. The Elected Officials Retirement Program (EORP) and the Public Safety Personnel Retirement System (PSPRS) are two pension systems which were modified by action of the State Legislature in prior years. Two lawsuits were filed in response to the changes; the Hall Case and the Parker Case. During FY17 the changes to the plans were found to be unconstitutional by the Superior Court. The result of the Superior Court findings was that public employers were required to refund the excess contributions plus interest earned on those funds, both pre-judgment and post-judgment. Coconino County processed the repayments in FY18. It is disclosed as a liability in FY17. See Notes to the Financial Statement, Note 5 – Long-Term Liabilities, Compensated Absences and Claims and Judgments.

A future financial impact to Coconino County will come as the result of the unfunded liability in the EORP plan. Currently the county pays a 23.5% contribution rate. The actuarially determined rate to eliminate the unfunded liability could result in a rate as high as 61.5% in future years.

Legislative changes have been made to the public pension systems to address the unfunded liabilities outstanding. In the PSPRS system a proactive plan has been developed which changed the amortization period to allow for full funding in 20 – 25 years, the assumed rate of return was adjusted down to better reflect market trends, which resulted in an increase in contribution rates over the next five years.

### Capital Investments

#### **Facilities Master Plan (FMP) and Enterprise Resource Program (ERP)**

During FY17 Coconino County kicked off a 10 year capital FMP program by purchasing an existing building and land to house the Medical Examiner (Coroner) operation. The building will be retrofitted in FY18 to meet the current and future needs for the statutorily required coroner's services. This office handles forensic investigations for the County, the National Park Service, National Forest Service, FBI, and some tribal and surrounding counties cases. It is a very active office, currently operating in a space much too small and lacking adequate resources. It is also located in a residential area

very near an elementary school. The new site is in an industrial area, with immediate access to main freeways and traffic arteries, and is much more suited to this type of operation.

The County began an ERP procurement process in FY16, and finalized the purchase in FY17, with a total project cost of \$3.0 million. The new ERP system will replace the current financial system and payroll and human resources applications as well. The current system has been in-place for 20 years and operates with a “green screen” type of user interface. The new ERP system, from Tyler Corporation, called Munis, is a modern, Windows based application. It will provide greater user access to reports and queries and it is anticipated that it will eliminate the use of ghost applications in county departments, with which they track spending and budget comparisons on a frequent basis, rather than waiting 30 days for the monthly reports created in the current financial system.

#### Compensation plan

The Board of Supervisors approved the continued funding of a 2.5% merit increase for County staff and a 2.5% market adjustment to the pay plan for all employees. Coconino County continued innovative one-time monetary and non-monetary compensation programs, such as, the Personal Day Purchase Program (a type of voluntary furlough), as well as a Vacation Sell Back Program. The Board added funding to the Tuition Reimbursement Program, which has become very popular with employees. The program was expanded to include more educational/degree options than in the original program.

#### Joint Land Use Study (JLUS)

Coconino County has partnered with the United States Naval Observatory Flagstaff Station, Arizona Army National Guard, Camp Navajo, and the City of Flagstaff to initiate an Arizona Joint Land Use Study (JLUS). A grant in the amount of \$479,430 was awarded by the Office of Economic Adjustment, Department of Defense to provide financial support for this Study.

The goal of the Study is to provide multiple outcomes, including; drafting strategies to reduce light pollution impacts around the Naval Observatory, develop conflict resolution strategies to perpetuate existing compatible land uses, recommend a tool box of policies, regulations, and ordinances to address existing incompatibility issues and guide future compatible development that protects and preserves military readiness/defense capabilities, recommend development of a process at the local level to support compatibility between development of regional renewable energy resources and military operations, to facilitate the siting of renewable energy projects, and to develop recommendations for transportation infrastructure investments that would serve future military mission needs and future development in the area.

### Navajo Generating Station Proposed Closure; Economic Impact

The Navajo Generating Station is located just outside the City of Page, Arizona, within Coconino County. The owners of the power plant announced their plans to close this facility on June 30, 2016. Through negotiations with the Navajo Nation, the owners delayed the closure until 2019, however they are continuing with shutdown efforts, including relocating workers, laying off workers, and reducing operations. The financial impact to the entire region is estimated at tens of millions of dollars in losses including; wages, sales and property tax revenue, employee spending, housing, lost sale of coal and coalmining operations, and revenue impacts to related businesses and education.

Coconino County is working with a consortium of agencies and partners including the City of Page, Page Unified School District, Coconino Community College, Northern Arizona University, ECONA, Navajo Nation Economic Development, Coconino County Career Center, and others, to begin developing plans to bring innovative, sustainable economic development resources to the region. The Career Center applied for and was awarded two grants in FY17, to help with funding efforts. These grants are a US Economic Development Authority (EDA) POWER grant in the amount of \$300,000 for the federal share, and a US Department of Agriculture grant in the amount of \$28,000 federal share. An Economic Summit was held in FY17 in Page, and will continue on an annual basis.

### Criminal Justice Coordinating Council (CJCC)

During FY17 the CJCC leveraged access to local justice system data into a university partnership that received external foundation funding to conduct health research on local justice system involved persons. As part of this study, our university partner created a secure data system that houses and integrates health and criminal justice data, at no cost to the county. This will make it easier to obtain future funding for additional research of benefit to the county. In FY18 CJCC will be seeking a \$750,000 grant from ADHS through NAU to conduct additional research on this data.

Our success in data access, sharing, and utilization led to NACo publishing a case study on Coconino County which was distributed nationally. CJCC received two NACo Achievement Awards, and two projects being named by NACo as among the 'Top 100 Innovations in County Government.'

Due to the success of building university research partnerships, the U.S. Substance Abuse Mental Health Services Administration named Coconino County as one of the country's eight "Best Practice" sites. As part of this nomination, Coconino County staff have served as faculty at two SAMHSA academies teaching other jurisdictions how to replicate our achievements and the publication of a case study highlighting our collaborative successes in the data access and utilization arena, attributed to, among other factors, the leadership of the CJCC.

CJCC representatives and members have been interviewed for publications and invited to present at numerous conferences including:

- *Best Practices Implementation Academy*. CJCC members and staff were appointed as faculty by the Substance Abuse Mental Health Services Administration (SAMHSA) to teach data access and university partnerships.
- *Conducting Research Involving Vulnerable Populations*. Northern Arizona Healthcare and NAU invited CJCC staff to present at the THRIVE/ARBC Health Research Workshop.

## **Other**

### *Single Audit*

The independent audit of the financial statements of the County included the federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report on the audited government’s internal controls and compliance with legal requirements in addition to the fair presentation of the financial statements. This “Single Audit” puts special emphasis on internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the County’s separately issued Single Audit report.

### *Expenditure Limitation*

Arizona voters approved a proposition amending the state constitution in 1980 that established expenditure limitations for local governments, including Coconino County. The County has not exceeded the limitation. The County has accumulated expenditure limit carryforwards from prior years when actual expenditures were less than the limit and used some of these this year when expenditures would otherwise exceed the limit for this year. The County is required by state statute to prepare an Annual Expenditure Limitation Report (AELR), in conjunction with the required annual financial statements. The AELR must be audited and an opinion rendered on whether the AELR presents fairly, in all material respects, the information required by the Uniform Expenditure Reporting System. This report is available in the County’s separately issued Annual Expenditure Limitation Report.

## **Awards**

Coconino County has received The Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report for fiscal years 2009, 2010, 2011, 2012, 2014, 2015 and 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

In addition, Coconino County has received the GFOA's Distinguished Budget Presentation Award for its annual budget for fiscal years 2001 through 2016. In order to qualify for the award the County's budget had to be judged proficient as a policy document, a financial plan, an operations guide, and a communication device.

### **Acknowledgments**

Preparation of this report could not be accomplished without the dedicated service of the staff of the County's Finance Department, the assistance of personnel in the various departments, and the assistance of Arizona Office of the Auditor General. We also wish to recognize that preparation of this report could not be accomplished without the interest and support of the Board of Supervisors and their continued commitment to professional and fiscally responsible financial management and planning.

Respectfully submitted,

---

Michael Townsend, CPA  
Deputy County Manager

---

Bonny Lynn, CPFO MPA  
Chief Fiscal Officer



Government Finance Officers Association

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

Presented to

**Coconino County  
Arizona**

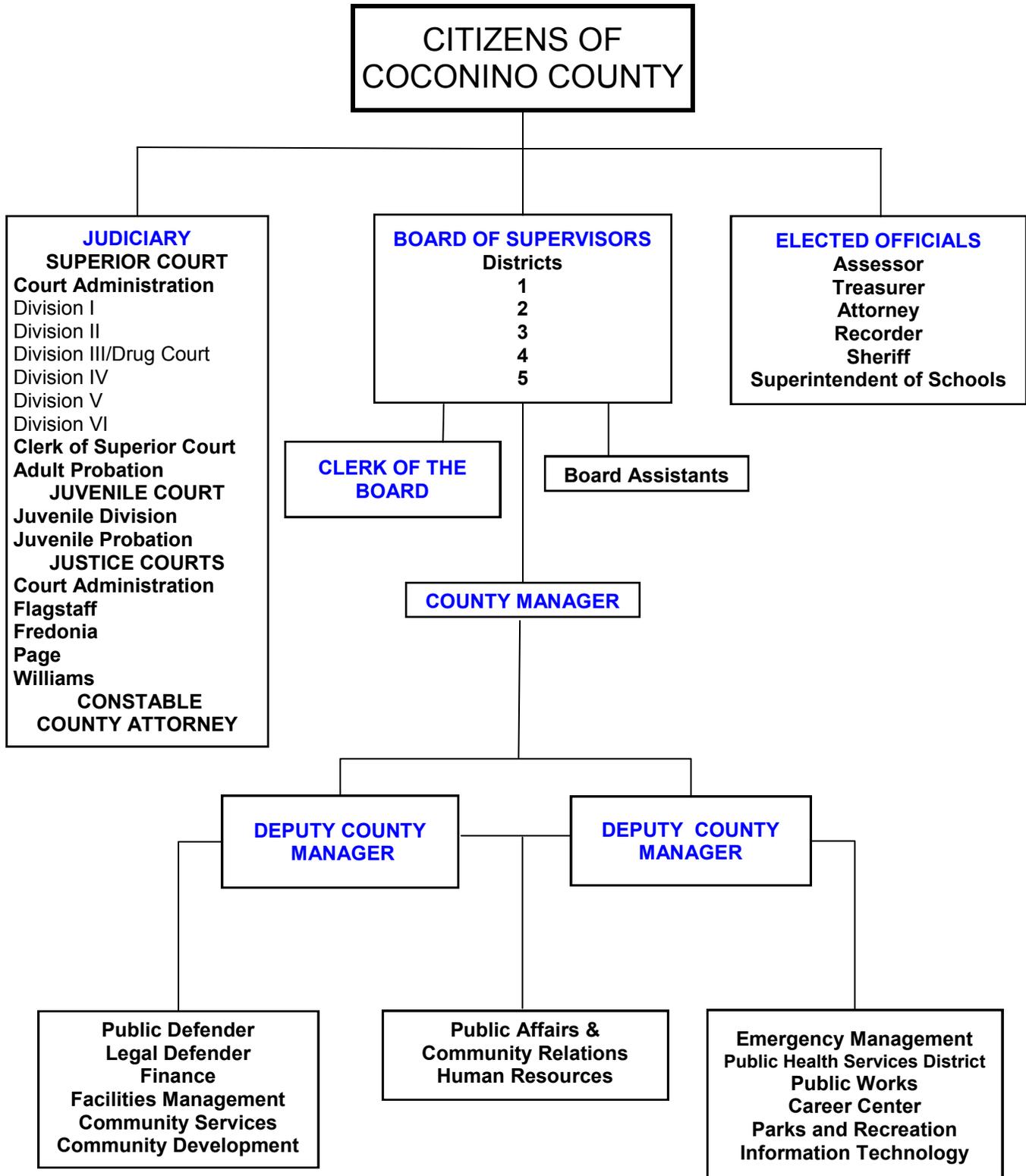
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# COCONINO COUNTY

## Organizational Chart



# COCONINO COUNTY

## County Officials

### BOARD OF SUPERVISORS

District 1 .....	Art Babbott
District 2 .....	Elizabeth C. Archuleta, Chair
District 3 .....	Matthew G. Ryan, Vice Chair
District 4 .....	Jim Parks
District 5 .....	Lena Fowler
County Manager .....	Cynthia Seelhammer
Deputy County Manager .....	Neal Young
Deputy County Manager .....	Mike Townsend
Clerk of the Board .....	Wendy Escoffier

### ELECTED OFFICIALS

Clerk of the Superior Court .....	Valerie Wyant	
Constable .....	Darrin Womble	
County Assessor .....	Armando Ruiz	
County Attorney .....	William P. Ring	
County Recorder .....	Patty Hansen	
County Sheriff .....	Jim Driscoll	
County Superintendent of Schools .....	Risha VanderWey	
County Treasurer .....	Sarah Benatar	
Justice of the Peace	Flagstaff .....	Howard Grodman
	Fredonia .....	Mark R. Baron
	Page .....	Donald G. Roberts
	Williams .....	Robert Krombeen
Superior Court	Division I .....	Jacqueline Hatch
	Division II .....	Dan Slayton
	Division III/Drug Court .....	Mark Moran, Presiding Judge
	Division IV .....	Elaine Fridlund-Horne
	Division V .....	Cathleen Brown Nichols
	Division VI .....	Ted Reed, Judge Pro Tempore

### APPOINTED DEPARTMENT HEADS

Adult Probation (Chief Probation Officer) .....	Sarah Douthit
Career Center .....	Carol Curtis
Community Development .....	Jay Christelman
Community Services .....	Janet Regner
Court Administrator .....	Gary Krcmarik
Facilities Management .....	Susan Brown
Public Health Services District .....	Marie Peoples
Human Resources .....	Erika Philpot
Finance .....	Bonny Lynn
Information Technology .....	Kristopher Estes
Juvenile Court Services .....	Bryon Matsuda
Legal Defender .....	Gary Pearlmutter
Parks and Recreation (Interim) .....	Brian Grube
Public Defender .....	Sandra Diehl
Public Works .....	Lucinda Andreani
Superior Court Juvenile Court Judge/Commissioner .....	Margaret McCullough

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## **FINANCIAL SECTION**

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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  
Coconino County, Arizona

### Report on the financial statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Coconino County as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### *Management's responsibility for the financial statements*

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

#### *Auditors' responsibility*

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of Coconino County as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## **Other matters**

### *Required supplementary information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 24 through 37, budgetary comparison schedules on pages 106 through 111, schedule of the County's proportionate share of the net pension liability—cost-sharing pension plans on page 112, schedule of changes in the County's net pension liability and related ratios—agent pension plans on pages 113 through 114, schedule of county pension contributions on pages 115 through 116, and schedule of agent retirement plans' and Coconino County postemployment healthcare plans' funding progress on page 119 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and other information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

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

*Compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies*

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

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

**Other reporting required by *Government Auditing Standards***

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

Debbie Davenport  
Auditor General

January 30, 2018

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
(REQUIRED SUPPLEMENTARY INFORMATION)

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Management's Discussion and Analysis (MD&A) of the County's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the transmittal letter on pages 3-12 and the County's basic financial statements, which follow this section.

## **FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2017**

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2017 by \$151.81 million (net position). The unrestricted net deficit in the amount of \$81.58 million consists of positive net position in the amount of \$43.69 million that may be used to meet the government's ongoing obligations to citizens and creditors. The negative unrestricted net position in the amount of \$125.27 million is primarily the result of the County's unfunded pension and OPEB obligations.
- The increase in the County's net position was \$11.27 million in fiscal year 2017.
- At the close of fiscal year 2017, the County's governmental funds reported combined ending fund balances of \$95.82 million, a decrease of \$0.84 million.
- The General Fund reported an unassigned fund balance of \$31.29 million at the close of fiscal year 2017, an increase of \$2.33 million.

## **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 are comprised of three components:

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

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

### **Government-wide Financial Statements**

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

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

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*The Statement of Net Position* presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as Net Position.

$$\text{Net Position} = (\text{Assets} + \text{Deferred Outflows of Resources}) - (\text{Liabilities} + \text{Deferred Inflows of Resources})$$

When viewed over a period of time, increases and decreases in net position are a useful indicator of an improving or deteriorating County financial condition. In addition to this change, other financial and non-financial factors should be considered.

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

All of the County's basic services are considered to be governmental activities, including general government, health, welfare, public safety, highways and streets, culture and recreation, education, and sanitation. Sales taxes, property taxes, intergovernmental revenues and user fees finance most of these activities. *The government-wide financial statements can be found on pages 41-43 of this report.*

## **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant County funds – not the County as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law or by bond covenants. However, the Board of Supervisors establishes other funds to help control and manage money for particular purposes or to show that legal responsibilities are being achieved 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 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 determine financial resources that can be spent in the near future to finance the County's programs.

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

The County maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Works/HURF Fund, Jail District Fund, Parks and Open Spaces Tax Projects Fund and Public Health Services District Fund, which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single aggregate presentation. Individual fund data for these nonmajor governmental funds are provided in the form of combining statements elsewhere in this report. *The basic governmental fund financial statements can be found on pages 44-50 of this report.*

*Proprietary funds*—The County has one proprietary fund, an internal service fund, to report fleet service activities provided to the County's other programs and activities. The County's internal service fund only provides services to County departments; as such it is reported as a governmental activity in the Statement of Net Position and the Statement of Activities. *The basic proprietary fund financial statements can be found on pages 51-53 of this report.*

*Fiduciary funds*—Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements as the resources of those funds are not available to support the County's programs. *The basic fiduciary funds financial statements can be found on pages 54-55 of this report.*

### **Notes to the Financial Statements and Required Supplementary Information**

*Notes to the financial statements*—The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. *The notes to the financial statements can be found on pages 58-103 of this report.*

*Required supplementary information*—In addition to the basic statements and accompanying notes, the report presents required supplementary information on the County's budgeting and budgetary control and the County's Proportionate Share of the Net Pension Liability for Cost Sharing Plans, the Schedule of Changes in the County's Net Pension Liability and Related Ratios for Agent Pension Plans, the Schedule of County Pension Contributions, and the Schedule of Agent Retirement Plans' and Coconino County Postemployment Healthcare Plan's Funding Progress. *Required supplementary information can be found on pages 106-120 of this report.*

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## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

The Statement of Net Position presents the financial position of the County at the end of the fiscal year, including all assets and deferred outflows, all liabilities and deferred inflows. The following table summarizes the County's assets and deferred outflows, liabilities and deferred inflows, and net position on June 30, 2017 and June 30, 2016. Net Position may serve over time as a useful indicator of a County's financial position.

	Governmental Activities (in millions)	
	2017	2016
Current and other assets	\$107.11	\$109.04
Capital assets	169.29	151.23
Total assets	276.40	260.27
Deferred outflows of resources	26.55	26.73
Current liabilities	9.44	10.40
Long-term liabilities outstanding	131.83	128.94
Total liabilities	141.27	139.34
Deferred inflows of resources	9.87	7.12
Net position:		
Net investment in capital assets	169.22	150.90
Restricted	64.17	67.37
Unrestricted	(81.58)	(77.73)
Total net position	\$151.81	\$140.54

The County's net position from governmental activities at the end of the fiscal year was \$151.81 million. The increase in net position of \$11.27 million as recorded in the Statement of Activities is primarily the result of a reduction in pension liability as a result of \$10 million additional contribution to the PSPRS plan made in fiscal year 2016, increased local and state sales tax revenue, and a reduction in program expenses primarily in Highways and Streets.

#### Deferred Outflows of Resources

Deferred outflows of resources are consumptions of the County's net position that are applicable to a future reporting period. Due to changes in actuarial estimates related to the County's net pension liability, which were offset by a decrease in subsequent PSPRS contributions, deferred outflows of resources decreased \$0.18 million compared to fiscal year 2016 which was \$26.73 million (see Note 9 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS for more information).

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Total Liabilities

Total liabilities increased \$1.93 million compared to fiscal year 2016 due to the following: a decrease in accounts payable of \$1.57 million, an increase in accrued payroll and employee benefits of \$0.54 million, and an increase in long term liabilities of \$2.89 million. The decrease in accounts payable is attributable to large road repair and maintenance projects completed in 2016. The increase in long term liabilities is attributable to future postemployment health benefit liability, claims for excess employee contributions, and net pension liability (see Note 5 – LONG-TERM LIABILITIES).

Deferred Inflows of Resources

Deferred inflows of resources are an acquisition of net position by the County that are applicable to a future reporting period. Due to changes in actuarial estimates related to the County's net pension liability, deferred inflows of resources increased \$2.75 million compared to fiscal year 2016 which was \$7.12 million (see Note 9 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS for more information).

Net Investment in Capital Assets

The County's net investment in capital assets increased by \$18.32 million in the current fiscal year, with total net investment in capital assets of \$169.22 million. Capital assets include land, buildings, equipment, and infrastructure. The \$18.32 million includes land and building purchased for the Medical Examiner's facility and 220 acres of land at Fort Tuthill County Park with value of \$5.48 million, an increase in infrastructure due to completion of several capital projects including Phase I of the Fort Tuthill Fairgrounds and added roadway and culverts from the Townsend Winona Road Mill & Overlay project for \$3.27 million, and Construction in Progress for the Cosnino Pavement Preservation project and Phase II of the Fort Tuthill Fairgrounds, for a total of \$5.76 million. These assets are used to provide services to citizens, but are not available for future spending.

Restricted Net Position

Expendable restricted net position includes resources in which the County is legally obligated to spend the resources in accordance with restrictions provided by external parties. The portion of the County's net position which is subject to external restrictions is \$64.17 million. The County's restricted net position decreased by \$3.20 million in the current fiscal year. This is mainly attributable to the investment in a new ERP application called Tyler Munis. This will replace the County's full financial management system and Payroll/Human Resources systems at a budgeted cost of \$3.0 million over the next two fiscal years.

Unrestricted Net Position

Unrestricted net position is not subject to externally imposed stipulations; however, most of these resources have been designated for particular capital projects and for the County's unfunded pension and OPEB obligations. The reported negative balance of the County's net position, \$81.58 million, is unrestricted and consists of, positive net position in the

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amount of \$43.69 million that may be used to meet the government's ongoing obligations to citizens and creditors without constraints established by debt covenants or other legal requirements, and negative unrestricted net position in the amount of \$125.27 million which is primarily the result of the County's unfunded pension and OPEB obligations (see Note 9 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS for more information).

Total Net Position

The County's total net position from governmental activities at the end of the fiscal year was \$151.81 million. The County's total net position increased by \$11.27 million compared to fiscal year 2016. The major cause of the increase is due to an increase in local and State sales tax revenues and a reduction in program expenses primarily in Highways and Streets, and a reduction in pension liability, which increased net position.

**Statement of Activities**

The Statement of Activities presents information on how the County's net position changed during the most current fiscal year. The following table reflects the condensed Statement of Activities of the County for the fiscal year 2017 compared to the prior year.

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	Governmental Activities (in millions)	
	<u>2017</u>	<u>2016</u>
Revenues		
Program revenues:		
Charges for services	\$ 14.90	\$ 12.78
Operating grants and contributions	30.45	32.56
Capital grants and contributions	<u>0.61</u>	<u>0.70</u>
Total program revenue	45.96	46.04
General revenues:		
State shared revenue	25.90	24.58
Sales taxes	39.95	36.94
Property taxes	20.75	19.73
Grants and contributions not restricted to specific programs	2.69	2.82
Investment earnings	0.35	1.04
Gain on disposal of capital assets	0.40	0.35
Miscellaneous	<u>0.10</u>	<u>0.09</u>
Total general revenue	<u>90.14</u>	<u>85.55</u>
Total revenues	<u>136.10</u>	<u>131.59</u>
Program expenses:		
General government	38.02	33.87
Public safety	41.65	40.95
Highways and streets	13.11	21.81
Sanitation	2.52	2.24
Health	13.47	13.18
Welfare	4.58	4.25
Culture and recreation	6.76	7.17
Education	4.71	5.34
Interest on long-term debt	<u>0.01</u>	<u>0.02</u>
Total program expenses	<u>124.83</u>	<u>128.83</u>
Change in net position	<u>11.27</u>	<u>2.76</u>
Net position - beginning	<u>140.54</u>	<u>137.78</u>
Net position - ending	<u>\$ 151.81</u>	<u>\$ 140.54</u>

Overall program revenues decreased by \$0.08 million in the current fiscal year. This decrease was from an increase in charges for services of \$2.12 million, a decrease in capital grants and contributions of \$0.09 million in highway grants, and a reduction in operating grants and contributions of \$2.11 million due primarily to the completion of large flood control projects. Program expenses decreased by \$4.00 million in the current fiscal year, primarily due to an increase in General Government expenses related to a new ERP software system, an increase in Public Safety expenses for previously deferred repair and

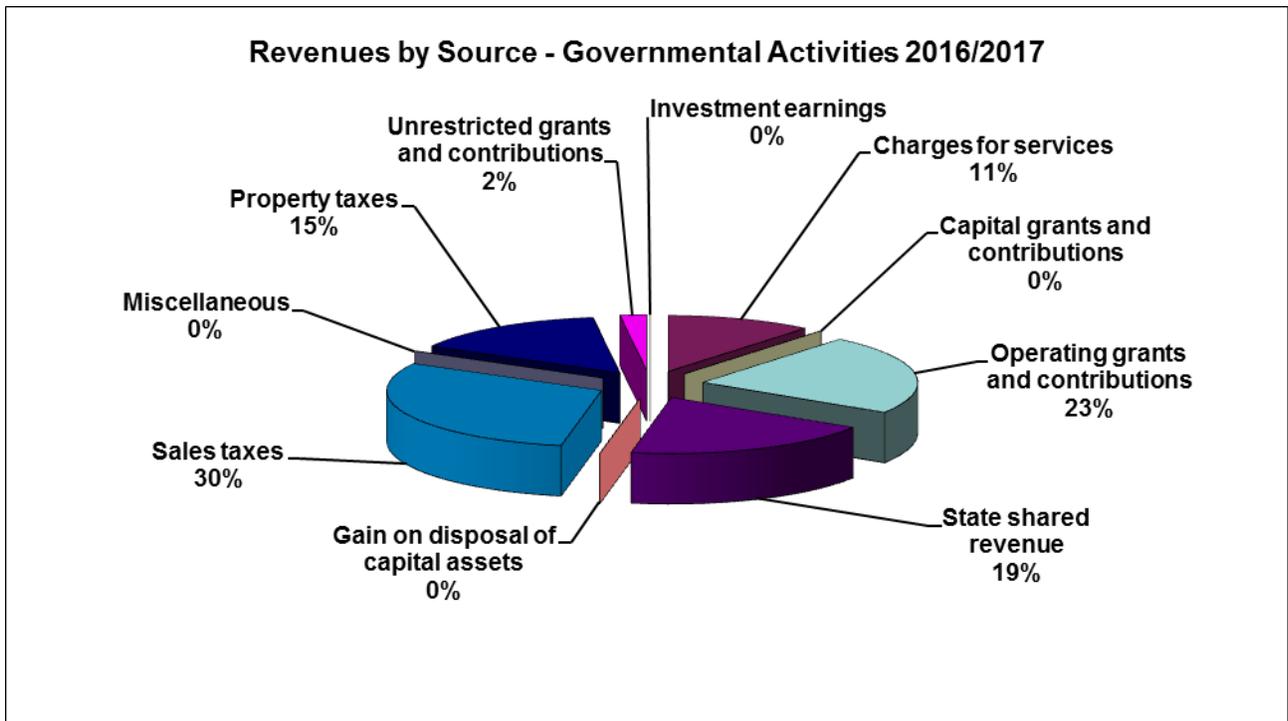
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replacement projects, and a significant decrease in Highways and Streets expenses due to the completion of grant funded projects in fiscal year 2016.

Total general revenue increased by \$4.59 million in fiscal year 2017. This was due in large part to increased State shared and local county sales tax collections of \$4.33 million, increase in property tax collections of \$1.02 million, a decrease in investment earnings of \$0.69 million due to investment market changes, and a decrease in grants and contributions not restricted to specific programs of \$0.13 million.

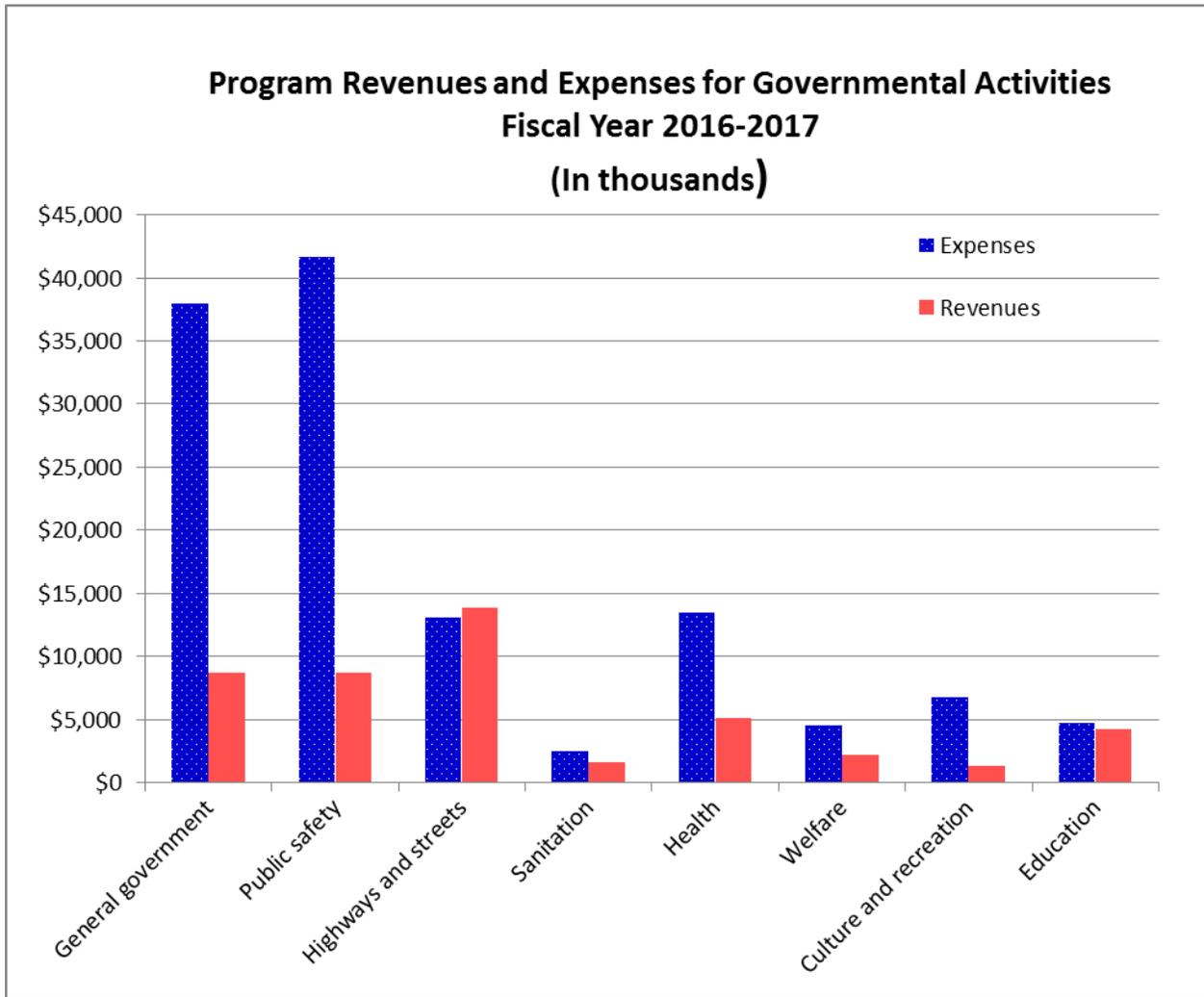
State shared revenue increased \$1.32 million due in part to the moderate rebound in taxable sales at the state level.

Local county sales tax revenue increased by \$3.01 million due in large part to the improving economy.



As shown in the “Revenues by Source - Governmental Activities” chart and “Program Revenues and Expenses for Governmental Activities” chart, for governmental activities overall, without regard to program, sales taxes are the largest single source of funds (30%), followed by operating grants and contributions (23%), and State shared revenue (19%). Public safety is the largest functional area in expense (33%), followed by general government (30%), highways and streets (11%) and health (11%).

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General Government expenses increased \$4.15 million in the current fiscal year due in large part to purchase of a new ERP software system, hardware to support it, and 2 new FTEs related to the ERP project. Public Safety expenses increased slightly, by \$0.70 million due to expenses for previously deferred repair and replacement projects. Highways and streets expenses decreased \$8.70 million due to the completion of grant funded projects in fiscal year 2016.

The County uses credit cards to pay certain vendors for goods and services and for employee travel expenses. The County received a financial consideration resulting from credit card payments for the year ended June 30, 2017 in the amount of \$66,668.

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**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

The County reported five major funds for this fiscal year – General Fund, Public Works/HURF, Jail District, Public Health Services District, and Parks and Open Spaces Tax Projects. At year-end the County's governmental funds reported combined fund balances of \$95.81 million, which is a decrease of \$0.84 million from last year, or a decrease of 0.87%. Of the total, \$94.95 million (99.10%) constitutes spendable fund balance.

Revenues and expenditures for governmental functions overall increased by 1.34% and 0.57%, respectively. These increases were the result of an increase in local and State sales tax revenues, and on the expenditure side from the purchase of ERP financial system software/hardware and ERP project dedicated FTEs. Governmental fund expenditures exceeded governmental fund revenues by \$1.38 million in the current fiscal year and the fund balance decreased by \$0.84 million.

The General Fund is the County's primary operating fund. At the end of the current fiscal year the spendable fund balance of the General Fund was \$31.29 million. Spendable fund balance represents 97.57% of the General Fund's total fund balance. The General Fund's fund balance increased by \$2.05 million over fiscal year 2016.

The Public Works/HURF Fund, fund balance increased by \$3.32 million in the current fiscal year. The increase was from revenues exceeding expenditures. Many road maintenance projects which had been deferred for several years were completed in FY17 from the Road Maintenance Sales Tax Revenue, and a large number of heavy iron road equipment vehicles were replaced, but due to timing, not all planned projects were completed prior to June 30.

The Jail District Fund, fund balance increased by \$4.00 million in the current fiscal year. It increased primarily due to increases in local sales tax revenue and deferring a budgeted Jail holding expansion project in Page, Arizona into a future fiscal year.

The Parks and Open Spaces Tax Projects Fund, fund balance decreased by \$9.72 million in the current fiscal year. This decrease was due to completion of planned FY16 projects in FY17 and the purchase, at auction, of 220 acres of State Land bordering Fort Tuthill County Park.

The Public Health Services District Fund, fund balance increased by \$0.18 million in the current fiscal year. The change in fund balance was primarily a continuing result of several cost saving measures taken in FY16, including closing the County Dental Clinic, staffing changes and increases in medical examiner fees.

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**General Fund Budgetary Highlights**

- The final budgeted expenditures for the General Fund at year-end were \$0.73 million more than the original adopted budget. This change was primarily due to budget adjustments for new grants and construction projects.
- For the General Fund, actual expenditures were \$26.19 million less than the final budget. The expenditures variance was primarily unexpended contingency funds, salary savings from vacancies and turn over, and fiscal reserves.
- The final budgeted revenues for the General Fund at year-end did not change from the original adopted budget. For the General Fund, actual revenues exceeded the final budget by \$4.48 million. The increase was primarily due to increases in County Sales tax and State Shared Sales tax revenues from a rebounding economy.

**Capital Assets and Debt Administration**

Capital Assets (Note 4)

During the current fiscal year, the County added \$5.84 million to its land ownership. The County was the successful bidder on 220 acres of land formerly owned by the State Land Department, adjacent to the Coconino County Park at Fort Tuthill. Buildings and other improvements remained relatively flat, but the County added to its machinery and equipment inventory by \$2.04 million. The addition in machinery and equipment was to replace old, inefficient heavy equipment and vehicles which had been kept running, beyond expected life-cycle, awaiting the passage of the Road Maintenance Sales Tax. The County added \$3.75 million to its infrastructure inventory. The increase in infrastructure inventory includes culverts, drainage improvements and other road improvements across the County. Construction in progress increased by \$6.78 million, the majority of which includes a newly remodeled Quad at Fort Tuthill, scheduled to be completed in fiscal year 2018. The County's overall estimated value of capital asset inventory increased \$18.05 million net of increases in depreciation (see Note 4 – CAPITAL ASSETS found on page 71 of this report).

The following table reflects the changes in capital assets for the County for the fiscal year 2017 compared to fiscal year 2016.

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	Governmental Activities (net of depreciation) (in millions)	
	2017	2016
Land	\$ 46.68	\$ 40.84
Buildings and other improvements	50.17	50.52
Machinery and equipment	9.39	7.35
Infrastructure	54.32	50.58
Construction in progress	8.72	1.94
Total	<u>\$ 169.28</u>	<u>\$ 151.23</u>

**Long-term Debt (Note 5)**

At the end of the current fiscal year the County had \$30,000 in special assessment debt outstanding. The long-term liability for future postemployment health benefit (OPEB) liability has increased by \$0.32 million to \$7.15 million in the current year. This change is the result of \$0.89 million in additional annual OPEB cost and only \$0.57 million in actual contributions made during fiscal year 2017 (see Note 5 – LONG-TERM LIABILITIES found on page 72 of this report).

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

The County utilizes a Ten-Year Financial Plan, which is updated regularly, to forecast the County’s financial future. The largest single revenue source is local and State shared sales taxes. Local and State shared sales taxes constitute approximately 46% of the County’s government-wide total revenues and approximately 67% of General Fund revenues. This makes the County’s revenues sensitive to both improvements and downturns in the economy. County staff incorporated historical financial trends, and local, national and global economic trends into the County’s fiscal 2018 budget. State shared sales tax and County sales tax revenues continue a five year upward trend. Sales taxes in total are 20% above the fiscal 2012 level.

The key elements of the fiscal year 2018 budget are based on the assumption that economic recovery began in fiscal year 2011, and we are now showing significant recovery in our state and local revenues. The county continues to see reduced levels of funding in federal and state grant revenue, and uncertainty in federal allocations for Payments In Lieu of Taxes and the Secure Rural Schools Act.

The County established the following Financial Planning Milestones in next year’s fiscal 2018 budget:

- Align “high probability of receipt” revenue types with recurring expenditures.
- Allocate budgeted receipts above recessionary revenue levels to one-time or non-mission-critical expenditures.

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- Plan adequate reserves for revenue smoothing and an emergency reserve, to allow for unknown and unplanned events.
- Provide adequate compensation to retain trained and experienced staff, who will efficiently and effectively deliver services.
- Strategically plan for long-term facility and technology resources to have appropriate work space and tools available for staff.

In developing the fiscal year 2018 budget, major areas of concern were:

- Impacts from the State shifting costs to the County, while reducing County revenue allocations to subsidize the State budget deficit. For FY18 the only new cost shift was a mandated salary increase for Superior Court Judges, costing the County \$7,000 and there continue to be over \$4.00 million in continuing cost shifts from prior fiscal years.
  - The continuing shifts include;
    - Paying the State to operate the Arizona Department of Revenue for collecting county sales tax
    - Paying for the operating costs of the Arizona Department of Juvenile Corrections
    - Paying for Restoration to Competency and housing of Sexually Violent Prisoners
    - Paying for both indigent health care (AHCCCS) and long term care (ALTCS)
- Potential reductions in Federal funding, particularly the loss of Secure Rural Schools funding (previously known as Forest Fees), a major source of funding for schools and roads.
- Focus on Criminal Justice by approving 4.5 new FTEs for Adult Probation, County Attorney, Sheriff, and Legal Defender and associated operations costs.
- Focus on Public Safety by approving an additional 1% market adjustment for Sheriff's Officers and Jail Detention Officers, in addition to their pay plan step increases and merit increase.
- The commitment to our employees in the form of appropriate compensation to the extent possible and avoiding the cost of increased turnover which decreases efficiency. A 2.5% merit increase, 2.5% market increase, and additional funding of a tuition reimbursement program are examples of support for employees.
- Continuing increases in pension costs that further constrict limited resources.
- Settlement of two lawsuits affecting PSPRS and EORP pension plans, requiring the County to refund over paid pension contributions and pre-judgement and post-judgement interest to the affected employees.
- Focus on holding health insurance costs well below national averages by expanding participation in the successful wellness program for employees, while considering other best practices, including the Vera Clinic, an on-site modeled NAPEBT employee only health clinic. Health premiums experienced zero increase for three years in a row, but will increase on average 13% across three different health plans in FY18.

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Management's Discussion and Analysis  
June 30, 2017

The County's financial planning is based on realistic revenue estimates and the use of a strategic planning process to focus the expenditure of limited resources on meeting current and future needs of its citizens, including an assessment of the level of recurring costs that need to be maintained during a recession.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County's Finance Department, Coconino County, 219 East Cherry Avenue, Flagstaff, Arizona 86001.

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## **BASIC FINANCIAL STATEMENTS**

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Coconino County  
Statement of Net Position  
June 30, 2017

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 87,035,040
Investments	599,055
Cash and investments held by trustee	32,429
Receivables (net of allowances for uncollectibles):	
Property taxes	598,216
Accounts	362,202
Special assessments	112,473
Road sales tax	1,810,396
Jail District sales tax	2,969,850
Accrued interest	281,550
Due from other governments	12,935,177
Inventories	218,623
Prepaid items	164,674
Capital assets, not being depreciated	55,402,990
Capital assets, being depreciated, net	113,886,799
Total assets	276,409,474
 <b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions	26,549,770
Total deferred outflows of resources	26,549,770
 <b>Liabilities</b>	
Accounts payable	5,691,066
Accrued payroll and employee benefits	3,606,151
Deposits held for others	103,458
Unearned revenues	39,303
Noncurrent liabilities	
Due within 1 year	4,534,530
Due in more than 1 year	127,298,756
Total liabilities	141,273,264
 <b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions	9,874,978
Total deferred inflows of resources	9,874,978
 <b>Net Position</b>	
Net investment in capital assets	169,224,399
Restricted for:	
Public safety	18,972,760
Highways and streets	27,401,479
Sanitation	1,301,608
Health	2,885,417
Welfare	11,984
Culture and recreation	737,022
Education	2,476,402
Debt service	46,772
Capital projects	7,057,274
Other purposes	3,278,642
Unrestricted (deficit)	(81,582,757)
Total net position	\$ 151,811,002

The accompanying notes are an integral part of these basic financial statements.

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Coconino County  
Statement of Activities  
Year Ended June 30, 2017

Functions/Programs	Program Revenues			Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
			Capital Grants and Contributions	Total
<b>Primary government:</b>				
Governmental activities:				
General government	38,022,439	7,176,071	1,539,721	\$ (29,306,647)
Public safety	41,654,185	3,265,470	5,464,651	(32,924,064)
Highways and streets	13,113,953	160,894	13,129,157	612,094
Sanitation	2,520,023	1,367,001	273,146	452
Health	13,468,758	1,289,745	3,860,263	(8,318,750)
Welfare	4,576,781	126,427	2,073,880	(2,376,474)
Culture and recreation	6,755,900	1,216,327	131,177	(5,408,396)
Education	4,707,587	299,328	3,974,828	(433,431)
Interest on long-term debt	8,720			(8,720)
Total governmental activities	<u>\$ 124,828,346</u>	<u>\$ 14,901,263</u>	<u>\$ 30,446,823</u>	<u>\$ 612,546</u>
Total governmental activities				<u>\$ (78,867,714)</u>
General revenues				
Taxes:				
Property taxes, levied for general purposes				10,263,558
Property taxes, levied for library				4,039,059
Property taxes, levied for flood control				2,491,441
Property taxes, levied for health services				3,948,951
General county sales tax				15,226,954
Road sales tax				9,253,718
Jail District sales tax				15,225,145
Parks and open spaces sales tax				16,427
Excise tax				129,671
Franchise tax				103,255
Shared revenue - state sales tax				22,133,708
Shared revenue - state vehicle license tax				3,768,292
Grants and contributions not restricted to specific programs				2,688,238
Investment earnings				353,751
Gain on disposal of capital assets				397,314
Miscellaneous				101,054
Total general revenues				<u>90,140,536</u>
Change in net position				<u>11,272,822</u>
Net position, July 1, 2016				<u>140,538,180</u>
Net position, June 30, 2017				<u>\$ 151,811,002</u>

The accompanying notes are an integral part of these basic financial statements.

Coconino County  
Balance Sheet  
Governmental Funds  
June 30, 2017

	General Fund	Public Works/HURF Fund	Jail District Fund
<b>Assets</b>			
Cash and cash equivalents	\$ 27,569,769	\$ 20,466,223	\$ 15,079,312
Investments			
Cash and investments held by trustee			
Receivables (net of allowances for uncollectibles):			
Property taxes	269,645		
Accounts	100,872	970	4,780
Special assessments			
Road sales tax		1,810,396	
Jail District sales tax			2,969,850
Accrued interest	80,895	65,036	39,127
Advances to other funds	701,783		
Due from:			
Other funds	2,389,486	83,427	93,923
Other governments	7,966,361	1,989,455	268,208
Inventories	326		
Prepaid items	76,723	1,542	
Total assets	<u>\$ 39,155,860</u>	<u>\$ 24,417,049</u>	<u>\$ 18,455,200</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 2,334,453	\$ 316,618	\$ 961,634
Accrued payroll and employee benefits	2,115,735	217,591	382,665
Advances from other funds			
Due to:			
Other funds	2,403,518	572,142	548,004
Deposits held for others	8,913		
Unearned revenue	19,123		
Total liabilities	<u>6,881,742</u>	<u>1,106,351</u>	<u>1,892,303</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	201,129		
Unavailable revenue - special assessments			
Unavailable revenue - intergovernmental			
Unavailable revenue - charges for services	4,803		
Unavailable revenue - other			
Total deferred inflows of resources	<u>205,932</u>		
Fund balances:			
Nonspendable	778,832	1,542	
Restricted		23,309,156	16,562,897
Unassigned	31,289,354		
Total fund balances	<u>32,068,186</u>	<u>23,310,698</u>	<u>16,562,897</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 39,155,860</u>	<u>\$ 24,417,049</u>	<u>\$ 18,455,200</u>

The accompanying notes are an integral part of these basic financial statements.

Public Health Services District Fund	Parks and Open Spaces Tax Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,559,291	\$ 4,306,694	\$ 16,256,685	\$ 86,237,974
		599,055	599,055
		32,429	32,429
118,400		210,171	598,216
56,443		175,271	338,336
		112,473	112,473
			1,810,396
			2,969,850
7,915	35,403	50,959	279,335
			701,783
2,210		3,286,392	5,855,438
903,938	1,639	1,805,576	12,935,177
			326
69,292		16,989	164,546
<u>\$ 3,717,489</u>	<u>\$ 4,343,736</u>	<u>\$ 22,546,000</u>	<u>\$ 112,635,334</u>
\$ 305,034	\$ 488,636	\$ 1,188,515	\$ 5,594,890
232,028	5,232	411,397	3,364,648
		701,783	701,783
206,225	20	2,425,145	6,155,054
		94,545	103,458
		20,180	39,303
<u>743,287</u>	<u>493,888</u>	<u>4,841,565</u>	<u>15,959,136</u>
88,787		150,041	439,957
		112,473	112,473
48,841		251,623	300,464
		1,977	6,780
		984	984
<u>137,628</u>		<u>517,098</u>	<u>860,658</u>
69,292		16,989	866,655
2,767,282	3,849,848	17,565,372	64,054,555
		(395,024)	30,894,330
<u>2,836,574</u>	<u>3,849,848</u>	<u>17,187,337</u>	<u>95,815,540</u>
<u>\$ 3,717,489</u>	<u>\$ 4,343,736</u>	<u>\$ 22,546,000</u>	<u>\$ 112,635,334</u>

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Coconino County  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 June 30, 2017

Fund balances – total governmental funds	\$ 95,815,540
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	168,390,493
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	860,658
Internal service funds are used by management to charge the costs of certain activities, such as automotive maintenance, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service fund are included in governmental activities in the Statement of Net Position.	1,218,646
Long-term liabilities, including bonds payable, compensated absences payable, and claims and judgments payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(13,658,638)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(117,452,293)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	26,438,891
Deferred inflows of resources related to pensions	(9,802,295)
Net position of governmental activities	\$ 151,811,002

The accompanying notes are an integral part of these basic financial statements.

Coconino County  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2017

	General Fund	Public Works/HURF Fund	Jail District Fund
Revenues:			
Property taxes	\$ 10,322,243	\$	\$
County sales taxes	15,464,352	9,253,718	15,225,145
Special assessments			
Licenses and permits	1,386,903	62,872	
Fees, fines, and forfeits	1,266,646		
Intergovernmental	29,870,107	12,770,407	160,344
Charges for services	2,635,577	77,096	485,845
Investment earnings	132,256	81,183	46,272
Contributions	199,704		15,250
Miscellaneous	219,038	4,086	5,253
Total revenues	61,496,826	22,249,362	15,938,109
Expenditures:			
Current:			
General government	31,391,615		
Public safety	15,522,029		14,332,125
Highways and streets	419,688	20,392,656	
Sanitation			
Health	12,228		
Welfare	1,381,705		
Culture and recreation	1,717,888		
Education	469,657		
Capital outlay			
Debt service:			
Principal			
Interest and other charges			
Total expenditures	50,914,810	20,392,656	14,332,125
Excess (deficiency) of revenues over expenditures	10,582,016	1,856,706	1,605,984
Other financing sources (uses):			
Sale of capital assets		139,037	
Transfers in	671,870	1,511,000	2,615,764
Transfers out	(9,202,326)	(182,675)	(226,633)
Total other financing sources (uses)	(8,530,456)	1,467,362	2,389,131
Net change in fund balances	2,051,560	3,324,068	3,995,115
Fund balances, July 1, 2016	30,016,626	19,986,630	12,567,782
Fund balances, June 30, 2017	\$ 32,068,186	\$ 23,310,698	\$ 16,562,897

The accompanying notes are an integral part of these basic financial statements.

Public Health Services District Fund	Parks and Open Spaces Tax Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,978,912	\$	\$ 6,569,699	\$ 20,870,854
1,980	16,427		39,961,622
		55,814	55,814
692,784		5,010	2,147,569
		1,116,260	2,382,906
3,870,631	1,094	12,780,720	59,453,303
615,839		4,084,013	7,898,370
10,819	47,494	80,530	398,554
141,113		311,524	667,591
5,929	123	242,980	477,409
9,318,007	65,138	25,246,550	134,313,992
		2,977,632	34,369,247
731,174		8,365,235	38,950,563
		65,876	20,878,220
		2,036,484	2,036,484
13,111,683			13,123,911
		3,030,670	4,412,375
		4,381,857	6,099,745
		4,091,853	4,561,510
	9,785,411	1,240,105	11,025,516
		230,000	230,000
		8,720	8,720
13,842,857	9,785,411	26,428,432	135,696,291
(4,524,850)	(9,720,273)	(1,181,882)	(1,382,299)
		400,000	539,037
4,813,038		2,722,250	12,333,922
(112,682)		(2,609,606)	(12,333,922)
4,700,356		512,644	539,037
175,506	(9,720,273)	(669,238)	(843,262)
2,661,068	13,570,121	17,856,575	96,658,802
\$ 2,836,574	\$ 3,849,848	\$ 17,187,337	\$ 95,815,540

Coconino County  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balances of the Governmental Funds  
 to the Statement of Activities  
 Year Ended June 30, 2017

Net change in fund balances – total governmental funds \$ (843,262)

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	24,267,976	
Depreciation expense	<u>(6,814,883)</u>	17,453,093

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Decrease in compensated absences	20,630	
Increase in claims and judgments	(790,564)	
Increase in future postemployment health benefits	<u>(315,050)</u>	(1,084,984)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal repaid		262,377
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

1,367,956

County pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the County's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

County pension contribution		8,011,176
Pension expense		(13,910,440)

Internal service fund is used by management to charge the costs of certain activities, such as automotive maintenance, to individual funds. The activities of the internal service fund is reported with governmental activities.

16,906

Change in net position of governmental activities \$ 11,272,822

The accompanying notes are an integral part of these basic financial statements.

Coconino County  
Statement of Net Position  
Proprietary Fund  
June 30, 2017

	Governmental Activities - Internal Service Fund
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 797,066
Receivables (net of allowances for uncollectibles):	
Accounts	23,866
Accrued interest	2,215
Due from other funds	302,117
Inventories	218,297
Prepays	128
Total current assets	1,343,689
Noncurrent assets:	
Capital assets, net of accumulated depreciation:	
Buildings, net	33,821
Equipment, net	865,475
Capital assets, net	899,296
Total noncurrent assets	899,296
Total assets	2,242,985
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions	110,879
Total deferred outflows of resources	110,879
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	96,176
Accrued payroll and employee benefits	288,219
Due to other funds	2,501
Total current liabilities	386,896
Noncurrent liabilities:	
Net pension liability	675,639
Total noncurrent liabilities	675,639
Total liabilities	1,062,535
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions	72,683
Total deferred inflows of resources	72,683
<b>Net Position</b>	
Net investment in capital assets	899,296
Unrestricted	319,350
Total net position	\$ 1,218,646

The accompanying notes are an integral part of these basic financial statements.

Coconino County  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund  
Year Ended June 30, 2017

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 2,430,405
Total operating revenues	2,430,405
Operating expenses:	
Personal services	479,024
Professional services	132,900
Supplies	1,345,824
Utilities	18,661
Repairs and maintenance	125,131
Travel	6,650
Depreciation	325,704
Total operating expenses	2,433,894
Operating Loss	(3,489)
Nonoperating revenues:	
Investment earnings	4,406
Gain on disposal of capital assets	15,989
Total nonoperating revenues	20,395
Increase in net position	16,906
Total net position, July 1, 2016	1,201,740
Total net position, June 30, 2017	\$ 1,218,646

The accompanying notes are an integral part of these basic financial statements.

Coconino County  
Statement of Cash Flows  
Proprietary Fund  
Year Ended June 30, 2017

	<u>Governmental Activities- Internal Service Fund</u>
<u>Cash flows from operating activities:</u>	
Receipts from other funds for services provided	\$ 2,483,616
Payments to suppliers and providers of goods and services	(1,657,252)
Payments to employees	(478,421)
Net cash provided by operating activities	<u>347,943</u>
<u>Cash flows from capital and related financing activities:</u>	
Proceeds from sale of capital assets	18,814
Purchases of capital assets	(325,997)
Net cash used for capital and related financing activities	<u>(307,183)</u>
<u>Cash flows from investing activities:</u>	
Interest received on investments	7,091
Net decrease in fair value of investments	(3,681)
Net cash provided by investing activities	<u>3,410</u>
Net increase in cash and cash equivalents	44,170
Cash and cash equivalents, July 1, 2016	<u>752,896</u>
Cash and cash equivalents, June 30, 2017	<u>\$ 797,066</u>
<u>Reconciliation of operating loss to net cash provided by operating activities:</u>	
Operating loss	\$ (3,489)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	325,704
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Increase in:	
Inventories	(34,497)
Prepaid items	(128)
Accounts payable	6,539
Accrued payroll and employee benefits	15,332
Due to other funds	1,727
Deferred outflows related to pensions	(57,438)
Deferred inflows related to pensions	8,130
Net pension liability	34,579
Decrease in:	
Accounts receivable	9,718
Due from other funds	41,766
Net cash provided by operating activities	<u>\$ 347,943</u>

The accompanying notes are an integral part of these basic financial statements.

Coconino County  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2017

	Investment Trust Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 131,999,412	\$ 3,257,863
Interest and dividends receivable	428,594	
Total assets	132,428,006	3,257,863
<b>Liabilities</b>		
Deposits held for others		2,999,896
Due to other governments		257,967
Total liabilities		\$ 3,257,863
<b>Net Position</b>		
Held in trust for investment trust participants	\$ 132,428,006	

The accompanying notes are an integral part of these basic financial statements.

Coconino County  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended June 30, 2017

	Investment Trust Funds
Additions:	
Contribution from participants	\$ 264,882,315
Investment earnings:	
Interest and dividends	1,527,877
Net decrease in fair value of investments	(729,316)
Total investment earnings	798,561
Total additions	265,680,876
Deductions:	
Distributions to participants	255,804,804
Total deductions	255,804,804
Change in net position	9,876,072
Net position, July 1, 2016	122,551,934
Net position, June 30, 2017	\$ 132,428,006

The accompanying notes are an integral part of these basic financial statements.

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## **BASIC FINANCIAL STATEMENTS - NOTES**

Coconino County  
Notes to Financial Statements  
June 30, 2017

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

As the Coconino County Board of Supervisors serves as the Board of Directors of all special districts discussed below, it is able to significantly influence the programs, projects, activities, and level of services provided by the Districts; the Board also establishes policy, appoints management, exercises budgetary control and determines tax rates. Further, the Districts provide services almost entirely for the benefit of the County; therefore, the Districts are considered blended component units of the County. Separate financial statements for the Districts are not available.

The following table describes the County’s component units:

<u>Component Unit</u>	<u>Description</u>	<u>Reporting Method</u>	<u>For Separate Financial Statements</u>
Coconino County Flood Control District	A tax-levying district that provides flood control systems	Blended	Not available
Coconino County Library District	Provides and maintains library services for the County’s residents	Blended	Not available

Coconino County  
Notes to Financial Statements  
June 30, 2017

<u>Component Unit</u>	<u>Description</u>	<u>Reporting Method</u>	<u>For Separate Financial Statements</u>
Coconino County Special Assessment Districts	Constructs or improves roads, sidewalks, curbs and gutters, and irrigation systems within the County	Blended	Not available
Coconino County Street Lighting Districts	Operates and maintains street lighting in areas outside local city jurisdictions	Blended	Not available
Coconino County Jail District	A tax-levying district that acquires, constructs, operates, maintains, and finances county jails and jail systems	Blended	Not available
Public Health Services District	A tax-levying district that provides and maintains health services for the County's residents	Blended	Not available

Related Organization:

The Industrial Development Authority of Coconino County (Authority) is a legally separate entity that was created to assist in the financing of commercial activities, including a health care institution, residential real property for dwelling units located within the County, and industrial park facilities. The Authority fulfills its function through the issuance of tax exempt bonds. The County Board of Supervisors appoints the Authority's Board of Directors, but cannot remove a member of the Authority's Board at-will. The Authority's operations are completely separate from the County and the County is not financially accountable for the Authority. Therefore, the financial activities of the Authority have not been included in the accompanying financial statements.

**B. Basis of Presentation**

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the County as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

**Government-wide statements** – Provide information about the primary government (the County) and its component units. The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall

Coconino County  
Notes to Financial Statements  
June 30, 2017

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. Program revenues include:

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

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

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

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

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges in which each party receives and gives up essentially equal values are operating revenues. Other revenues, such as investment earnings, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with revenues generated by ancillary activities. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets.

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 a special revenue fund used to account for highway user fees restricted to the construction, repair, and maintenance of county roads that are funded primarily by a State-shared fuel tax and a County Road Maintenance Sales Tax.

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The *Jail District Fund* is a special revenue fund used to account for jail operations and jail capital improvements that are funded by a one-half cent sales tax.

The *Public Health Services District Fund* is a special revenue fund used to account for health services for County residents that are funded by a \$0.2500 per \$100 of assessed valuation property tax, grants and contributions, and charges for services.

The *Parks and Open Spaces Tax Projects Fund* is a capital projects fund used to account for parks and open space acquisitions and improvements that are funded by collections from a one-eighth cent sales tax and grants. Collections from the one-eighth cent sales tax ceased after September 2014.

The County also reports the following fund types:

The *internal service fund* accounts for automotive maintenance and operation provided to the County's departments or to other governments on a cost-reimbursement basis.

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

The *agency fund* accounts for assets held by the County as an agent for the State and various local governments, and for property taxes collected and distributed to the State, local school districts, community college districts, and special districts.

### **C. Basis of Accounting**

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

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

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. Tax revenues collected within 60 days after year-end are accrued as the County had a claim to those revenues at year-end. Other revenues, including grants from federal and state governments, are considered available if collected within 90 days if the County has a claim

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to the revenues, and the amount is measurable and available to pay liabilities of the current period. The County's major revenue sources that are subject to accrual are state-shared sales taxes and fuel taxes, county sales taxes, property taxes, and grants from the federal and state governments. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

#### **D. Cash and Investments**

For the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, cash on deposit with the County Treasurer, highly liquid investments with a maturity of three months or less when purchased, and investments that may be called by the Treasurer at any time without penalty.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of one year or less at time of purchase that are not in the County Treasurer's investment pool are stated at amortized cost. Tuba City Unified School District bonds are stated at amortized cost. All other investments are stated at fair value.

#### **E. Inventories**

Inventories in the government-wide and the proprietary fund's financial statements are recorded as assets when purchased and expensed when consumed. These inventories are stated at cost using the first-in, first-out, and moving weighted average methods of valuation for the government-wide financial statements, and the weighted average method of valuation for the proprietary fund's financial statement.

The County accounts for its inventories in the governmental funds using the consumption method. Inventories of the governmental funds are recorded as assets when purchased and expensed when consumed. Amounts on hand at year-end are shown on the balance sheet as an asset and as nonspendable fund balance to indicate that they do not constitute "available spendable resources." These inventories are stated at cost using the first-in, first-out method of valuation.

#### **F. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Amounts on hand at year-end are shown on the balance sheet as an asset and as nonspendable fund balance to indicate that they do not constitute "available spendable resources."

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**G. Property Tax Calendar**

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

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

**H. Capital Assets**

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

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide and proprietary fund's statements are as follows:

	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
Land	All	N/A	N/A
Construction in progress	\$5,000	N/A	N/A
Buildings and other improvements	5,000	Straight-Line	5-50 Years
Machinery and equipment	5,000	Straight-Line	3-40 Years
Infrastructure	5,000	Straight-Line	7-50 Years

**I. Deferred Outflows and Inflows of Resources**

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

**J. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized

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when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **K. Fund Balance Classifications**

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

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

The unrestricted fund balance category is comprised of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors approved, which is the highest level of decision-making authority within the County. Only the Board can remove or change the constraints placed on committed fund balances.

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but that are neither restricted nor committed. The Board of Supervisors has authorized the County Manager to assign resources for a specific purpose.

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

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, the County will use restricted fund balance first. The County has no formal policy as to its disbursing of unrestricted fund balances.

### **L. Investment Earnings**

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

### **M. Compensated Absences**

Compensated absences payable consist of vacation leave, compensatory time, and a calculated amount of sick leave employees earned based on services already rendered.

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Employees may accumulate up to 240 hours of vacation depending on years of service, but they forfeit any unused vacation hours in excess of the maximum amount. Upon terminating employment, the County pays all unused and unforfeited vacation benefits to employees. Any unused vacation hours in excess of the maximum amount at fiscal year-end is forfeited. Accordingly, vacation benefits are accrued as a liability in the government-wide and proprietary fund's financial statements.

Non-exempt, eligible employees may accumulate up to 80 hours of compensatory time. Accruals beyond 80 hours require approval of the Human Resources director. The Fair Labor Standards Act requires the payoff of any compensatory time balance above 240 hours for most non-exempt positions and 480 hours for public safety positions. This is done periodically throughout the year. Upon termination, all unused compensatory time is paid to the employee. Accordingly, compensatory time is accrued as a liability in the government-wide and proprietary fund's financial statements.

Employees may accumulate up to 1,040 hours of sick leave. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but employees forfeit them upon terminating employment. However, for employees who terminate with a minimum of 20 years of continuous service, sick leave benefits do vest. Such eligible terminating employees are compensated at the rate of one day for each four sick days accrued. Accordingly, this vested sick leave is accrued as a liability in the government-wide and proprietary fund's financial statements.

## **NOTE 2 – DEPOSITS AND INVESTMENTS**

Arizona Revised Statutes (A.R.S.) authorize the County Treasurer to invest public monies in securities and deposits with a maximum maturity of five years. All public monies shall be invested in eligible investments, including: the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness including those of counties, incorporated cities or towns, school districts or special taxing districts, including registered warrants; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; commercial paper of prime quality issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

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*Credit risk*

Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars must be rated "A" or better at the time of purchase by at least two nationally recognized rating agencies.
3. Fixed income securities must carry one of the two highest ratings by Moody's Investors Service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

*Custodial credit risk*

The Arizona State Treasurer's Office administers a State Wide Pooled Collateral Program. The purpose of the Pooled Collateral Program is to ensure all taxpayer funds on deposit with any federally insured depository in excess of any insurance is backed with 102% of eligible collateral and provide an efficient means for eligible depositories to aggregate collateral for public deposits. Under the Pooled Collateral Program, each financial institution with public deposits pledges a pool of collateral against all of the public deposits it holds for the state and local governments of the State of Arizona except as provided by law. That collateral is pledged to the State Wide pooled collateral administrator who is responsible for monitoring the collateral on behalf of all public depositors. The State Wide Pooled Collateral Administrator ("Administrator") is established in the Arizona State Treasurer's Office and may adopt and enforce policies and procedures as necessary to carry out its duties pursuant to A.R.S. §35-1202 et seq. The Administrator is responsible for ensuring that eligible depositories have posted 102% collateral for each public depositor in excess of any federally insured deposits. Coconino County's deposits are covered under the State Wide Pooled Collateral Program.

*Concentration of credit risk*

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

*Interest rate risk*

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

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*Foreign currency risk*

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

*Deposits* – At June 30, 2017, the carrying amount of the County’s deposits was \$30,357,912 and the bank balance was \$34,133,473. The County does not have a formal policy with respect to custodial credit risk. The County adheres to the custodial credit risk requirements in Statutes.

*Investments* – The County’s investments at June 30, 2017, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

		Fair value measurement using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Investment by fair value level</b>	<b>Amount</b>			
U.S. agency securities	\$ 124,896,231		\$ 124,896,231	
Corporate bonds	17,440,256		17,440,256	
Commercial paper	16,053,735		16,053,735	
Municipal bonds	13,063,907		13,063,907	
Negotiable CDs	6,019,241		6,019,241	
U.S. treasury securities	1,647,360	1,647,360		
Mutual funds-debt	454,036	454,036		
Mutual funds-equity	221,750	221,750		
Money market mutual funds	16,623	\$ 16,623		
Total investment by fair value level	\$ 179,813,139	\$ 2,339,769	\$ 177,473,370	
<b>External investment pools measured at fair value</b>				
State Treasurer's investment pool #7	\$ 11,035,817			
Total investment measured at fair value	\$ 11,035,817			
<b>Investments measured at amortized cost</b>				
Municipal bonds	\$ 1,589,709			
Total investment measured at amortized cost	\$ 1,589,709			
Total investments	\$ 192,438,665			

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

The investments categorized as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

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Investments in the State Treasurer's investment pool are valued at the pool's share price multiplied by the number of shares the County held. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

Investments measured at amortized cost consist of school improvement bonds issued by the Tuba City Unified School District to the Coconino County Treasurer.

*Credit risk* – The County Treasurer has a formal investment policy with respect to credit risk which mirrors A.R.S. 35-323. At June 30, 2017, credit risk for the County's investments was as follows:

<b>Investment Type</b>	<b>Rating</b>	<b>Rating Agency</b>	<b>Amount</b>
U.S. agency securities	Aaa	Moody's	\$ 124,896,231
Commercial Paper	Unrated	Not Applicable	16,053,735
State Treasurer's investment pool #7	Unrated	Not Applicable	11,035,817
Corporate Bonds	A2	Moody's	8,187,600
Corporate Bonds	A1	Moody's	8,050,940
Negotiable CDs	Unrated	Not Applicable	6,019,241
Municipal Bonds	Aa1	Moody's	3,261,222
Municipal Bonds	Aa3	Moody's	2,530,109
Municipal Bonds	Aa2	Moody's	1,996,548
Municipal Bonds	A1	Moody's	1,953,990
U.S. treasury securities	AA+	Standard Poor's	1,647,360
Municipal Bonds	Unrated	Not Applicable	1,589,709
Municipal Bonds	Aaa	Moody's	1,154,212
Municipal Bonds	AA-	Standard Poor's	1,076,652
Corporate Bonds	Aaa	Moody's	1,002,440
Municipal Bonds	A2	Moody's	542,922
Municipal Bonds	A+	Standard Poor's	448,252
Mutual Funds-debt	Unrated	Not Applicable	273,891
Corporate Bonds	Aa1	Moody's	199,276
Mutual Funds-debt	Unrated	Not Applicable	180,145
Municipal Bonds	AA	Standard Poor's	100,000
Money market mutual funds	Aaa-mf	Moody's	16,623
			\$ 192,216,915

*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 an outside party's possession. The County does not have a formal policy with respect to custodial credit risk.

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*Concentration of credit risk* – The County Treasurer has a formal policy with respect to concentration of credit risk. The policy allows more than 5% of the portfolio from any one issuer, with the exception of a corporate issuer. Corporate bonds in total shall not exceed 20% of the entire portfolio and no one corporate issuer shall exceed 5% of the entire portfolio. The County had investments at June 30, 2017, of five percent or more in Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank. These investments were 23.42%, 19.76%, 16.04%, and 5.68% respectively, of the County’s total investments.

*Interest rate risk* – The County Treasurer has a formal policy with respect to interest rate risk, acknowledging that in a rising rate environment investments may have to be held to maturity rather than incur a loss of principle in a net trade situation. Diversification in the portfolio can be used to reduce the adverse effect of rising rates.

At June 30, 2017, the County had the following investments in debt securities:

<b>Investment Type</b>	<b>Amount</b>	<b>Weighted Average Maturity in Years</b>
U.S. agency securities	124,896,231	2.789
U.S. treasury securities	1,647,360	1.504
Corporate bonds	17,440,256	2.357
Negotiable CDs	6,019,241	1.086
Commercial paper	16,053,735	0.234
Municipal bonds	14,653,616	2.617
Money market mutual funds	16,623	0.066
State Treasurer's investment pool #7	11,035,817	0.200
Mutual funds-debt	273,891	8.750
Mutual funds-debt	180,145	4.700
	<u>\$ 192,216,915</u>	

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

Cash, deposits, and investments:

Cash on hand	\$ 127,222
Amount of deposits	30,357,912
Amount of investments	<u>192,438,665</u>
Total	<u><u>\$222,923,799</u></u>

Statement of Net Position:	<u>Governmental Activities</u>	<u>Investment Trust Funds</u>	<u>Agency Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 87,035,040	\$ 131,999,412	\$ 3,257,863	\$222,292,315
Investments	599,055			599,055
Cash and investments held by trustee(s)	32,429			32,429
Total	<u><u>\$ 87,666,524</u></u>	<u><u>\$131,999,412</u></u>	<u><u>\$3,257,863</u></u>	<u><u>\$222,923,799</u></u>

**NOTE 3 – RECEIVABLES**

**Due from other governments** – Amounts due from other governments at June 30, 2017, include \$3,708,299 and \$1,906,582 in state-shared revenue from sales taxes and fuel taxes, respectively; \$224,270 from the State of Arizona for state vehicle license tax; \$2,969,626 in county sales tax; \$1,895,953 in grants from the federal government; and \$769,769 in grants from various state agencies. The remaining balance of \$1,460,678 is composed of miscellaneous receivables from federal, state, and local government.

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**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017, was as follows:

<b>Governmental activities</b>	<b>Balance July 1, 2016</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2017</b>
Capital assets not being depreciated:				
Land	\$ 40,845,535	\$ 5,834,123	\$	\$ 46,679,658
Construction in progress	1,937,609	17,491,774	10,706,051	8,723,332
Total capital assets not being depreciated	42,783,144	23,325,897	10,706,051	55,402,990
Capital assets being depreciated:				
Buildings and other improvements	91,392,390	2,066,159		93,458,549
Machinery and equipment	37,479,160	3,586,830	1,838,516	39,227,474
Infrastructure	112,486,611	7,103,237		119,589,848
Total	241,358,161	12,756,226	1,838,516	252,275,871
Less accumulated depreciation for:				
Buildings and other improvements	40,876,096	2,411,621		43,287,717
Machinery and equipment	30,127,928	1,371,801	1,663,592	29,836,137
Infrastructure	61,908,053	3,357,165		65,265,218
Total	132,912,077	7,140,587	1,663,592	138,389,072
Total capital assets being depreciated, net	108,446,084	5,615,639	174,924	113,886,799
Governmental activities capital assets, net	<u>\$ 151,229,228</u>	<u>\$ 28,941,536</u>	<u>\$ 10,880,975</u>	<u>\$ 169,289,789</u>

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
General government	\$ 870,996
Public safety	1,355,085
Highways and streets	3,416,092
Sanitation	203,943
Health	113,135
Welfare	37,092
Culture and recreation	716,197
Education	102,343
Internal service fund	325,704
Total governmental activities depreciation expense	<u>\$ 7,140,587</u>

**Construction and Other Significant Commitments** – The County had major contractual commitments related to various capital projects at June 30, 2017, for the repair and construction of a wastewater project, facilities upgrades, and a new ERP system. At June 30, 2017, the County had spent \$5,047,231 on these projects and had remaining contractual commitments with contractors totaling \$1,773,129. These projects are being financed by Flood Control property tax, highway user revenues, federal and state emergency management reimbursements, state grants, and the General Fund.

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**NOTE 5 – LONG-TERM LIABILITIES**

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2017:

<u>Governmental Activities</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Due within 1 year</u>
Bonds payable:					
Special assessment bonds					
with governmental commitment	\$ 260,000	\$	\$ 230,000	\$ 30,000	\$ 30,000
Total bonds payable	<u>260,000</u>	<u></u>	<u>230,000</u>	<u>30,000</u>	<u>30,000</u>
Capital lease payable	67,767		32,377	35,390	27,763
Net pension liability (Note 9)	116,062,620	9,942,448	7,877,136	118,127,932	
Compensated absences payable	5,068,726	3,351,501	3,366,704	5,053,523	3,404,700
Claims and judgments payable	647,111	1,002,782	212,218	1,437,675	1,072,067
Future postemployment health benefit liability (Note 9)	6,831,582	886,928	569,744	7,148,766	
Total Governmental activities long-term liabilities	<u>\$ 128,937,806</u>	<u>\$ 15,183,659</u>	<u>\$ 12,288,179</u>	<u>\$ 131,833,286</u>	<u>\$ 4,534,530</u>

**Special Assessment Bonds** – Special assessment bonds are secured by pledges of revenues from special assessments levied against the benefiting property owners. Proceeds from special assessment bonds are used for improvements such as paving, street lighting, and sewers. The special assessment districts pledged these assessments to repay the principal amount of \$438,000 in special assessment debt. Payment made by the assessed property owners are 100 percent pledged to pay the scheduled principal and interest payments on special assessment bonds. In the event of default by the property owner, the lien created by the assessment is sold at public auction and the proceeds are used to offset the default assessment. At June 30, 2017, future pledged revenues through final maturity at July 1, 2019 totaled \$31,470 consisting of \$30,000 for principal and \$1,470 for interest. Future principal and interest payments are expected to require 100 percent of pledged special assessment revenues. Principal and interest paid for the current year and total current year special assessment revenues were \$238,720 and \$55,814, respectively. While there is no legal obligation for the County to further secure the special assessment debt of the districts below, the County has made a moral commitment to take steps necessary to prevent default.

The following special assessment bonds were outstanding at June 30, 2017:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
Special assessment bonds with governmental commitment	<u>\$ 438,000</u>	July 1, 2019	4.90%	<u>\$ 30,000</u>

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The following schedule details debt service requirements to maturity for the County's special assessment bonds payable at June 30, 2017:

Year Ending June 30	Governmental Activities	
	Special Assessment Bonds	
	Principal	Interest
2018	30,000	1,470

**Capital Lease** – The County has acquired equipment under the provisions of a long-term lease agreement classified as a capital lease for accounting purposes because it provides for transfer of ownership by the end of the lease term.

The following assets were acquired through capital lease:

	Governmental activities
Machinery and equipment	66,786
Less: accumulated depreciation	33,393
Carrying value	33,393

The following schedule details debt service requirements to maturity for the County's capital lease payable at June 30, 2017:

	Governmental activities
Year ending June 30	
2018	28,043
2019	7,648
Total minimum lease payments	35,691
Less amount representing interest	301
Present value of net minimum lease payments	35,390

The present value of net minimum lease payments at June 30, 2017, of \$35,390 exceeds the total capital assets of \$33,393 because a portion of the assets acquired through the capital lease are for computer related equipment that is below the County's capitalization threshold.

**Insurance Claims** – The County provides life, health and disability benefits to its employees and their dependents through the Northern Arizona Public Employee Benefit Trust (Trust), currently composed of seven members. The Trust provides benefits through a self-funding agreement with its participants and administers the program. The County is responsible for paying the premium and requires its employees to contribute a portion of that premium. If it withdraws from the Trust, the County is responsible for any claims run-out costs, including

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claims reported but not settled, claims incurred but not reported, and administrative costs. If the Trust were to terminate, the County would be responsible for its proportional share of any Trust deficit.

**Compensated Absences and Claims and Judgments** – Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. Claims and judgments are generally paid from the fund that accounts for the activity that gave rise to the claim. During fiscal year 2017, the County paid for compensated absences as follows: 54.53 percent from the General Fund, 31.29 percent from major funds, and 14.18 percent from other funds. The County paid for claims and judgments from the General Fund.

During fiscal year 2017, the County incurred \$974,322 in claims and judgments payable for excess employee contributions made to the Public Safety Personal Retirement System (PSPRS) and Elected Officials Retirement Plan (EORP) pensions. The County General Fund will reimburse employee excess contributions as Federal regulations restrict pension plans from directly refunding employees. The County will receive a future credit for the employer portion of required pension contributions for the amounts reimbursed on behalf of the County to the employees.

**NOTE 6 – FUND BALANCE CLASSIFICATION OF GOVERNMENTAL FUNDS**

The fund balance classifications of the governmental funds as of June 30, 2017, were as follows:

	General Fund	Public Works/HURF Fund	Jail District Fund	Public Health Services District Fund	Parks and Open Spaces Tax Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:							
Nonspendable:							
Advances	\$ 701,783	\$	\$	\$	\$	\$	\$ 701,783
Inventories	326						326
Prepaid items	76,723	1,542		69,292		16,989	164,546
Total nonspendable	<u>778,832</u>	<u>1,542</u>	-	<u>69,292</u>		<u>16,989</u>	<u>866,655</u>
Restricted for:							
Debt Service						46,772	46,772
Highways and Streets		23,309,156				3,978,308	27,287,464
Jail and Sheriff			16,562,897			1,182,299	17,745,196
Culture and Recreation						732,219	732,219
Health				2,767,282			2,767,282
Capital Projects					3,849,848	3,207,426	7,057,274
Education						2,338,861	2,338,861
Sanitation						1,301,608	1,301,608
Emergency Services						6,305	6,305
Welfare							
Probation						1,496,175	1,496,175
Superior Court						488,541	488,541
Justice Courts						633,738	633,738
Public and Legal Defender						79,658	79,658
County Attorney						1,017,547	1,017,547
General Govt Services						1,055,915	1,055,915
Total restricted		<u>23,309,156</u>	<u>16,562,897</u>	<u>2,767,282</u>	<u>3,849,848</u>	<u>17,565,372</u>	<u>64,054,555</u>
Unassigned	31,289,354					(395,024)	30,894,330
Total fund balances	<u>\$32,068,186</u>	<u>\$23,310,698</u>	<u>\$16,562,897</u>	<u>\$ 2,836,574</u>	<u>\$ 3,849,848</u>	<u>\$17,187,337</u>	<u>\$95,815,540</u>

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**NOTE 7 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

At June 30, 2017, the following nonmajor governmental fund reported a deficit in fund balance.

Fund	Deficit
<b>Governmental Funds:</b>	
Career Center Grants	\$ 42,358
Community Services Grants and Fees	18,341
Flood Control District Fund	323,278
	\$ 383,977

The fund balance deficit for the Career Center Grants Fund and Community Services Grants and Fees Fund resulted from operations during the year and is expected to be corrected during normal operations in fiscal year 2018. The Flood Control District expenses exceeded revenue in FY17 in a planned effort to finalize flood control projects from recent major flooding incidents, including the Slide and Schultz Floods. In FY18, the Flood Control District will limit expenditures to project planning efforts for future fiscal year implementation. This will allow the annual Flood Control District property tax levy in the amount of \$2,493,595 to cover the deficit and build a fund balance for future use.

**NOTE 8 – RISK MANAGEMENT**

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 others; and natural disasters. These risks of loss are accounted for and financed by the following described insurance coverage and internal risk management program.

The County contracts with CopperPoint Mutual Insurance Company to meet Arizona statutory requirements on workers compensation coverage for its elected officials, employees, and volunteers. There is no deductible associated with this coverage and no loss limit per claim. The employer’s liability section of our workers’ compensation policy is insured with coverage limits at the \$1,000,000 level. There have been no claims against our employer’s liability to date.

The County also purchases coverage from insurers for property insurance, commercial general liability, public official errors and omissions liability, law enforcement liability, employment practices liability, employee benefits liability, automobile liability and physical damage, healthcare professional liability, cyber liability, environmental impairment liability, and non-owned aircraft liability. The County self-insures liability claims for the first \$125,000 with the exception of a few specialty lines noted here after. The County self-insures environmental liability claims for the first \$50,000 and healthcare professional liability for the first \$100,000. There is a \$50,000 deductible for cyber liability, and also a \$25,000 deductible for automobile physical damage. A self-insurance retention fund has been

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established for these losses. There is no self-insured retention or deductible on our non-owned aircraft liability policy.

The County carries excess layers of liability with a combined limit of \$30,000,000 over our basic individual \$1,000,000 liability limits for commercial general liability, public official errors and omissions liability, law enforcement liability, employment practices liability, employee benefits liability, and automobile liability. We carry a separate \$5,000,000 on professional healthcare liability, \$5,000,000 on cyber liability, \$1,000,000 on environmental impairment liability, and \$5,000,000 on non- owned aircraft liability which are not included in our excess liability insurance coverage.

For real property and business personal property damage coverage the County has a \$25,000 deductible with blanket coverage up to the property values insured on a replacement cost basis on the special property form. This property insurance includes flood with a \$5,000,000 sublimit and a \$100,000 deductible for most properties. Two locations are listed with higher deductibles of \$250,000 and \$500,000 for flood insurance. Our property insurance also includes coverage for earthquake with a \$5,000,000 sublimit and a \$100,000 deductible. Crime coverage is carried at a limit of \$1,000,000 with a \$25,000 deductible.

No claims from the past three years or current fiscal year have exceeded or are currently reserved at amounts to exceed any of Coconino County's commercial insurance coverages.

**NOTE 9 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

The County contributes to the plans described below. The plans are component units of the State of Arizona.

At June 30, 2017, the County reported the following aggregate amounts related to pensions for all plans to which it contributes:

<b>Statement of Net Position and Statement of Activities</b>	<b>Governmental Activities</b>
Net pension liabilities	\$118,127,932
Deferred outflows of resources	26,549,770
Deferred inflows of resources	9,874,978
Pension expense	13,936,063

The County's accrued payroll and employee benefits includes \$59,362 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2017. Also, the County reported \$8,011,176 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

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**A. Arizona State Retirement System**

**Plan description** – County employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing, multiple-employer defined benefit pension plan, a cost-sharing, multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing, multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at [www.azasrs.gov](http://www.azasrs.gov).

**Benefits provided** – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

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

\*With actuarially reduced benefits.

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

**Contributions** – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the

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year ended June 30, 2017, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.48 percent (11.34 percent for retirement and 0.14 percent for long-term disability) of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members' annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 9.47 percent (9.17 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.09 percent for long-term disability) of annual covered payroll of retired members who worked for the County in positions that that an employee who contributes to the ASRS would typically fill. The County's contributions to the pension plan for the year ended June 30, 2017, were \$4,232,338. The County's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

ASRS	Health benefit supplement fund	Long-term disability fund
Year ended June 30		
2017	\$ 219,862	\$ 54,965
2016	187,605	45,025
2015	212,883	43,298

During fiscal year 2017, the County paid for ASRS pension and OPEB contributions as follows: 56.0 percent from the General Fund, 31.4 percent from major funds, and 12.6 percent from other funds.

**Pension liability** – At June 30, 2017, the County reported a liability of \$64,388,081 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The total pension liability as of June 30, 2016, reflects a change in actuarial assumption for a decrease in loads for future potential permanent benefit increases.

The County's proportion of the net pension liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The County's proportion measured as of June 30, 2016, was 0.399 percent, which was an increase of 0.007 from its proportion measured as of June 30, 2015.

**Pension expense and deferred outflows/inflows of resources** – For the year ended June 30, 2017, the County recognized pension expense for ASRS of \$3,000,418. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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<b>ASRS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 391,282	\$ 4,429,429
Changes of assumptions or other inputs		3,406,644
Net difference between projected and actual earnings on pension plan investments	6,977,524	
Changes in proportion and differences between county contributions and proportionate share of contributions	793,557	422,364
County contributions subsequent to the measurement date	4,232,338	
<b>Total</b>	<b>\$ 12,394,701</b>	<b>\$ 8,258,437</b>

The \$4,232,338 reported as deferred outflows of resources related to ASRS pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30	
2018	\$(3,035,599)
2019	(1,931,650)
2020	2,914,698
2021	1,956,478

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

<b>ASRS</b>	
Actuarial valuation date	June 30, 2015
Actuarial roll forward date	June 30, 2016
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3 - 6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

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The long-term expected rate of return on ASRS pension plan investments was determined to be 8.75 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>ASRS</b>		
<b>Asset class</b>	<b>Target allocation</b>	<b>Long-term expected arithmetic real rate of return</b>
Equity	58%	6.73%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Multi-asset	5%	3.41%
Commodities	2%	3.84%
Total	<u>100%</u>	

**Discount Rate** – The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County’s proportionate share of the ASRS net pension liability to changes in the discount rate** – The following table presents the County’s proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

<b>ASRS</b>	<b>1% Decrease (7%)</b>	<b>Current Discount Rate (8%)</b>	<b>1% Increase (9%)</b>
County’s proportionate share of the net pension liability	\$ 82,099,682	\$ 64,388,081	\$50,187,241

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

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

**Plan descriptions** – County sheriff employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP). The CORP administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan for county detention officers (agent plans), and a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for AOC officers (cost-sharing plans). The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS issues a publicly available report that includes financial statements and required supplementary information for the PSPRS and CORP plans. The report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

**Benefits provided** – The PSPRS and CORP provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

<b>PSPRS</b>	<b>Initial membership date:</b>	
	<b>Before January 1, 2012</b>	<b>On or after January 1, 2012</b>
<b>Retirement and Disability</b>		
Years of service and age required to receive benefit	20 years, any age 15 years, age 62	25 years, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years

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**PSPRS**

**Initial membership date:**  
**Before January 1, 2012**                      **On or after January 1, 2012**

Benefit percent

Normal Retirement

50% less 2.0% for each year of credited service less than 20 years  
OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%

2.5% per year of credited service, not to exceed 80%

Accidental Disability Retirement

50% or normal retirement, whichever is greater

Catastrophic Disability Retirement

90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater

Ordinary Disability Retirement

Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20

**Survivor Benefit**

Retired Members

80% to 100% of retired member's pension benefit

Active Members

80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job

**CORP**

**Initial membership date:**  
**Before January 1, 2012**                      **On or after January 1, 2012**

**Retirement and Disability**

Years of service and age required to receive benefit

Sum of years and age equals 80  
20 years, any age  
10 years, age 62

25 years, age 52.5  
10 years, age 62

Final average salary is based on

Highest 36 consecutive months of last 10 years

Highest 60 consecutive months of last 10 years

Benefit percent

Normal Retirement

2.0% to 2.5% per year of credited service, not to exceed 80%

Accidental Disability Retirement

50% or normal retirement if more than 20 years of credited service

50% or normal retirement if more than 25 years of credited service

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**CORP**

**Initial membership date:**

**Before January 1, 2012**

**On or after January 1, 2012**

Total and Permanent Disability Retirement 50% or normal retirement if more than 25 years of credited service

Ordinary Disability Retirement 2.5% per year of credited service

**Survivor Benefit**

Retired Members 80% of retired member's pension benefit

Active Members 40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

**Employees covered by benefit terms** – At June 30, 2017, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Sheriff	CORP Detention
Inactive employees or beneficiaries currently receiving benefits	54	13
Inactive employees entitled to but not yet receiving benefits	15	66
Active employees	47	84
<b>Total</b>	<u><u>116</u></u>	<u><u>163</u></u>

**Contributions and annual OPEB cost** – State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2017, are indicated below. Rates are a percentage of active members' annual covered payroll.

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	<b>PSPRS Sheriff</b>	<b>CORP Detention</b>	<b>CORP AOC</b>
Active members—Pension			
PSPRS members with an initial membership date on or before July 19, 2011:			
July 2016 through March 2017	11.65%	n/a	n/a
April 2017 through June 2017	7.65%	n/a	n/a
PSPRS members with an initial membership date after July 19, 2011, and all CORP members	11.65%	8.41%	8.41%
County			
Pension	72.84%	10.04%	20.08%
Health insurance premium benefit	0.75%	0.23%	0.80%

In addition, the County was required by statute to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the PSPRS or CORP would typically fill.

	<b>PSPRS Sheriff</b>	<b>CORP Detention</b>	<b>CORP AOC</b>
Pension	61.85%	3.92%	13.68%
Health insurance premium benefit	0.34%	0.00%	0.53%

For the agent plans, the County's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2017, were:

	<b>PSPRS Sheriff</b>	<b>CORP Detention</b>
<b>Pension</b>		
Contributions made	\$2,380,481	\$355,990
<b>Health Insurance Premium Benefit</b>		
Annual OPEB cost	24,511	8,155
Contributions made	24,511	8,155

Contributions to the CORP AOC pension plan for the year ended June 30, 2017, were \$694,485. The County's contributions for the current and 2 preceding years for the CORP AOC OPEB, all of which were equal to the required contributions, were as follows:

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<b>CORP AOC</b>	<b>Health</b>
<b>Year ended June 30</b>	<b>Insurance Fund</b>
2017	\$ 28,817
2016	28,597
2015	43,781

During fiscal year 2017, the County paid for PSPRS, CORP, and CORP AOC pension and OPEB contributions as follows: 74.0 percent from the General Fund, 11.2 percent from major funds, and 14.8 percent from other funds.

**Pension liability** – At June 30, 2017, the County reported the following net pension liabilities:

	<b>Net Pension Liability</b>
PSPRS Sheriff	\$22,511,420
CORP Detention	3,397,810
CORP AOC (County's proportionate share)	8,593,425

The net pension liabilities were measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2016, reflect the following changes of benefit terms and actuarial assumptions.

- In May 2016 voters approved Proposition 124 that authorized certain statutory adjustments to PSPRS' automatic cost-of-living adjustments. The statutory adjustments changed the basis for cost-of-living adjustments from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.
- Laws 2016, Chapter 2, changed the benefit formula and contribution requirements for members hired on or after July 1, 2017.
- The investment rate of return actuarial assumption was decreased from 7.85 percent to 7.50 percent for PSPRS and CORP plans.

The net pension liabilities measured as of June 30, 2017, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the County's net pension liabilities as a result of these changes is not known.

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

<b>PSPRS and CORP – Pension</b>	
Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal

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Investment rate of return	7.50%
Projected salary increases	4.0%–8.0% for PSPRS and 4.0%–7.25% for CORP
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.50 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>PSPRS and CORP</b>		
<b>Asset class</b>	<b>Target allocation</b>	<b>Long-term expected arithmetic real rate of return</b>
Short term investments	2%	0.75%
Absolute return	5%	4.11%
Risk parity	4%	5.13%
Fixed income	7%	2.92%
Real assets	8%	4.77%
GTAA	10%	4.38%
Private equity	11%	9.50%
Real estate	10%	4.48%
Credit opportunities	13%	7.08%
Non-U.S. equity	14%	8.25%
U.S. equity	<u>16%</u>	6.23%
Total	<u>100%</u>	

**Pension discount rates** – At June 30, 2016, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.50 percent, which was a decrease of 0.35 from the discount rate used as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**Changes in the Net Pension Liability**

<b>PSPRS Sheriff</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
Balances at June 30, 2016	40,219,983	9,831,427	30,388,556
Changes for the year:			
Service cost	530,394		530,394
Interest on the total pension liability	3,072,697		3,072,697
Changes of benefit terms	(136,624)		(136,624)
Differences between expected and actual experience in the measurement of the pension liability	(158,582)		(158,582)
Changes of assumptions or other inputs	1,542,086		1,542,086
Contributions—employer		12,388,778	(12,388,778)
Contributions—employee		366,754	(366,754)
Net investment income		59,803	(59,803)
Benefit payments, including refunds of employee contributions	(2,685,077)	(2,685,077)	
Administrative expense		(9,005)	9,005
Other changes		(79,223)	79,223
Net changes	2,164,894	10,042,030	(7,877,136)
Balances at June 30, 2017	42,384,877	19,873,457	22,511,420

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<b>CORP Detention</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
Balances at June 30, 2016	9,563,279	7,114,512	2,448,767
Changes for the year:			
Service cost	494,690		494,690
Interest on the total pension liability	758,183		758,183
Changes of benefit terms	20,410		20,410
Differences between expected and actual experience in the measurement of the pension liability	(74,152)		(74,152)
Changes of assumptions or other inputs	454,705		454,705
Contributions—employer		381,483	(381,483)
Contributions—employee		318,137	(318,137)
Net investment income		44,475	(44,475)
Benefit payments, including refunds of employee contributions	(304,477)	(304,477)	
Administrative expense		(6,689)	6,689
Other changes		(32,613)	32,613
Net changes	1,349,359	400,316	949,043
Balances at June 30, 2017	10,912,638	7,514,828	3,397,810

The County's proportion of the CORP AOC net pension liability was based on the County's actual contributions to the plan relative to the total of all participating counties' actual contributions for the year ended June 30, 2016. The County's proportion measured as of June 30, 2016 was 3.046 percent, which was a decrease of 0.076 from its proportion measured as of June 30, 2015.

**Sensitivity of the County's net pension liability to changes in the discount rate** – The following table presents the County's net pension liabilities calculated using the current discount rate of 7.50 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

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	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
PSPRS Sheriff			
Net pension liability	\$ 27,627,284	\$ 22,511,420	\$ 18,268,144
CORP Detention			
Net pension liability	\$ 5,018,872	\$ 3,397,810	\$ 2,087,499
CORP AOC			
County's proportionate share of the net pension liability	\$ 11,044,389	\$ 8,593,425	\$ 6,569,031

**Pension plan fiduciary net position** – Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS and CORP financial reports.

**Pension expense** – For the year ended June 30, 2017, the County recognized the following pension expense:

	<b>Pension Expense</b>
PSPRS Sheriff	\$3,639,605
CORP Detention	673,466
CORP AOC (County's proportionate share)	1,232,042

**Pension deferred outflows/inflows of resources** – At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PSPRS Sheriff</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 13,667	\$ 417,364
Changes of assumptions or other inputs	3,065,144	
Net difference between projected and actual earnings on pension plan investments	919,213	
County contributions subsequent to the measurement date	2,380,481	
<b>Total</b>	<b>\$ 6,378,505</b>	<b>\$ 417,364</b>

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<b>CORP Detention</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 56,622	\$ 110,489
Changes of assumptions or other inputs	573,719	
Net difference between projected and actual earnings on pension plan investments	462,247	
County contributions subsequent to the measurement date	355,990	
<b>Total</b>	<b>\$ 1,448,578</b>	<b>\$ 110,489</b>

<b>CORP AOC</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 182,730	\$ 432,722
Changes of assumptions or other inputs	1,166,389	
Net difference between projected and actual earnings on pension plan investments	648,953	
Changes in proportion and differences between county contributions and proportionate share of contributions		266,295
County contributions subsequent to the measurement date	694,485	
<b>Total</b>	<b>\$ 2,692,557</b>	<b>\$ 699,017</b>

The amounts reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ending June 30	PSPRS	CORP	
	Sheriff	Detention	CORP AOC
2018	\$ 1,606,379	\$ 258,251	\$ 392,139
2019	1,029,253	258,250	392,139
2020	532,598	271,765	364,774
2021	412,430	171,110	147,076
2022		22,723	2,925
Thereafter			

**Agent plan OPEB actuarial assumptions** – The health insurance premium benefit contribution requirements for the year ended June 30, 2017, were established by the June 30, 2015, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the plans' funded status 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 for the health insurance premium benefit 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 the County and plans' members understand them 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 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 PSPRS and CORP plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2017 contribution requirements:

**PSPRS and CORP – OPEB Contribution Requirements**

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent of closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4%–8% for PSPRS and 4%–7.25% for CORP
Wage growth	4% for PSPRS and CORP

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**Agent plan OPEB trend information** – Annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years follows for each of the agent plans:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS Sheriff			
2017	\$ 24,511	100%	\$ -
2016	23,029	100%	-
2015	68,725	100%	-
CORP Detention			
2017	8,155	100%	\$ -
2016	8,162	100%	-
2015	31,500	100%	-

**Agent plan OPEB funded status** – The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2017, along with the actuarial assumptions and methods used in those valuations follow.

	PSPRS Sheriff	CORP Detention
Actuarial value of assets (a)	\$ 646,733	\$ 492,365
Actuarial accrued liability (b)	956,198	404,016
Unfunded actuarial accrued liability (funding excess) (b) – (a)	309,465	(88,349)
Funded ratio (a)/(b)	67.6%	121.9%
Annual covered payroll (c)	\$ 3,148,819	\$ 3,751,356
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) – (a) / (c)	9.8%	(2.4)%

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The actuarial methods and assumptions used are the same for all the PSPRS and CORP health insurance premium benefit plans (unless noted), and for the most recent valuation date are as follows:

**PSPRS and CORP – OPEB Funded Status**

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay closed
Remaining amortization period	19 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.40%
Projected salary increases	3.5%–7.5% for PSPRS and 3.5%–6.5% for CORP
Wage growth	3.5% for PSPRS and CORP

**C. Elected Officials Retirement Plan**

**Plan description** – Elected officials and judges participate in the Elected Officials Retirement Plan (EORP). EORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. This plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the EORP plans. The report is available on PSPRS’s website at [www.psprs.com](http://www.psprs.com).

**Benefits provided** – The EORP provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

EORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
<b>Retirement and Disability</b>		
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 5 years, any age* any years and age if disabled	10 years, age 62 5 years, age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years

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<b>EORP</b>	<b>Initial membership date:</b>	
	<b>Before January 1, 2012</b>	<b>On or after January 1, 2012</b>
Benefit percent		
Normal Retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability Retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
<b>Survivor Benefit</b>		
Retired Members	75% of retired member's benefit	50% of retired member's benefit
Active Members and Other Inactive Members	75% of disability retirement benefit	50% of disability retirement benefit

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

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

**Contributions** – State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2017, statute required active EORP members with an initial membership date on or before July 19, 2011, to contribute 13 percent of the members' annual covered payroll for July 2016 through March 2017 and 7 percent of the members' annual covered payroll for April 2017 through June 2017. Statute required active EORP members with an initial membership date after July 19, 2011, to contribute 13 percent of the members' annual covered payroll and the County to contribute 23.5 percent of all active EORP members' annual covered payroll. The County's contributions to the pension plan for the year ended June 30, 2017, were \$388,234. No OPEB contributions were required or made for the years ended June 30, 2015, 2016, and 2017.

During fiscal year 2017, the County paid for EORP pension contributions as follows: 97.2 percent from the General Fund and 2.8 percent from major funds.

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**Pension liability** – At June 30, 2017, the County reported a liability for its proportionate share of the EORP’s net pension liability that reflected a reduction for the County’s proportionate share of the State’s appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County’s proportionate share of the EORP net pension liability	\$19,237,196
State’s proportionate share of the EORP net pension liability associated with the County	<u>3,971,984</u>
Total	<u><u>\$23,209,180</u></u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2016, reflects a decrease in the investment rate of return actuarial assumption from 7.85 percent to 7.50 percent.

The County’s proportion of the net pension liability was based on the County’s actual contributions to the plan relative to the total of all participating employers’ actual contributions for the year ended June 30, 2016. The County’s proportion measured as of June 30, 2016 was 2.036 percent, which was an increase of 0.170 from its proportion measured as of June 30, 2015.

The collective net pension liability measured as of June 30, 2017, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the County’s proportionate share of the collective net pension liability as a result of these changes is not known.

**Pension expense and deferred outflows/inflows of resources** – For the year ended June 30, 2017, the County recognized pension expense for EORP of \$5,390,532 and revenue of \$855,224 for the County’s proportionate share of the State’s appropriation to EORP and the designated court fees. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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<b>EORP</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$	\$ 361,763
Changes of assumptions or other inputs	2,159,860	
Net difference between projected and actual earnings on pension plan investments	445,629	
Changes in proportion and differences between county contributions and proportionate share of contributions	641,706	27,908
County contributions subsequent to the measurement date	388,234	
<b>Total</b>	<b>\$ 3,635,429</b>	<b>\$ 389,671</b>

The \$388,234 reported as deferred outflows of resources related to EORP pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year ending June 30	
2018	1,941,540
2019	664,784
2020	161,933
2021	89,267

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

<b>EORP</b>	
Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Investment rate of return	7.50%
Projected salary increases	4.25%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table projected to 2025 with projection scale AA

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Actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.50 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>EORP</b>		
<b>Asset class</b>	<b>Target allocation</b>	<b>Long-term expected arithmetic real rate of return</b>
Short term investments	2%	0.75%
Absolute return	5%	4.11%
Risk parity	4%	5.13%
Fixed income	7%	2.92%
Real assets	8%	4.77%
GTAA	10%	4.38%
Private equity	11%	9.50%
Real estate	10%	4.48%
Credit opportunities	13%	7.08%
Non-U.S. equity	14%	8.25%
U.S. equity	<u>16%</u>	6.23%
Total	<u>100%</u>	

**Discount rate** – At June 30, 2016, the discount rate used to measure the EORP total pension liability was 3.68 percent, which was a decrease of 1.18 from the discount rate used as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the statutorily set rates, and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, to determine the total pension liability for the plan, the long-term expected rate of return on pension plan investments of 7.50 percent was applied to periods of projected benefit payments through the year ended June 30, 2027. A municipal bond rate of 2.85 percent obtained from the 20-year Bond Buyer Index, as published by the Federal Reserve as of June 30, 2016, was applied to periods of projected benefit payments after June 30, 2027.

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**Sensitivity of the County’s proportionate share of the EORP net pension liability to changes in the discount rate** – The following table presents the County’s proportionate share of the net pension liability calculated using the discount rate of 3.68 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.68 percent) or 1 percentage point higher (4.68 percent) than the current rate:

<b>EORP</b>	<b>1% Decrease (2.68%)</b>	<b>Current Discount Rate (3.68%)</b>	<b>1% Increase (4.68%)</b>
County’s proportionate share of the net pension liability	\$ 22,393,046	\$ 19,237,196	\$16,602,864

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

**D. Postemployment Healthcare Plan**

**Plan Description**—Employees retiring from Coconino County service, who receive monthly income from any of the Arizona State individual retirement plans, are eligible to continue insurance coverage through the same plan as active employees and their beneficiaries up to the age of 65 through the Northern Arizona Public Employees Benefit Trust (NAPEBT). NAPEBT administers a cost-sharing multiple employer postemployment healthcare benefit plan; however, it is reported as an agent-multiple employer plan for financial reporting purposes as the plan assets are not dedicated solely to providing benefits to retirees and their beneficiaries. Coconino County is a member of NAPEBT and the benefits and premium rates are approved by the Trust and the Board of Supervisors on an annual basis for active and retired members. NAPEBT issues a publicly available financial report that may be obtained on their website at [www.napebt.com](http://www.napebt.com). Although Coconino County does not explicitly pay a portion of the retirees’ premiums, because of the inclusion of this class in the insured pool, there is an implicit subsidy or “premium rate differential” that is incurred by the County.

**Funding Policy** – The contribution requirements of plan members and the County are established and may be amended by the NAPEBT board. Eligible retirees up to the age of 65 have the option to participate in the healthcare plan that is currently being offered to active employees and must pay 100% of the premium less any reimbursement from the Arizona State individual retirement plans. The program is currently funded on a pay-as-you-go basis.

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**Annual OPEB Cost and Net OPEB Obligation** – The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations for 2017 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed	Change in Net OPEB Obligation
6/30/2017	\$ 886,928	\$ 569,744	64.24%	\$ 317,184
6/30/2016	895,123	395,125	44.14%	499,998
6/30/2015	996,848	93,243	9.35%	903,605

**Components of Annual OPEB Costs and Net OPEB Obligation** – The annual components of OPEB cost and net OPEB obligation as of June 30, 2017, were as follows:

Annual required contribution (ARC)	Interest on existing net OPEB obligation	ARC adjustment	Increase in OPEB obligation	Net OPEB obligation
\$ 998,908	\$ 307,421	\$ (419,401)	\$ 317,184	\$ 7,148,766

**Funding Status and Funding Progress** – The latest actuarial valuation done was as of July 1, 2015. The funded status of the plan as of June 30, 2017, was as follows:

Actuarial Valuation Date	(1) Actuarial value of plan assets	(2) Actuarial accrued liability (AAL)	(3) Funded ratio (1) / (2)	(4) Unfunded AAL (2) - (1)	(5) Covered payroll	(6) Unfunded AAL as a percentage of covered payroll (4) / (5)
7/1/2015	\$	\$ 8,119,959	0.00%	\$ 8,119,959	\$ 49,643,004	16.36%

**Actuarial Methods and Assumptions** – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of the funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan’s assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. Projections of benefits are based on 1) the plan as the County and plan’s members understand it and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the County and plan’s members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial methods and assumptions used for most recent valuation date are as follows:

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Valuation Date	July 1, 2015
Actuarial cost method	Entry Age, Level Dollar
Amortization method	30-Year Amortization, level dollar, Open
Remaining amortization period	30 years
Investment rate of return	4.50%
Medicare coverage age	65
Retirement and disability age	Based on the assumptions for the ASRS Defined Benefit valuation as of June 30, 2014
Active members	909
Retirees, beneficiaries, and dependents	75
Asset Valuation method	N/A. No assets in an OPEB trust
Inflation rate	N/A
Projected salary increase	N/A
Post-retirement benefits increase	N/A
Healthcare cost trend rate	7.00% graded down to ultimate rate of 5.00% over 8 years

**NOTE 10 – INTERFUND BALANCES AND ACTIVITY**

**Interfund Receivables and Payables** – Interfund balances at June 30, 2017, were as follows:

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.

	Payable to						Total
	General Fund	Public Works/HURF Fund	Jail District Fund	Public Health Services District Fund	Nonmajor Governmental Funds	Internal Service Fund	
<b>Payable from</b>							
General Fund	\$	\$ 2,606	\$ 93,923	\$ 600	\$ 2,178,108	\$ 128,281	\$2,403,518
Public Works/HURF Fund	71,143				346,184	154,815	572,142
Jail District Fund	359,948				184,943	3,113	548,004
Public Health Services District Fund	195,908					10,317	206,225
Parks and Open Spaces Tax Projects Fund	20						20
Nonmajor Governmental Funds	1,759,966	80,821		1,610	577,157	5,591	2,425,145
Internal Service Fund	2,501						2,501
<b>Total</b>	<b>\$2,389,486</b>	<b>\$ 83,427</b>	<b>\$ 93,923</b>	<b>\$ 2,210</b>	<b>\$ 3,286,392</b>	<b>\$ 302,117</b>	<b>\$ 6,157,555</b>

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**Interfund Transfers** – Interfund transfers for the year ended June 30, 2017, were as follows:

	<b>Transfer to</b>					Total
	General Fund	Public Works/ HURF Fund	Jail District Fund	Public Health Services District Fund	Nonmajor Governmental Funds	
<b>Transfer from</b>						
General Fund	\$	\$	\$2,615,764	\$ 4,813,038	\$ 1,773,524	\$ 9,202,326
Public Works/HURF Fund	56,678				125,997	182,675
Jail District Fund	52,329				174,304	226,633
Public Health Services District Fund	112,682					112,682
Nonmajor Governmental Funds	450,181	1,511,000			648,425	2,609,606
<b>Total</b>	<b>\$ 671,870</b>	<b>\$ 1,511,000</b>	<b>\$ 2,615,764</b>	<b>\$ 4,813,038</b>	<b>\$ 2,722,250</b>	<b>\$ 12,333,922</b>

Interfund transfers are used to move revenues from the fund that collects them to the fund that expends them.

**Advances From/To Other Funds**

The General Fund has advanced \$1,783 to Oakwood Pines County Road Improvement Districts to cover debt service payments and \$700,000 to the Flood Control District to provide cash to cover expenditures made for the catastrophic flooding.

The \$700,000 advance to the Flood Control District is expected to be paid back in fiscal years 2018 through 2019.

<b>Advances To</b>	<b>Advances from General Fund</b>
Oakwood Pines	\$ 1,783
Flood Control District	700,000
<b>Total Advances From</b>	<b>\$ 701,783</b>

**NOTE 11 – COUNTY TREASURER’S INVESTMENT POOL**

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

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The County Treasurer's investment pool is not registered with the Securities and Exchange Commission as an investment company, and there is no regulatory oversight of its operations. The pool's structure does not provide for shares, and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments.

The Treasurer allocates interest earnings to each of the pool's participants.

The deposits and investments the County holds are included in the County Treasurer's investment pool, except for \$3,849,174 of deposits, \$454,036 of investments in mutual funds-debt, \$11,035,817 in the State Treasurer's Investment Pool #7, and \$221,750 of investments in equities. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks. See Note 2 for the disclosure of the County's deposit and investment risks.

Details of each major investment classification follow:

Investment Type	Principal	Interest Rates	Maturities	Amount
U.S. agency securities	\$ 125,617,924	0.750-6.750%	07/14/2017-12/30/2021	\$ 124,896,231
U.S. treasury securities	1,647,938	1.250%	12/31/2018	1,647,360
Corporate bonds	17,512,629	1.000-2.600%	01/16/2018-09/15/2021	17,440,256
Negotiable CDs	6,006,093	0.800-2.650%	07/24/2017-01/20/2022	6,019,241
Commercial paper	16,053,735	1.030-1.450%	07/10/2017-02/07/2018	16,053,735
Municipal bonds	14,759,861	1.200-3.150%	07/01/2017-08/15/2021	14,653,616
Money market mutual funds	16,623	0.827%	less than 1 year	16,623

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

**Statement of Net Position**

Assets	\$ 207,945,945
Net position	<u>\$ 207,945,945</u>

Net position held in trust for:

Internal participants	\$ 86,415,019
External participants	<u>121,530,926</u>
Total net position held in trust	<u>\$ 207,945,945</u>

**Statement of Changes in Net Position**

Total additions	\$ 383,987,094
Total deletions	<u>385,741,398</u>
Net decrease	(1,754,304)
Net position held in trust	
July 1, 2016	<u>209,700,249</u>
June 30, 2017	<u>\$ 207,945,945</u>

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June 30, 2017

**NOTE 12 – MAINTENANCE OF EFFORT**

Coconino County is required to maintain statutory levels of support for the Coconino County Jail District and the Coconino County Public Health Services District. In accordance with A.R.S. Section 48-4024, Coconino County is required to make annual maintenance of effort payments (MOE) to the Coconino County Jail District, a special revenue fund type. The payments will be made through fiscal year 2027, and are determined by first establishing a base expenditure which was used as the initial fiscal year 1998 MOE payment. Subsequent payments are determined by adjusting the base expenditure by the annual change in the gross domestic product price deflator, obtained from the State of Arizona Economic Estimates Commission. These payments are recorded by the Jail District as transfers. The MOE payment for fiscal year 2017 was \$2,615,764. In accordance with A.R.S. Section 48-5802 Coconino County is required to maintain a specific level of expenditures for public health services. This is accomplished by transferring funds to the Public Health Services District, a special revenue fund type. The payment for fiscal year 2017 was \$4,812,438.

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**REQUIRED SUPPLEMENTARY INFORMATION**

Coconino County  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 9,786,077	\$ 9,786,077	\$ 10,322,243	\$ 536,166
County sales taxes	15,001,462	15,001,462	15,464,352	462,890
Licenses and permits	1,135,188	1,135,188	1,386,903	251,715
Fees, fines, and forfeits	1,174,850	1,174,850	1,266,646	91,796
Intergovernmental	27,586,240	27,586,240	29,870,107	2,283,867
Charges for services	1,878,722	1,878,722	2,635,577	756,855
Investment earnings	135,950	135,950	132,256	(3,694)
Contributions	201,000	201,000	199,704	(1,296)
Miscellaneous	112,581	112,581	219,038	106,457
Total revenues	<u>57,012,070</u>	<u>57,012,070</u>	<u>61,496,826</u>	<u>4,484,756</u>
<b>Expenditures:</b>				
<b>General government</b>				
Assessor	2,094,532	2,094,532	1,948,262	146,270
Board of Supervisors	1,299,266	1,292,584	1,347,325	(54,741)
Clerk of the Superior Court	1,287,453	1,287,453	1,238,442	49,011
Community Development	2,201,643	2,203,643	2,056,446	147,197
Community Initiatives	157,744	235,871	114,370	121,501
County Attorney	3,718,813	3,684,813	3,430,782	254,031
County Manager	1,493,342	1,471,914	1,379,606	92,308
Facilities	4,207,440	4,226,684	2,599,944	1,626,740
Finance/Budget	1,592,213	1,602,213	1,244,858	357,355
Flagstaff Justice Court	1,243,477	1,243,477	1,206,226	37,251
Fredonia Justice Court	198,255	198,255	193,039	5,216
Human Resources	1,392,996	1,392,996	868,091	524,905
Information Technology	2,741,412	2,726,606	2,158,517	568,089
Legal Defender	1,113,574	1,113,574	1,126,118	(12,544)
Non-departmental	23,294,270	23,579,033	1,217,029	22,362,004
Page Justice Court	357,254	357,254	384,387	(27,133)
Public Defender	2,452,982	2,452,982	2,391,102	61,880
Recorder	2,050,074	2,050,074	2,022,832	27,242
Superior Courts	3,354,235	3,354,235	3,535,374	(181,139)
Treasurer	645,553	645,553	491,297	154,256
Williams Justice Court	371,674	371,674	437,568	(65,894)
Total general government	<u>57,268,202</u>	<u>57,585,420</u>	<u>31,391,615</u>	<u>26,193,805</u>

The Notes to the Budgetary Comparison Schedules are an integral part of this schedule.

(continued)

Coconino County  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund (Continued)  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public safety				
Adult Probation	1,644,220	1,674,553	1,693,899	(19,346)
Constable	95,572	95,572	95,537	35
Juvenile Probation	3,123,559	3,268,438	2,954,199	314,239
Sheriff	10,092,567	10,181,504	10,778,394	(596,890)
Total public safety	<u>14,955,918</u>	<u>15,220,067</u>	<u>15,522,029</u>	<u>(301,962)</u>
Highways and streets				
Information Technology	593,556	593,556	419,688	173,868
Health				
Information Technology	11,471	11,471	12,228	(757)
Welfare				
Community Services	1,113,325	1,155,587	1,381,705	(226,118)
Culture and recreation				
Parks and Recreation	1,841,658	1,951,658	1,717,888	233,770
Education				
School Superintendent	494,432	494,432	469,657	24,775
Total expenditures	<u>76,278,562</u>	<u>77,012,191</u>	<u>50,914,810</u>	<u>26,097,381</u>
Excess (deficiency) of revenues over expenditures	(19,266,492)	(20,000,121)	10,582,016	30,582,137
Other financing sources (uses):				
Sale of capital assets				
Transfers in	843,123	843,123	671,870	(171,253)
Transfers out	(10,243,743)	(10,324,540)	(9,202,326)	1,122,214
Total other financing sources (uses)	<u>(9,400,620)</u>	<u>(9,481,417)</u>	<u>(8,530,456)</u>	<u>950,961</u>
Net change in fund balances	(28,667,112)	(29,481,538)	2,051,560	31,533,098
Fund balance, July 1, 2016	28,667,113	28,667,113	30,016,626	1,349,513
Fund balance, June 30, 2017	<u>\$ 1</u>	<u>\$ (814,425)</u>	<u>\$ 32,068,186</u>	<u>\$ 32,882,611</u>

The Notes to the Budgetary Comparison Schedules are an integral part of this schedule.

Coconino County  
Required Supplementary Information  
Budgetary Comparison Schedule  
Public Works/HURF Fund  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
County sales taxes	\$ 8,066,843	\$ 8,066,843	\$ 9,253,718	1,186,875
Licenses and permits	28,100	28,100	62,872	34,772
Intergovernmental	11,627,760	11,627,760	12,770,407	1,142,647
Charges for services			77,096	77,096
Investment earnings	65,000	65,000	81,183	16,183
Miscellaneous			4,086	4,086
Total revenues	<u>19,787,703</u>	<u>19,787,703</u>	<u>22,249,362</u>	<u>2,461,659</u>
<b>Expenditures:</b>				
Highways and streets				
Public Works	<u>26,581,670</u>	<u>26,570,329</u>	<u>20,392,656</u>	<u>6,177,673</u>
Total expenditures	<u>26,581,670</u>	<u>26,570,329</u>	<u>20,392,656</u>	<u>6,177,673</u>
Excess (deficiency) of revenues over expenditures	(6,793,967)	(6,782,626)	1,856,706	8,639,332
<b>Other financing sources (uses):</b>				
Sale of capital assets	150,000	150,000	139,037	(10,963)
Transfers in	1,523,555	1,523,555	1,511,000	(12,555)
Transfers out	(220,012)	(220,012)	(182,675)	37,337
Total other financing sources (uses)	<u>1,453,543</u>	<u>1,453,543</u>	<u>1,467,362</u>	<u>13,819</u>
Net change in fund balances	(5,340,424)	(5,329,083)	3,324,068	8,653,151
Fund balance, July 1, 2016	17,315,918	17,315,918	19,986,630	2,670,712
Fund balance, June 30, 2017	<u>\$ 11,975,494</u>	<u>\$ 11,986,835</u>	<u>\$ 23,310,698</u>	<u>\$ 11,323,863</u>

The Notes to the Budgetary Comparison Schedules are an integral part of this schedule.

Coconino County  
Required Supplementary Information  
Budgetary Comparison Schedule  
Jail District Fund  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
County sales taxes	\$ 14,861,462	\$ 14,861,462	\$ 15,225,145	\$ 363,683
Intergovernmental	12,000	12,000	160,344	148,344
Charges for services	1,407,983	1,407,983	485,845	(922,138)
Investment earnings	193,057	193,057	46,272	(146,785)
Contributions		15,250	15,250	
Miscellaneous			5,253	5,253
Total revenues	<u>16,474,502</u>	<u>16,489,752</u>	<u>15,938,109</u>	<u>(551,643)</u>
<b>Expenditures:</b>				
Public safety				
Sheriff	<u>20,165,920</u>	<u>20,354,676</u>	<u>14,332,125</u>	<u>6,022,551</u>
Total expenditures	<u>20,165,920</u>	<u>20,354,676</u>	<u>14,332,125</u>	<u>6,022,551</u>
Excess (deficiency) of revenues over expenditures	(3,691,418)	(3,864,924)	1,605,984	5,470,908
<b>Other financing sources (uses):</b>				
Transfers in	2,647,848	2,647,848	2,615,764	(32,084)
Transfers out	<u>(226,877)</u>	<u>(226,877)</u>	<u>(226,633)</u>	<u>244</u>
Total other financing sources (uses)	<u>2,420,971</u>	<u>2,420,971</u>	<u>2,389,131</u>	<u>(31,840)</u>
Net change in fund balances	(1,270,447)	(1,443,953)	3,995,115	5,439,068
Fund balance, July 1, 2016	23,117,760	23,117,760	12,567,782	(10,549,978)
Fund balance, June 30, 2017	<u>\$ 21,847,313</u>	<u>\$ 21,673,807</u>	<u>\$ 16,562,897</u>	<u>\$ (5,110,910)</u>

The Notes to the Budgetary Comparison Schedules are an integral part of this schedule.

Coconino County  
Required Supplementary Information  
Budgetary Comparison Schedule  
Public Health Services District Fund  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 3,924,532	\$ 3,924,532	\$ 3,978,912	\$ 54,380
County sales taxes			1,980	1,980
Licenses and permits	588,894	588,894	692,784	103,890
Fees, fines, and forfeits				
Intergovernmental	4,341,298	4,542,264	3,870,631	(671,633)
Charges for services	462,600	462,600	615,839	153,239
Investment earnings	6,507	6,507	10,819	4,312
Contributions	22,830	76,155	141,113	64,958
Miscellaneous	200	200	5,929	5,729
Total revenues	<u>9,346,861</u>	<u>9,601,152</u>	<u>9,318,007</u>	<u>(283,145)</u>
<b>Expenditures:</b>				
Public safety				
Medical Examiner	737,196	737,196	731,174	6,022
Health				
Health Department	14,596,851	14,875,245	13,111,683	1,763,562
Total expenditures	<u>15,334,047</u>	<u>15,612,441</u>	<u>13,842,857</u>	<u>1,769,584</u>
Excess (deficiency) of revenues over expenditures	(5,987,186)	(6,011,289)	(4,524,850)	1,486,439
<b>Other financing sources (uses):</b>				
Transfers in	4,812,438	4,813,038	4,813,038	
Transfers out	(255,368)	(255,368)	(112,682)	142,686
Total other financing sources (uses)	<u>4,557,070</u>	<u>4,557,670</u>	<u>4,700,356</u>	<u>142,686</u>
Net change in fund balances	(1,430,116)	(1,453,619)	175,506	1,629,125
Fund balance, July 1, 2016	2,009,589	2,009,589	2,661,068	651,479
Fund balance, June 30, 2017	<u>\$ 579,473</u>	<u>\$ 555,970</u>	<u>\$ 2,836,574</u>	<u>\$ 2,280,604</u>

The Notes to the Budgetary Comparison Schedules are an integral part of this schedule.

Coconino County  
Required Supplementary Information  
Notes to Budgetary Comparison Schedules  
June 30, 2017

**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 and the Public Health Services District Fund, each fund includes only one department.

**NOTE 2 – BUDGETARY BASIS OF ACCOUNTING**

The County's budget is prepared on a basis consistent with generally accepted accounting principles.

**NOTE 3 – EXPENDITURES IN EXCESS OF APPROPRIATIONS**

For the year ended June 30, 2017, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

<b>Fund/Department</b>	<b>Excess</b>
General Fund	
Community Services	226,118
Superior Courts	181,139
Williams Justice Court	65,894
Board of Supervisors	54,741
Page Justice Court	27,133
Adult Probation	19,346
Legal Defender	12,544

Departments may exceed their department's budget for various reasons, including unexpected events. When departments exceed their budget, this is addressed with the departments in their subsequent budget meetings with the County Manager and the Board of Supervisors.

Coconino County  
Required Supplementary Information  
Schedule of the County's Proportionate Share of the Net Pension Liability  
Cost-Sharing Pension Plans  
June 30, 2017

<b>Arizona State Retirement System</b>	<b>Reporting Fiscal Year (Measurement Date)</b>			
	<b>2017 (2016)</b>	<b>2016 (2015)</b>	<b>2015 (2014)</b>	<b>2014 through 2008</b>
County's proportion of the net pension liability	0.40%	0.39%	0.40%	Information
County's proportionate share of the net pension liability	\$ 64,388,081	\$ 61,051,275	\$ 58,741,596	not available
County's covered payroll	\$ 37,520,908	\$ 36,081,751	\$ 35,786,206	
County's proportionate share of the net pension liability as a percentage of its covered payroll	171.61%	169.20%	164.15%	
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%	

<b>Corrections Officer Retirement Plan—Administrative Office of the Courts</b>	<b>Reporting Fiscal Year (Measurement Date)</b>			
	<b>2017 (2016)</b>	<b>2016 (2015)</b>	<b>2015 (2014)</b>	<b>2014 through 2008</b>
County's proportion of the net pension liability	3.05%	3.12%	3.24%	Information
County's proportionate share of the net pension liability	\$ 8,593,425	\$ 7,590,997	\$ 7,259,716	not available
County's covered payroll	\$ 3,364,379	\$ 3,530,713	\$ 3,481,917	
County's proportionate share of the net pension liability as a percentage of its covered payroll	255.42%	215.00%	208.50%	
Plan fiduciary net position as a percentage of the total pension liability	54.81%	57.89%	58.59%	

<b>Elected Officials Retirement Plan</b>	<b>Reporting Fiscal Year (Measurement Date)</b>			
	<b>2017 (2016)</b>	<b>2016 (2015)</b>	<b>2015 (2014)</b>	<b>2014 through 2008</b>
County's proportion of the net pension liability	2.04%	1.87%	1.89%	Information
County's proportionate share of the net pension liability	\$ 19,237,196	\$ 14,583,025	\$ 12,687,065	not available
State's proportionate share of the net pension liability associated with the County	3,971,984	4,546,380	3,889,972	
Total	<u>\$ 23,209,180</u>	<u>\$ 19,129,405</u>	<u>\$ 16,577,037</u>	
County's covered payroll	\$ 1,677,173	\$ 1,695,740	\$ 1,740,635	
County's proportionate share of the net pension liability as a percentage of its covered payroll	1147.00%	859.98%	728.88%	
Plan fiduciary net position as a percentage of the total pension liability	23.42%	28.32%	31.91%	

See accompanying notes to pension plan schedules.

Coconino County  
Required Supplementary Information  
Schedule of Changes in the County's  
Net Pension Liability and Related Ratios  
Agent Pension Plans  
June 30, 2017

Public Safety Personnel Retirement System - Sheriff	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
Total pension liability				Information not available
Service cost	\$ 530,394	\$ 542,285	\$ 526,940	
Interest on the total pension liability	3,072,697	3,045,276	2,499,646	
Changes of benefit terms	(136,624)	-	1,149,553	
Differences between expected and actual experience in the measurement of the pension liability	(158,582)	(519,453)	40,499	
Changes of assumptions or other inputs	1,542,086	-	5,497,276	
Benefit payments, including refunds of employee contributions	(2,685,077)	(2,740,615)	(2,801,153)	
Net change in total pension liability	2,164,894	327,493	6,912,761	
Total pension liability—beginning	40,219,983	39,892,490	32,979,729	
Total pension liability—ending (a)	<u>\$ 42,384,877</u>	<u>\$ 40,219,983</u>	<u>\$ 39,892,490</u>	
Plan fiduciary net position				
Contributions—employer	\$ 12,388,778	\$ 1,798,480	\$ 1,717,418	
Contributions—employee	366,754	451,605	342,096	
Net investment income	59,803	360,105	1,251,743	
Benefit payments, including refunds of employee contributions	(2,685,077)	(2,740,615)	(2,801,153)	
Administrative expense	(9,005)	(9,163)	(10,081)	
Other changes	(79,223)	37,644	24,720	
Net change in plan fiduciary net position	10,042,030	(101,944)	524,743	
Plan fiduciary net position—beginning	9,831,427	9,933,371	9,408,628	
Plan fiduciary net position—ending (b)	<u>\$ 19,873,457</u>	<u>\$ 9,831,427</u>	<u>\$ 9,933,371</u>	
County's net pension liability—ending (a) – (b)	<u>\$ 22,511,420</u>	<u>\$ 30,388,556</u>	<u>\$ 29,959,119</u>	
Plan fiduciary net position as a percentage of the total pension liability	46.89%	24.44%	24.90%	
Covered payroll	\$ 3,198,513	\$ 3,241,732	\$ 3,069,559	
County's net pension liability as a percentage of covered payroll	703.81%	937.42%	976.01%	

See accompanying notes to pension plan schedules.

Coconino County  
Required Supplementary Information  
Schedule of Changes in the County's  
Net Pension Liability and Related Ratios  
Agent Pension Plans  
June 30, 2017

Correction Officers Retirement Plan - Detention	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
Total pension liability				Information not available
Service cost	\$ 494,690	\$ 486,259	\$ 536,007	
Interest on the total pension liability	758,183	694,602	588,300	
Changes of benefit terms	20,410	-	43,775	
Differences between expected and actual experience in the measurement of the pension liability	(74,152)	(79,768)	124,233	
Changes of assumptions or other inputs	454,705	-	448,734	
Benefit payments, including refunds of employee contributions	(304,477)	(286,223)	(437,813)	
Net change in total pension liability	1,349,359	814,870	1,303,236	
Total pension liability—beginning	9,563,279	8,748,409	7,445,173	
Total pension liability—ending (a)	<u>\$ 10,912,638</u>	<u>\$ 9,563,279</u>	<u>\$ 8,748,409</u>	
Plan fiduciary net position				
Contributions—employer	\$ 381,483	\$ 296,134	\$ 313,756	
Contributions—employee	318,137	312,482	320,700	
Net investment income	44,475	246,544	788,339	
Benefit payments, including refunds of employee contributions	(304,477)	(286,223)	(437,813)	
Administrative expense	(6,689)	(6,468)	(6,198)	
Other changes	(32,613)	(5,389)	(67,789)	
Net change in plan fiduciary net position	400,316	557,080	910,995	
Plan fiduciary net position—beginning	7,114,512	6,557,432	5,646,437	
Plan fiduciary net position—ending (b)	<u>\$ 7,514,828</u>	<u>\$ 7,114,512</u>	<u>\$ 6,557,432</u>	
County's net pension liability—ending (a) – (b)	<u>\$ 3,397,810</u>	<u>\$ 2,448,767</u>	<u>\$ 2,190,977</u>	
Plan fiduciary net position as a percentage of the total pension liability	68.86%	74.39%	74.96%	
Covered payroll	\$ 3,710,052	\$ 3,705,907	\$ 3,669,661	
County's net pension liability as a percentage of covered payroll	91.58%	66.08%	59.71%	

See accompanying notes to pension plan schedules.

Coconino County  
 Required Supplementary Information  
 Schedule of County Pension Contributions  
 June 30, 2017

**Arizona State Retirement System**

	Reporting Fiscal Year				2013 through 2008
	2017	2016	2015	2014	
Statutorily required contribution	\$ 4,232,338	\$ 4,071,019	\$ 3,929,303	\$ 3,829,124	Information not available
County's contributions in relation to the statutorily required contribution	4,232,338	4,071,019	3,929,303	3,829,124	
County's contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	
County's covered payroll	<u>\$39,261,016</u>	<u>\$ 37,520,908</u>	<u>\$36,081,751</u>	<u>\$35,786,206</u>	
County's contributions as a percentage of covered payroll	10.78%	10.85%	10.89%	10.70%	

**Correction Officer Retirement Plan -  
 Administrative Office of the Courts**

	Reporting Fiscal Year				2013 through 2008
	2017	2016	2015	2014	
Statutorily required contribution	\$ 694,485	\$ 642,596	\$ 525,370	\$ 503,137	Information not available
County's contributions in relation to the statutorily required contribution	694,485	642,596	525,370	503,137	
County's contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	
County's covered payroll	<u>\$ 3,458,591</u>	<u>\$ 3,364,379</u>	<u>\$ 3,530,713</u>	<u>\$ 3,481,917</u>	
County's contributions as a percentage of covered payroll	20.08%	19.10%	14.88%	14.45%	

**Elected Officials Retirement Plan**

	Reporting Fiscal Year				2013 through 2008
	2017	2016	2015	2014	
Statutorily required contribution	\$ 388,234	\$ 394,136	\$ 398,499	\$ 403,131	Information not available
County's contributions in relation to the statutorily required contribution	388,234	394,136	398,499	403,131	
County's contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	
County's covered payroll	<u>\$ 1,652,059</u>	<u>\$ 1,677,173</u>	<u>\$ 1,695,740</u>	<u>\$ 1,740,635</u>	
County's contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.16%	

See accompanying notes to pension plan schedules.

Coconino County  
 Required Supplementary Information  
 Schedule of County Pension Contributions  
 June 30, 2017

<b>Public Safety Personnel Retirement System - Sheriff</b>	<b>Reporting Fiscal Year</b>				<b>2013 through 2008</b>
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	
Actuarially determined contribution	\$ 2,380,481	\$ 2,403,682	\$ 1,819,260	\$ 1,717,418	Information not available
County's contributions in relation to the actuarially determined contribution	2,380,481	12,403,682	1,819,260	1,717,418	
County's contribution deficiency (excess)	<u>\$</u>	<u>\$(10,000,000)</u>	<u>\$</u>	<u>\$</u>	
County's covered payroll	\$ 3,268,096	\$ 3,198,513	\$ 3,241,732	\$ 3,069,559	
County's contributions as a percentage of covered payroll	72.84%	387.80%	56.12%	55.95%	

<b>Correction Officer Retirement Plan - Detention</b>	<b>Reporting Fiscal Year</b>				<b>2013 through 2008</b>
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	
Actuarially determined contribution	\$ 355,990	\$ 378,425	\$ 295,361	\$ 313,756	Information not available
County's contributions in relation to the actuarially determined contribution	355,990	378,425	295,361	313,756	
County's contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	
County's covered payroll	\$ 3,545,718	\$ 3,710,052	\$ 3,705,907	\$ 3,669,661	
County's contributions as a percentage of covered payroll	10.04%	10.20%	7.97%	8.55%	

See accompanying notes to pension plan schedules.

Coconino County  
 Required Supplementary Information  
 Notes to Pension Plan Schedules  
 June 30, 2017

**Note 1 – Actuarially Determined Contribution Rates**

Actuarial determined contribution rates for PSPRS and CORP are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2015 actuarial valuation	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS and from 4.5%–7.75% to 4.0%–7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS and from 5.0%–8.25% to 4.5%–7.75% for CORP
Wage growth	In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

**Note 2 - Factors That Affect Trends**

In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the PSPRS, CORP, and CORP–AOC changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases. These changes are included in the PSPRS' and CORP's changes in total pension liability for fiscal year 2015 (measurement date 2014) in the schedule of changes in the County's net pension liability and related ratios. These changes also increased the PSPRS, CORP, and CORP–

Coconino County  
Required Supplementary Information  
Notes to Pension Plan Schedules  
June 30, 2017

AOC's required contributions beginning in fiscal year 2016 in the schedule of county pension contributions.

In fiscal year 2016, the County made a \$10 million excess payment to reduce the PSPRS unfunded liability which significantly affected the trends in the amounts reported. Had the County only made the actuarially determined contribution, the County's contribution as a percentage of covered payroll would have been 75.15% for the 2016 fiscal year.

Coconino County  
 Required Supplementary Information  
 Schedule of Agent Retirement Plans' and Coconino County  
 Postemployment Healthcare Plan's Funding Progress  
 June 30, 2017

**Health Insurance Premium Benefit**

Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (funding excess) (b-a)	Funded ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL (funding excess) as a % of Covered Payroll ((b-a)/c)
<b>PSPRS Sheriff</b>						
6/30/2017	\$ 646,733	\$ 956,198	\$ 309,465	67.64%	\$ 3,148,819	9.83%
6/30/2016	647,863	834,307	186,444	77.65%	2,845,463	6.55%
6/30/2015	633,475	798,157	164,682	79.37%	3,122,030	5.27%
<b>CORP Detention</b>						
6/30/2017	\$ 492,365	\$ 404,016	\$ (88,349)	121.87%	\$ 3,751,356	(2.36)%
6/30/2016	468,299	424,012	(44,287)	110.44%	3,421,091	(1.29)%
6/30/2015	444,438	402,809	(41,629)	110.33%	3,670,869	(1.13)%
<b>Coconino County Postemployment Healthcare Plan</b>						
7/1/2015		\$ 8,119,959	\$ 8,119,959	0.00%	\$ 49,643,004	16.36%
7/1/2013		8,472,061	8,472,061	0.00%	49,547,980	17.10%
7/1/2011		9,911,098	9,911,098	0.00%	48,579,979	20.40%

See accompanying notes to schedule of agent OPEB plans' funding progress.

Coconino County  
Required Supplementary Information  
Notes to Schedule of Agent Retirement Plans' and Coconino County  
Postemployment Healthcare Plan's Funding Progress  
June 30, 2017

**Note 1 – Actuarial Information Available**

New actuarial measurements are required by GASB 45 to be made biennially for the Coconino County Postemployment Healthcare Plan. The County used the most recent actuarial valuation, since the full actuarial valuation as of July 1, 2017 was not available.

**Note 2 – Factors That Affect the Identification of Trends**

Beginning in fiscal year 2014, PSPRS and CORP established separate funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plans transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from each plan's Pension Fund to the new Health Insurance Fund.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS**

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Coconino County  
Listing of Nonmajor Governmental Funds  
Year Ended June 30, 2017

**Special Revenue Funds**

Adult Probation Grants and Fees – accounts for various Adult Probation programs provided by a combination of grants and fees.

Assessor Storage and Retrieval – accounts for the collection and use of a special recording surcharge, not to exceed four dollars, to be used to convert the assessor's property information and storage retrieval system to micrographics or computer automation, as established by A.R.S. 11-269.06.

Career Center Grants – accounts for various federal and state employment grants, such as the Workforce Investment Act and the Youthbuild Program.

Clerk of the Superior Court Grants and Fees – accounts for various Clerk of the Court programs provided by a combination of grants and fees.

Community Services Grants and Fees – accounts for various public assistance programs provided by a combination of grants and fees.

Conciliation Court – this program provides a means for the reconciliation of spouses and the amicable settlement of domestic and family controversies. This program is funded by fees collected under A.R.S. 25-381.

County Attorney Grants and Fees – accounts for various County Attorney programs funded by a combination of fees, grants and forfeiture. Programs included Anti-Racketeering, Attorney Enhancement and Victim Rights.

County Improvement Districts – Special Revenue – accounts for the operation of various Road Maintenance Districts and the Kachina Village Water and Wastewater operations.

County Library District – accounts for the provision and maintenance of libraries and library services through the County. Funded by a secondary property tax levy.

Emergency Services Grants – accounts for various federal and state grants that fund purchases of equipment and disaster planning and training.

Flood Control District Fund – accounts for flood control services that are funded by a \$0.4000 per \$100 of assessed valuation property tax.

Inmate Welfare – accounts for funds held in trust for the benefit and welfare of inmates, established under A.R.S. 31-121. Revenues are derived from sales of commissary items to inmates and pay phone usage.

Jail Enhancement – accounts for state funds established under A.R.S. 41-2401.D.9. to be used to enhance county jail facilities and operations.

Justice Courts Grants and Fees – accounts for various Justice Court programs provided by a combination of grants and fees

Coconino County  
Listing of Nonmajor Governmental Funds  
Year Ended June 30, 2017  
(Continued)

Juvenile Court Grants and Fees – accounts for various Juvenile Probation programs, including Juvenile Court, provided by a combination of grants and fees

Legal Defender Grants and Fees – accounts for various Legal Defender programs provided by a combination of grants and fees

National Forest Fees – accounts for funds received under the federal Secure Rural Schools and Community Self-Determination Act of 2000. These funds may be used to fund schools, roads, search and rescue, and wildlife protection.

Parks and Recreation Grants and Fees – accounts for various parks programs funded by federal and state grants, fees and General Fund transfers. These programs include the County Fair and the County Horse Races.

Public Defender Grants and Fees – accounts for various Public Defender programs provided by a combination of grants and fees

Recorder Storage and Retrieval – accounts for a recording surcharge, established by A.R.S. 11-475.01, to be used to defray the cost of converting the Recorder's document and storage retrieval system to micrographics or computer automation.

School Superintendent Grants and Fees – accounts for various Schools programs, including the Accommodation School, provided by a combination of grants and fees

Sheriff Grants and Fees – accounts for various Sheriff programs provided by a combination of grants and fees

Solid Waste – accounts for the costs of providing solid waste services, including the operation of transfer stations and payments for the use of the City of Flagstaff landfill. Funded by a combination of grants, fees and General Fund transfers.

Superior Court Grants and Fees – accounts for various Superior Court programs provided by a combination of grants and fees

Taxpayer Information Fund – accounts for fees collected by the County Treasurer, established by A.R.S. 11-495, to be used to upgrade an automated taxpayer information system.

Other Special Revenue Funds – accounts for other small grants and fees.

Coconino County  
Listing of Nonmajor Governmental Funds  
Year Ended June 30, 2017  
(Continued)

**Debt Service Fund**

County Improvement Districts – Debt Service – accounts for special assessment collected for the payment of principal and interest on the revenue bonds issued for special assessment bonds issued by various county improvement districts, or National Forest Fees loans, for road improvements.

**Capital Projects Funds**

Accommodation School – accounts for various grants used to fund capital improvements for the Accommodation School.

County Improvement Districts – Capital Projects – accounts for the construction of road improvements in various county improvement districts, funded by special assessment bonds, assessment payments by benefiting property owners and National Forest Fees contributions or loans.

Other Capital Projects Funds – accounts for other small capital projects funded by fees, grants and transfers from the General Fund.

Coconino County  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017

	Special Revenue			
	Adult Probation Grants and Fees	Assessor Storage and Retrieval	Career Center Grants	Clerk of the Superior Court Grants and Fees
<b>Assets</b>				
Cash and cash equivalents	\$ 831,287	\$ 6,238	\$ 1	\$ 301,849
Investments				
Cash and investments held by trustee				
Receivables (net of allowances for uncollectibles):				
Property taxes				
Accounts	2,491			
Special assessments				
Accrued interest	2,565			878
Due from:				
Other funds	11,465		59,363	5,591
Other governments	26,803		278,214	4,320
Prepaid items	1,429		1,877	
Total assets	<u>\$ 876,040</u>	<u>\$ 6,238</u>	<u>\$ 339,455</u>	<u>\$ 312,638</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 37,149	\$ 55	\$ 50,884	\$ 6,249
Accrued payroll and employee benefits	106,119		45,512	
Advances from other funds				
Due to:				
Other funds	23,644		245,057	10,439
Deposits held for others				
Unearned revenue			20,180	
Total liabilities	<u>166,912</u>	<u>55</u>	<u>361,633</u>	<u>16,688</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes				
Unavailable revenue - special assessments				
Unavailable revenue - intergovernmental	285		20,180	
Unavailable revenue - charges for services				
Unavailable revenue - other				
Total deferred inflows of resources	<u>285</u>		<u>20,180</u>	
Fund balances:				
Nonspendable	1,429		1,877	
Restricted	707,414	6,183		295,950
Unassigned			(44,235)	
Total fund balances	<u>708,843</u>	<u>6,183</u>	<u>(42,358)</u>	<u>295,950</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 876,040</u>	<u>\$ 6,238</u>	<u>\$ 339,455</u>	<u>\$ 312,638</u>

Coconino County  
Combining Balance Sheet  
Nonmajor Governmental Funds (Continued)  
June 30, 2017

	Special Revenue			
	Community Services Grants and Fees	Conciliation Court	County Attorney Grants and Fees	County Improvement Districts-Special Revenue
<b>Assets</b>				
Cash and cash equivalents	\$ 27,582	\$ 40,908	\$ 385,857	\$ 1,309,729
Investments			454,037	
Cash and investments held by trustee			32,429	
Receivables (net of allowances for uncollectibles):				
Property taxes				96
Accounts	2,012			104,662
Special assessments				
Accrued interest	637	109	1,621	4,003
Due from:				
Other funds	931,286		97,523	720
Other governments	232,621	1,675	64,882	19,787
Prepaid items	9,170			
Total assets	<u>\$ 1,203,308</u>	<u>\$ 42,692</u>	<u>\$ 1,036,349</u>	<u>\$ 1,438,997</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 102,350	\$ 961	\$ 1,100	\$ 87,190
Accrued payroll and employee benefits	42,174	1,354	17,159	18,621
Advances from other funds				
Due to:				
Other funds	957,345		543	4,326
Deposits held for others	67,277			27,268
Unearned revenue				
Total liabilities	<u>1,169,146</u>	<u>2,315</u>	<u>18,802</u>	<u>137,405</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes				
Unavailable revenue - special assessments				
Unavailable revenue - intergovernmental	52,503			
Unavailable revenue - charges for services				
Unavailable revenue - other				
Total deferred inflows of resources	<u>52,503</u>			
Fund balances:				
Nonspendable	9,170			
Restricted		40,377	1,017,547	1,301,592
Unassigned	(27,511)			
Total fund balances	<u>(18,341)</u>	<u>40,377</u>	<u>1,017,547</u>	<u>1,301,592</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,203,308</u>	<u>\$ 42,692</u>	<u>\$ 1,036,349</u>	<u>\$ 1,438,997</u>

Coconino County  
Combining Balance Sheet  
Nonmajor Governmental Funds (Continued)  
June 30, 2017

	Special Revenue			
	County Library District	Emergency Services Grants	Flood Control District Fund	Inmate Welfare
<b>Assets</b>				
Cash and cash equivalents	\$ 278,093	\$ 1	\$ 375,912	\$ 217,025
Investments				
Cash and investments held by trustee				
Receivables (net of allowances for uncollectibles):				
Property taxes	123,642		86,433	
Accounts		631		5,891
Special assessments				
Accrued interest	817		872	588
Due from:				
Other funds		160,555	44,829	
Other governments		49,974		
Prepaid items		749		
Total assets	\$ 402,552	\$ 211,910	\$ 508,046	\$ 223,504
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$	\$ 8,027	\$ 56,732	\$ 8,370
Accrued payroll and employee benefits		9,328	16,662	5,216
Advances from other funds			700,000	
Due to:				
Other funds		143,426	1,226	1,610
Deposits held for others				
Unearned revenue				
Total liabilities		160,781	774,620	15,196
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	93,337		56,704	
Unavailable revenue - special assessments				
Unavailable revenue - intergovernmental		44,075		
Unavailable revenue - charges for services				
Unavailable revenue - other				
Total deferred inflows of resources	93,337	44,075	56,704	
Fund balances:				
Nonspendable		749		
Restricted	309,215	6,305		208,308
Unassigned			(323,278)	
Total fund balances	309,215	7,054	(323,278)	208,308
Total liabilities, deferred inflows of resources, and fund balances	\$ 402,552	\$ 211,910	\$ 508,046	\$ 223,504

Coconino County  
Combining Balance Sheet  
Nonmajor Governmental Funds (Continued)  
June 30, 2017

	Special Revenue			
	Jail Enhancement	Justice Courts Grants and Fees	Juvenile Court Grants and Fees	Legal Defender Grants and Fees
<b>Assets</b>				
Cash and cash equivalents	\$ 702,471	\$ 978,392	\$ 897,427	\$ 9,569
Investments				
Cash and investments held by trustee				
Receivables (net of allowances for uncollectibles):				
Property taxes				
Accounts		12		
Special assessments				
Accrued interest	2,060	2,670	2,845	28
Due from:				
Other funds			33,337	6,104
Other governments	19,032	1,257	8,453	628
Prepaid items	1,824			
Total assets	<u>\$ 725,387</u>	<u>\$ 982,331</u>	<u>\$ 942,062</u>	<u>\$ 16,329</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 109,880	\$ 18,456	\$ 47,118	\$ 1,150
Accrued payroll and employee benefits		5,874	73,652	
Advances from other funds				
Due to:				
Other funds		324,263	32,531	5,998
Deposits held for others				
Unearned revenue				
Total liabilities	<u>109,880</u>	<u>348,593</u>	<u>153,301</u>	<u>7,148</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes				
Unavailable revenue - special assessments				
Unavailable revenue - intergovernmental				
Unavailable revenue - charges for services				
Unavailable revenue - other				
Total deferred inflows of resources				
<b>Fund balances:</b>				
Nonspendable	1,824			
Restricted	613,683	633,738	788,761	9,181
Unassigned				
Total fund balances	<u>615,507</u>	<u>633,738</u>	<u>788,761</u>	<u>9,181</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 725,387</u>	<u>\$ 982,331</u>	<u>\$ 942,062</u>	<u>\$ 16,329</u>

Coconino County  
Combining Balance Sheet  
Nonmajor Governmental Funds (Continued)  
June 30, 2017

	Special Revenue			
	National Forest Fees	Parks and Recreation Grants and Fees	Public Defender Grants and Fees	Recorder Storage and Retrieval
<b>Assets</b>				
Cash and cash equivalents	\$ 3,521,912	\$ 500,969	\$ 73,716	\$ 633,164
Investments				
Cash and investments held by trustee				
Receivables (net of allowances for uncollectibles):				
Property taxes				
Accounts		26,763		
Special assessments				
Accrued interest	10,296	1,512	216	1,810
Due from:				
Other funds	546,752		55,136	
Other governments			5,661	
Prepaid items			890	
Total assets	<u>\$ 4,078,960</u>	<u>\$ 529,244</u>	<u>\$ 135,619</u>	<u>\$ 634,974</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$	\$ 3,280	\$ 9,313	\$ 2,462
Accrued payroll and employee benefits		6,091		
Advances from other funds				
Due to:				
Other funds	100,664	96,869	54,939	
Deposits held for others				
Unearned revenue				
Total liabilities	<u>100,664</u>	<u>106,240</u>	<u>64,252</u>	<u>2,462</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes				
Unavailable revenue - special assessments				
Unavailable revenue - intergovernmental				
Unavailable revenue - charges for services				
Unavailable revenue - other				
Total deferred inflows of resources				
<b>Fund balances:</b>				
Nonspendable			890	
Restricted	3,978,296	423,004	70,477	632,512
Unassigned				
Total fund balances	<u>3,978,296</u>	<u>423,004</u>	<u>71,367</u>	<u>632,512</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,078,960</u>	<u>\$ 529,244</u>	<u>\$ 135,619</u>	<u>\$ 634,974</u>

Coconino County  
Combining Balance Sheet  
Nonmajor Governmental Funds (Continued)  
June 30, 2017

	Special Revenue			
	School Superintendent Grants and Fees	Sheriff Grants and Fees	Solid Waste	Superior Court Grants and Fees
<b>Assets</b>				
Cash and cash equivalents	\$ 1,826,464	\$ 233,953	\$	\$ 106,983
Investments				
Cash and investments held by trustee				
Receivables (net of allowances for uncollectibles):				
Property taxes				
Accounts	31,276	405	210	340
Special assessments				
Accrued interest	6,165	1,109		577
Due from:				
Other funds	73,141	55,213	360,789	470,207
Other governments	870,007	105,197	63,284	48,830
Prepaid items				1,050
Total assets	<u>\$ 2,807,053</u>	<u>\$ 395,877</u>	<u>\$ 424,283</u>	<u>\$ 627,987</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 316,128	\$ 15,613	\$ 124,140	\$ 110,184
Accrued payroll and employee benefits	14,523	19,494	3,534	15,269
Advances from other funds				
Due to:				
Other funds		462	296,593	12,943
Deposits held for others				
Unearned revenue				
Total liabilities	<u>330,651</u>	<u>35,569</u>	<u>424,267</u>	<u>138,396</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes				
Unavailable revenue - special assessments				
Unavailable revenue - intergovernmental	134,580			
Unavailable revenue - charges for services	1,977			
Unavailable revenue - other	984			
Total deferred inflows of resources	<u>137,541</u>			
Fund balances:				
Nonspendable				1,050
Restricted	2,338,861	360,308	16	488,541
Unassigned				
Total fund balances	<u>2,338,861</u>	<u>360,308</u>	<u>16</u>	<u>489,591</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,807,053</u>	<u>\$ 395,877</u>	<u>\$ 424,283</u>	<u>\$ 627,987</u>

Coconino County  
Combining Balance Sheet  
Nonmajor Governmental Funds (Continued)  
June 30, 2017

	Special Revenue		Debt Service
	Taxpayer Information Fund	Other Special Revenue Funds	County Improvement Districts-Debt Service
<b>Assets</b>			
Cash and cash equivalents	\$ 80,650	\$	\$ 47,467
Investments			
Cash and investments held by trustee			
Receivables (net of allowances for uncollectibles):			
Property taxes			
Accounts	7		571
Special assessments			112,473
Accrued interest	237		517
Due from:			
Other funds		116,847	
Other governments			
Prepaid items			
Total assets	\$ 80,894	\$ 116,847	\$ 161,028
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 1	\$ 2	\$
Accrued payroll and employee benefits		4,566	
Advances from other funds			1,783
Due to:			
Other funds		112,267	
Deposits held for others			
Unearned revenue			
Total liabilities	1	116,835	1,783
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes			
Unavailable revenue - special assessments			112,473
Unavailable revenue - intergovernmental			
Unavailable revenue - charges for services			
Unavailable revenue - other			
Total deferred inflows of resources			112,473
Fund balances:			
Nonspendable			
Restricted	80,893	12	46,772
Unassigned			
Total fund balances	80,893	12	46,772
Total liabilities, deferred inflows of resources, and fund balances	\$ 80,894	\$ 116,847	\$ 161,028

Coconino County  
Combining Balance Sheet  
Nonmajor Governmental Funds (Continued)  
June 30, 2017

	Capital Projects			Total Nonmajor Governmental Funds
	Accommodation School	County Improvement Districts-Capital Projects	Other Capital Projects Funds	
<b>Assets</b>				
Cash and cash equivalents	\$ 111,019	\$ 381,940	\$ 2,376,107	\$ 16,256,685
Investments		73,004	72,014	599,055
Cash and investments held by trustee				32,429
Receivables (net of allowances for uncollectibles):				
Property taxes				210,171
Accounts				175,271
Special assessments				112,473
Accrued interest	403	1,503	6,921	50,959
Due from:				
Other funds			257,534	3,286,392
Other governments	4,951			1,805,576
Prepaid items				16,989
Total assets	<u>\$ 116,373</u>	<u>\$ 456,447</u>	<u>\$ 2,712,576</u>	<u>\$ 22,546,000</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$	\$	\$ 77,970	\$ 1,188,515
Accrued payroll and employee benefits				411,397
Advances from other funds				701,783
Due to:				
Other funds				2,425,145
Deposits held for others				94,545
Unearned revenue				20,180
Total liabilities			<u>77,970</u>	<u>4,841,565</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes				150,041
Unavailable revenue - special assessments				112,473
Unavailable revenue - intergovernmental				251,623
Unavailable revenue - charges for services				1,977
Unavailable revenue - other				984
Total deferred inflows of resources				<u>517,098</u>
Fund balances:				
Nonspendable				16,989
Restricted	116,373	456,447	2,634,606	17,565,372
Unassigned				(395,024)
Total fund balances	<u>116,373</u>	<u>456,447</u>	<u>2,634,606</u>	<u>17,187,337</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 116,373</u>	<u>\$ 456,447</u>	<u>\$ 2,712,576</u>	<u>\$ 22,546,000</u>

Coconino County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2017

Special Revenue

	Adult Probation Grants and Fees	Assessor Storage and Retrieval	Career Center Grants	Clerk of the Superior Court Grants and Fees
Revenues:				
Property taxes	\$	\$	\$	\$
County sales taxes				
Special assessments				
Licenses and permits				
Fees, fines, and forfeits				9,500
Intergovernmental	2,184,603		890,068	13,794
Charges for services	724,655			61,385
Investment earnings	3,308		61	1,297
Contributions				
Miscellaneous				
Total revenues	<u>2,912,566</u>	<u></u>	<u>890,129</u>	<u>85,976</u>
Expenditures:				
Current:				
General government		1,867		139,848
Public safety	2,940,443			
Highways and streets				
Sanitation				
Health				
Welfare			994,592	
Culture and recreation				
Education				
Transportation				
Capital outlay				
Debt service:				
Principal				
Interest and other charges				
Total expenditures	<u>2,940,443</u>	<u>1,867</u>	<u>994,592</u>	<u>139,848</u>
Excess (deficiency) of revenues over expenditures	<u>(27,877)</u>	<u>(1,867)</u>	<u>(104,463)</u>	<u>(53,872)</u>
Other financing sources (uses):				
Sale of capital assets				
Bond issuance				
Transfers in	3,465		56,346	
Transfers out			(851)	
Total other financing sources (uses)	<u>3,465</u>	<u></u>	<u>55,495</u>	<u></u>
Net changes in fund balances	(24,412)	(1,867)	(48,968)	(53,872)
Fund balances, July 1, 2016	733,255	8,050	6,610	349,822
Fund balances, June 30, 2017	<u>\$ 708,843</u>	<u>\$ 6,183</u>	<u>\$ (42,358)</u>	<u>\$ 295,950</u>

Coconino County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds (Continued)  
Year Ended June 30, 2017

	Special Revenue			
	Community Services Grants and Fees	Conciliation Court	County Attorney Grants and Fees	County Improvement Districts-Special Revenue
Revenues:				
Property taxes	\$	\$	\$	\$
County sales taxes				
Special assessments				11,602
Licenses and permits				
Fees, fines, and forfeits			1,087,122	
Intergovernmental	957,519	13,266	426,552	54,787
Charges for services	11,796	40,036	27,015	1,229,919
Investment earnings	1,123	150	622	6,073
Contributions	138,484			
Miscellaneous	18,982	2,473		23,829
Total revenues	<u>1,127,904</u>	<u>55,925</u>	<u>1,541,311</u>	<u>1,326,210</u>
Expenditures:				
Current:				
General government	15,896	58,713	1,447,580	
Public safety				
Highways and streets				
Sanitation				1,364,796
Health				
Welfare	2,036,078			
Culture and recreation				
Education				
Transportation				
Capital outlay				
Debt service:				
Principal				
Interest and other charges				
Total expenditures	<u>2,051,974</u>	<u>58,713</u>	<u>1,447,580</u>	<u>1,364,796</u>
Excess (deficiency) of revenues over expenditures	<u>(924,070)</u>	<u>(2,788)</u>	<u>93,731</u>	<u>(38,586)</u>
Other financing sources (uses):				
Sale of capital assets				
Bond issuance				
Transfers in	881,644		105,081	
Transfers out	(109,947)		(34,975)	
Total other financing sources (uses)	<u>771,697</u>		<u>70,106</u>	
Net changes in fund balances	(152,373)	(2,788)	163,837	(38,586)
Fund balances, July 1, 2016	134,032	43,165	853,710	1,340,178
Fund balances, June 30, 2017	<u>\$ (18,341)</u>	<u>\$ 40,377</u>	<u>\$ 1,017,547</u>	<u>\$ 1,301,592</u>

Coconino County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds (Continued)  
Year Ended June 30, 2017

Special Revenue

	County Library District	Emergency Services Grants	Flood Control District Fund	Inmate Welfare
<b>Revenues:</b>				
Property taxes	\$ 4,069,063	\$	\$ 2,500,635	\$
County sales taxes				
Special assessments				
Licenses and permits			5,010	
Fees, fines, and forfeits				
Intergovernmental		312,082	107,068	
Charges for services				116,465
Investment earnings	3,486		1,277	966
Contributions	87,748		10,520	
Miscellaneous				76,775
Total revenues	<u>4,160,297</u>	<u>312,082</u>	<u>2,624,510</u>	<u>194,206</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government				
Public safety		325,828	1,893,485	220,758
Highways and streets				
Sanitation				
Health				
Welfare				
Culture and recreation	3,919,970			
Education				
Transportation				
Capital outlay				
Debt service:				
Principal				
Interest and other charges				
Total expenditures	<u>3,919,970</u>	<u>325,828</u>	<u>1,893,485</u>	<u>220,758</u>
Excess (deficiency) of revenues over expenditures	<u>240,327</u>	<u>(13,746)</u>	<u>731,025</u>	<u>(26,552)</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets				
Bond issuance				
Transfers in		160,468	44,829	
Transfers out	(92,472)			
Total other financing sources (uses)	<u>(92,472)</u>	<u>160,468</u>	<u>44,829</u>	
Net changes in fund balances	147,855	146,722	775,854	(26,552)
Fund balances, July 1, 2016	161,360	(139,668)	(1,099,132)	234,860
Fund balances, June 30, 2017	<u>\$ 309,215</u>	<u>\$ 7,054</u>	<u>\$ (323,278)</u>	<u>\$ 208,308</u>

Coconino County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds (Continued)  
Year Ended June 30, 2017

Special Revenue

	Jail Enhancement	Justice Courts Grants and Fees	Juvenile Court Grants and Fees	Legal Defender Grants and Fees
Revenues:				
Property taxes	\$	\$	\$	\$
County sales taxes				
Special assessments				
Licenses and permits				
Fees, fines, and forfeits		19,638		
Intergovernmental	200,808		2,047,292	2,034
Charges for services		650,662	57,190	
Investment earnings	3,056	3,093	3,561	38
Contributions				
Miscellaneous			586	
Total revenues	<u>203,864</u>	<u>673,393</u>	<u>2,108,629</u>	<u>2,072</u>
Expenditures:				
Current:				
General government		264,185		1,456
Public safety	293,601		2,117,067	
Highways and streets				
Sanitation				
Health				
Welfare				
Culture and recreation				
Education				
Transportation				
Capital outlay				
Debt service:				
Principal				
Interest and other charges				
Total expenditures	<u>293,601</u>	<u>264,185</u>	<u>2,117,067</u>	<u>1,456</u>
Excess (deficiency) of revenues over expenditures	<u>(89,737)</u>	<u>409,208</u>	<u>(8,438)</u>	<u>616</u>
Other financing sources (uses):				
Sale of capital assets				
Bond issuance				
Transfers in			6,520	6,104
Transfers out		(302,954)		(5,998)
Total other financing sources (uses)		<u>(302,954)</u>	<u>6,520</u>	<u>106</u>
Net changes in fund balances	(89,737)	106,254	(1,918)	722
Fund balances, July 1, 2016	705,244	527,484	790,679	8,459
Fund balances, June 30, 2017	<u>\$ 615,507</u>	<u>\$ 633,738</u>	<u>\$ 788,761</u>	<u>\$ 9,181</u>

Coconino County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds (Continued)  
Year Ended June 30, 2017

Special Revenue

	National Forest Fees	Parks and Recreation Grants and Fees	Public Defender Grants and Fees	Recorder Storage and Retrieval
Revenues:				
Property taxes	\$	\$	\$	\$
County sales taxes				
Special assessments				
Licenses and permits				
Fees, fines, and forfeits				
Intergovernmental	341,357	131,988	18,333	143,875
Charges for services		469,924		130,032
Investment earnings	17,393	1,752	292	2,700
Contributions				
Miscellaneous		7,094		
Total revenues	<u>358,750</u>	<u>610,758</u>	<u>18,625</u>	<u>276,607</u>
Expenditures:				
Current:				
General government			21,773	64,549
Public safety				
Highways and streets				
Sanitation				
Health				
Welfare				
Culture and recreation		461,887		
Education				
Transportation				
Capital outlay				
Debt service:				
Principal				
Interest and other charges				
Total expenditures		<u>461,887</u>	<u>21,773</u>	<u>64,549</u>
Excess (deficiency) of revenues over expenditures	<u>358,750</u>	<u>148,871</u>	<u>(3,148)</u>	<u>212,058</u>
Other financing sources (uses):				
Sale of capital assets				
Bond issuance				
Transfers in			54,939	
Transfers out	(1,758,667)	(202,662)	(54,939)	
Total other financing sources (uses)	<u>(1,758,667)</u>	<u>(202,662)</u>		
Net changes in fund balances	(1,399,917)	(53,791)	(3,148)	212,058
Fund balances, July 1, 2016	5,378,213	476,795	74,515	420,454
Fund balances, June 30, 2017	<u>\$ 3,978,296</u>	<u>\$ 423,004</u>	<u>\$ 71,367</u>	<u>\$ 632,512</u>

Coconino County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds (Continued)  
Year Ended June 30, 2017

Special Revenue

	School Superintendent Grants and Fees	Sheriff Grants and Fees	Solid Waste	Superior Court Grants and Fees
Revenues:				
Property taxes	\$ 1	\$	\$	\$
County sales taxes				
Special assessments				
Licenses and permits				
Fees, fines, and forfeits				
Intergovernmental	3,979,949	446,861	218,359	190,125
Charges for services	184,665	51,548	107,303	194,839
Investment earnings	9,553	1,606		1,861
Contributions	70,672	650		3,450
Miscellaneous	111,702			1,539
Total revenues	<u>4,356,542</u>	<u>500,665</u>	<u>325,662</u>	<u>391,814</u>
Expenditures:				
Current:				
General government				902,156
Public safety		574,053		
Highways and streets				
Sanitation			671,688	
Health				
Welfare				
Culture and recreation				
Education	4,091,853			
Transportation				
Capital outlay				
Debt service:				
Principal				
Interest and other charges				
Total expenditures	<u>4,091,853</u>	<u>574,053</u>	<u>671,688</u>	<u>902,156</u>
Excess (deficiency) of revenues over expenditures	<u>264,689</u>	<u>(73,388)</u>	<u>(346,026)</u>	<u>(510,342)</u>
Other financing sources (uses):				
Sale of capital assets				
Bond issuance				
Transfers in	73,141	46,079	346,026	517,086
Transfers out				
Total other financing sources (uses)	<u>73,141</u>	<u>46,079</u>	<u>346,026</u>	<u>517,086</u>
Net changes in fund balances	337,830	(27,309)		6,744
Fund balances, July 1, 2016	2,001,031	387,617	16	482,847
Fund balances, June 30, 2017	<u>\$ 2,338,861</u>	<u>\$ 360,308</u>	<u>\$ 16</u>	<u>\$ 489,591</u>

Coconino County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds (Continued)  
Year Ended June 30, 2017

	Special Revenue		Debt Service
	Taxpayer Information Fund	Other Special Revenue Funds	County Improvement Districts-Debt Service
Revenues:			
Property taxes	\$	\$	\$
County sales taxes			
Special assessments			44,212
Licenses and permits			
Fees, fines, and forfeits			
Intergovernmental			
Charges for services	12,207	1,508	
Investment earnings	331		472
Contributions			
Miscellaneous			
Total revenues	12,538	1,508	44,684
Expenditures:			
Current:			
General government	7,129	52,480	
Public safety			
Highways and streets		65,876	
Sanitation			
Health			
Welfare			
Culture and recreation			
Education			
Transportation			
Capital outlay			
Debt service:			
Principal			230,000
Interest and other charges			8,720
Total expenditures	7,129	118,356	238,720
Excess (deficiency) of revenues over expenditures	5,409	(116,848)	(194,036)
Other financing sources (uses):			
Sale of capital assets			
Bond issuance			
Transfers in		116,848	46,140
Transfers out			
Total other financing sources (uses)		116,848	46,140
Net changes in fund balances	5,409		(147,896)
Fund balances, July 1, 2016	75,484	12	194,668
Fund balances, June 30, 2017	\$ 80,893	\$ 12	\$ 46,772

Coconino County  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds (Continued)  
Year Ended June 30, 2017

	Capital Projects			Total Nonmajor Governmental Funds
	Accommodation School	County Improvement Districts-Capital Projects	Other Capital Projects Funds	
Revenues:				
Property taxes	\$	\$	\$	\$ 6,569,699
County sales taxes				
Special assessments				55,814
Licenses and permits				5,010
Fees, fines, and forfeits				1,116,260
Intergovernmental			100,000	12,780,720
Charges for services			12,864	4,084,013
Investment earnings	551	2,141	13,767	80,530
Contributions				311,524
Miscellaneous				242,980
Total revenues	<u>551</u>	<u>2,141</u>	<u>126,631</u>	<u>25,246,550</u>
Expenditures:				
Current:				
General government				2,977,632
Public safety				8,365,235
Highways and streets				65,876
Sanitation				2,036,484
Health				
Welfare				3,030,670
Culture and recreation				4,381,857
Education				4,091,853
Transportation				
Capital outlay			1,240,105	1,240,105
Debt service:				
Principal				230,000
Interest and other charges				8,720
Total expenditures			<u>1,240,105</u>	<u>26,428,432</u>
Excess (deficiency) of revenues over expenditures	<u>551</u>	<u>2,141</u>	<u>(1,113,474)</u>	<u>(1,181,882)</u>
Other financing sources (uses):				
Sale of capital assets			400,000	400,000
Bond issuance				
Transfers in			257,534	2,722,250
Transfers out		(46,141)		(2,609,606)
Total other financing sources (uses)		<u>(46,141)</u>	<u>657,534</u>	<u>512,644</u>
Net changes in fund balances	551	(44,000)	(455,940)	(669,238)
Fund balances, July 1, 2016	115,822	500,447	3,090,546	17,856,575
Fund balances, June 30, 2017	<u>\$ 116,373</u>	<u>\$ 456,447</u>	<u>\$ 2,634,606</u>	<u>\$ 17,187,337</u>

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Adult Probation Grants and Fees  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,066,665	\$ 2,267,123	\$ 2,184,603	\$ (82,520)
Charges for services	610,000	610,000	724,655	114,655
Investment earnings	8,460	8,460	3,308	(5,152)
Total revenues	2,685,125	2,885,583	2,912,566	26,983
Expenditures:				
Public safety				
Adult Probation	3,277,694	3,370,489	2,940,443	430,046
Total expenditures	3,277,694	3,370,489	2,940,443	430,046
Excess (deficiency) of revenues over expenditures	(592,569)	(484,906)	(27,877)	457,029
Other financing sources (uses):				
Transfers in	326,235	222,537	3,465	(219,072)
Total other financing sources (uses)	326,235	222,537	3,465	(219,072)
Net changes in fund balances	(266,334)	(262,369)	(24,412)	237,957
Fund balance, July 1, 2016	633,528	633,528	733,255	99,727
Fund balance, June 30, 2017	\$ 367,194	\$ 371,159	\$ 708,843	\$ 337,684

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Assessor Storage and Retrieval  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Total revenues	\$	\$	\$	\$
Expenditures:				
General government				
Assessor	9,243	8,050	1,867	6,183
Total expenditures	9,243	8,050	1,867	6,183
Excess (deficiency) of revenues over expenditures	(9,243)	(8,050)	(1,867)	6,183
Net changes in fund balances	(9,243)	(8,050)	(1,867)	6,183
Fund balance, July 1, 2016	9,243	9,243	8,050	(1,193)
Fund balance, June 30, 2017	\$	\$ 1,193	\$ 6,183	\$ 4,990

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Career Center Grants  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,146,999	\$ 1,480,347	\$ 890,068	\$ (590,279)
Investment earnings			61	61
Total revenues	1,146,999	1,480,347	890,129	(590,218)
Expenditures:				
Welfare				
Career Center	1,202,495	1,535,843	994,582	541,261
Total expenditures	1,202,495	1,535,843	994,582	541,261
Excess (deficiency) of revenues over expenditures	(55,496)	(55,496)	(104,463)	(48,967)
Other financing sources (uses):				
Transfers in	55,495	56,346	56,346	
Transfers out		(851)	(851)	
Total other financing sources (uses)	55,495	55,495	55,495	
Net changes in fund balances	(1)	(1)	(48,968)	(48,967)
Fund balance, July 1, 2016	5,176	5,176	6,610	1,434
Fund balance, June 30, 2017	\$ 5,175	\$ 5,175	\$ (42,358)	\$ (47,533)

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Clerk of the Superior Court Grants and Fees  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Fees, fines, and forfeits	\$ 15,000	\$ 15,000	\$ 9,500	\$ (5,500)
Intergovernmental		69,322	13,794	(55,528)
Charges for services	60,300	60,300	61,385	1,085
Investment earnings	2,000	2,000	1,297	(703)
Total revenues	77,300	146,622	85,976	(60,646)
Expenditures:				
General government				
Clerk of the Superior Court	157,701	262,731	139,848	122,883
Total expenditures	157,701	262,731	139,848	122,883
Excess (deficiency) of revenues over expenditures	(80,401)	(116,109)	(53,872)	62,237
Other financing sources (uses):				
Transfers in	13,820	13,820		(13,820)
Total other financing sources (uses)	13,820	13,820		(13,820)
Net changes in fund balances	(66,581)	(102,289)	(53,872)	48,417
Fund balance, July 1, 2016	346,622	346,622	349,822	3,200
Fund balance, June 30, 2017	\$ 280,041	\$ 244,333	\$ 295,950	\$ 51,617

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Community Services Grants and Fees  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,266,456	\$ 1,169,748	\$ 957,519	\$ (212,229)
Charges for services	63,591	11,594	11,796	202
Investment earnings	2,000	2,000	1,123	(877)
Contributions	120,768	196,635	138,484	(58,151)
Miscellaneous	1,800	37,800	18,982	(18,818)
Total revenues	1,454,615	1,417,777	1,127,904	(289,873)
Expenditures:				
General government				
Facilities			15,896	(15,896)
Welfare				
Community Services	2,467,439	2,429,160	2,036,078	393,082
Total expenditures	2,467,439	2,429,160	2,051,974	377,186
Excess (deficiency) of revenues over expenditures	(1,012,824)	(1,011,383)	(924,070)	87,313
Other financing sources (uses):				
Transfers in	1,030,606	1,026,583	881,644	(144,939)
Transfers out			(109,947)	(109,947)
Total other financing sources (uses)	1,030,606	1,026,583	771,697	(254,886)
Net changes in fund balances	17,782	15,200	(152,373)	(167,573)
Fund balance, July 1, 2016	73,160	73,160	134,032	60,872
Fund balance, June 30, 2017	\$ 90,942	\$ 88,360	\$ (18,341)	\$ (106,701)

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Conciliation Court  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 8,000	\$ 8,000	\$ 13,266	\$ 5,266
Charges for services	44,400	44,400	40,036	(4,364)
Investment earnings	250	250	150	(100)
Miscellaneous			2,473	2,473
Total revenues	52,650	52,650	55,925	3,275
Expenditures:				
General government				
Superior Courts	70,621	70,621	58,713	11,908
Total expenditures	70,621	70,621	58,713	11,908
Excess (deficiency) of revenues over expenditures	(17,971)	(17,971)	(2,788)	15,183
Net changes in fund balances	(17,971)	(17,971)	(2,788)	15,183
Fund balance, July 1, 2016	33,535	33,535	43,165	9,630
Fund balance, June 30, 2017	\$ 15,564	\$ 15,564	\$ 40,377	\$ 24,813

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
County Attorney Grants and Fees  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Fees, fines, and forfeits	\$ 450,000	\$ 450,000	\$ 1,087,122	\$ 637,122
Intergovernmental	460,999	440,364	426,552	(13,812)
Charges for services	37,944	37,944	27,015	(10,929)
Investment earnings	7,100	7,100	622	(6,478)
Total revenues	956,043	935,408	1,541,311	605,903
Expenditures:				
General government				
County Attorney	1,257,133	1,240,220	1,447,580	(207,360)
Total expenditures	1,257,133	1,240,220	1,447,580	(207,360)
Excess (deficiency) of revenues over expenditures	(301,090)	(304,812)	93,731	398,543
Other financing sources (uses):				
Transfers in	109,691	113,413	105,081	(8,332)
Transfers out	(73,913)	(91,195)	(34,975)	56,220
Total other financing sources (uses)	35,778	22,218	70,106	47,888
Net changes in fund balances	(265,312)	(282,594)	163,837	446,431
Fund balance, July 1, 2016	587,934	587,934	853,710	265,776
Fund balance, June 30, 2017	\$ 322,622	\$ 305,340	\$ 1,017,547	\$ 712,207

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
County Improvement Districts - Special Revenue  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Special assessments	\$ 11,400	\$ 11,400	\$ 11,602	\$ 202
Intergovernmental			54,787	54,787
Charges for services	1,170,600	1,170,600	1,229,919	59,319
Investment earnings	9,465	9,465	6,073	(3,392)
Miscellaneous	20,000	20,000	23,829	3,829
Total revenues	1,211,465	1,211,465	1,326,210	114,745
Expenditures:				
Sanitation				
KVID	1,869,653	1,869,653	1,364,796	504,857
Total expenditures	1,869,653	1,869,653	1,364,796	504,857
Excess (deficiency) of revenues over expenditures	(658,188)	(658,188)	(38,586)	619,602
Net changes in fund balances	(658,188)	(658,188)	(38,586)	619,602
Fund balance, July 1, 2016	1,317,603	1,317,603	1,340,178	22,575
Fund balance, June 30, 2017	\$ 659,415	\$ 659,415	\$ 1,301,592	\$ 642,177

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
County Library District  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 4,012,443	\$ 4,012,443	\$ 4,069,063	\$ 56,620
Investment earnings			3,486	3,486
Contributions			87,748	87,748
Total revenues	<u>4,012,443</u>	<u>4,012,443</u>	<u>4,160,297</u>	<u>147,854</u>
<b>Expenditures:</b>				
Culture and recreation				
Library District	<u>3,919,971</u>	<u>3,919,971</u>	<u>3,919,970</u>	<u>1</u>
Total expenditures	<u>3,919,971</u>	<u>3,919,971</u>	<u>3,919,970</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	92,472	92,472	240,327	147,855
<b>Other financing sources (uses):</b>				
Transfers out	<u>(92,472)</u>	<u>(92,472)</u>	<u>(92,472)</u>	
Total other financing sources (uses)	<u>(92,472)</u>	<u>(92,472)</u>	<u>(92,472)</u>	
Net changes in fund balances			147,855	147,855
Fund balance, July 1, 2016	218,505	218,505	161,360	(57,145)
Fund balance, June 30, 2017	<u>\$ 218,505</u>	<u>\$ 218,505</u>	<u>\$ 309,215</u>	<u>\$ 90,710</u>

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Emergency Services Grants  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 190,531	\$ 190,531	\$ 312,082	\$ 121,551
Miscellaneous	400,000	400,000		(400,000)
Total revenues	590,531	590,531	312,082	(278,449)
Expenditures:				
Public safety				
County Manager	356,290	356,290	325,828	30,462
Public Works	400,000	400,000		400,000
Total expenditures	756,290	756,290	325,828	430,462
Excess (deficiency) of revenues over expenditures	(165,759)	(165,759)	(13,746)	152,013
Other financing sources (uses):				
Transfers in	142,968	160,468	160,468	
Total other financing sources (uses)	142,968	160,468	160,468	
Net changes in fund balances	(22,791)	(5,291)	146,722	152,013
Fund balance, July 1, 2016	55,496	55,496	(139,668)	(195,164)
Fund balance, June 30, 2017	\$ 32,705	\$ 50,205	\$ 7,054	\$ (43,151)

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Flood Control District Fund  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 2,490,852	\$ 2,490,852	\$ 2,500,635	\$ 9,783
Licenses and permits			5,010	5,010
Intergovernmental	3,801,520	3,801,520	107,068	(3,694,452)
Investment earnings			1,277	1,277
Contributions	8,063	8,063	10,520	2,457
Total revenues	6,300,435	6,300,435	2,624,510	(3,675,925)
Expenditures:				
Public Safety				
Flood Control	6,116,483	6,038,728	1,893,485	4,145,243
Total expenditures	6,116,483	6,038,728	1,893,485	4,145,243
Excess (deficiency) of revenues over expenditures	183,952	261,707	731,025	469,318
Other financing sources (uses):				
Transfers in	51,864	51,864	44,829	(7,035)
Total other financing sources (uses)	51,864	51,864	44,829	(7,035)
Net change in fund balances	235,816	313,571	775,854	462,283
Fund balance, July 1, 2016	(1,043,757)	(1,043,757)	(1,099,132)	(55,375)
Fund balance, June 30, 2017	\$ (807,941)	\$ (730,186)	\$ (323,278)	\$ 406,908

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Inmate Welfare  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 110,000	\$ 110,000	\$ 116,465	\$ 6,465
Investment earnings	2,000	2,000	966	(1,034)
Miscellaneous	140,250	140,250	76,775	(63,475)
Total revenues	252,250	252,250	194,206	(58,044)
Expenditures:				
Public safety				
Sheriff	365,819	365,819	220,758	145,061
Total expenditures	365,819	365,819	220,758	145,061
Excess (deficiency) of revenues over expenditures	(113,569)	(113,569)	(26,552)	87,017
Net changes in fund balances	(113,569)	(113,569)	(26,552)	87,017
Fund balance, July 1, 2016	158,716	158,716	234,860	76,144
Fund balance, June 30, 2017	\$ 45,147	\$ 45,147	\$ 208,308	\$ 163,161

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Jail Enhancement  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 213,518	\$ 213,518	\$ 200,808	\$ (12,710)
Investment earnings	2,500	2,500	3,056	556
Total revenues	216,018	216,018	203,864	(12,154)
Expenditures:				
Public safety				
Sheriff	678,596	921,263	293,601	627,662
Total expenditures	678,596	921,263	293,601	627,662
Excess (deficiency) of revenues over expenditures	(462,578)	(705,245)	(89,737)	615,508
Net changes in fund balances	(462,578)	(705,245)	(89,737)	615,508
Fund balance, July 1, 2016	641,075	641,075	705,244	64,169
Fund balance, June 30, 2017	\$ 178,497	\$ (64,170)	\$ 615,507	\$ 679,677

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Justice Courts Grants and Fees  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Fees, fines, and forfeits	\$ 41,700	\$ 41,700	\$ 19,638	\$ (22,062)
Charges for services	429,655	429,655	650,662	221,007
Investment earnings	5,650	5,650	3,093	(2,557)
Total revenues	477,005	477,005	673,393	196,388
Expenditures:				
General government				
Flagstaff Justice Court	201,530	201,530	161,243	40,287
Fredonia Justice Court	18,381	18,381	10,209	8,172
Page Justice Court	52,075	52,075	28,644	23,431
Williams Justice Court	82,508	82,508	64,089	18,419
Total expenditures	354,494	354,494	264,185	90,309
Excess (deficiency) of revenues over expenditures	122,511	122,511	409,208	286,697
Other financing sources (uses):				
Transfers out	(265,799)	(265,799)	(302,954)	(37,155)
Total other financing sources (uses)	(265,799)	(265,799)	(302,954)	(37,155)
Net changes in fund balances	(143,288)	(143,288)	106,254	249,542
Fund balance, July 1, 2016	463,962	463,962	527,484	63,522
Fund balance, June 30, 2017	\$ 320,674	\$ 320,674	\$ 633,738	\$ 313,064

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Juvenile Court Grants and Fees  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,976,031	\$ 2,057,663	\$ 2,047,292	\$ (10,371)
Charges for services	51,310	51,310	57,190	5,880
Investment earnings	3,000	3,000	3,561	561
Miscellaneous			586	586
Total revenues	2,030,341	2,111,973	2,108,629	(3,344)
Expenditures:				
Public safety				
Juvenile Probation	2,948,979	2,843,588	2,117,067	726,521
Total expenditures	2,948,979	2,843,588	2,117,067	726,521
Excess (deficiency) of revenues over expenditures	(918,638)	(731,615)	(8,438)	723,177
Other financing sources (uses):				
Transfers in	194,653	8,539	6,520	(2,019)
Total other financing sources (uses)	194,653	8,539	6,520	(2,019)
Net changes in fund balances	(723,985)	(723,076)	(1,918)	721,158
Fund balance, July 1, 2016	740,770	740,770	790,679	49,909
Fund balance, June 30, 2017	\$ 16,785	\$ 17,694	\$ 788,761	\$ 771,067

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Legal Defender Grants and Fees  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,000	\$ 2,000	\$ 2,034	\$ 34
Investment earnings	91	91	38	(53)
Total revenues	2,091	2,091	2,072	(19)
Expenditures:				
General government				
Legal Defender	2,455	2,455	1,456	999
Total expenditures	2,455	2,455	1,456	999
Excess (deficiency) of revenues over expenditures	(364)	(364)	616	980
Other financing sources (uses):				
Transfers in	5,338	5,338	6,104	766
Transfers out	(5,689)	(5,689)	(5,998)	(309)
Total other financing sources (uses)	(351)	(351)	106	457
Net changes in fund balances	(715)	(715)	722	1,437
Fund balance, July 1, 2016	7,641	7,641	8,459	818
Fund balance, June 30, 2017	\$ 6,926	\$ 6,926	\$ 9,181	\$ 2,255

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
National Forest Fees  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 234,447	\$ 234,447	\$ 341,357	\$ 106,910
Investment earnings			17,393	17,393
Total revenues	<u>234,447</u>	<u>234,447</u>	<u>358,750</u>	<u>124,303</u>
Excess (deficiency) of revenues over expenditures	234,447	234,447	358,750	124,303
Other financing sources (uses):				
Transfers out	<u>(1,771,002)</u>	<u>(1,790,720)</u>	<u>(1,758,667)</u>	<u>32,053</u>
Total other financing sources (uses)	<u>(1,771,002)</u>	<u>(1,790,720)</u>	<u>(1,758,667)</u>	<u>32,053</u>
Net changes in fund balances	(1,536,555)	(1,556,273)	(1,399,917)	156,356
Fund balance, July 1, 2016	3,766,753	3,766,753	5,378,213	1,611,460
Fund balance, June 30, 2017	<u>\$ 2,230,198</u>	<u>\$ 2,210,480</u>	<u>\$ 3,978,296</u>	<u>\$ 1,767,816</u>

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Parks and Recreation Grants and Fees  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 164,794	\$ 164,794	\$ 131,988	\$ (32,806)
Charges for services	409,100	409,100	469,924	60,824
Investment earnings			1,752	1,752
Miscellaneous	7,500	7,500	7,094	(406)
Total revenues	581,394	581,394	610,758	29,364
Expenditures:				
Culture and recreation				
Parks and Recreation	561,199	561,199	461,887	99,312
Total expenditures	561,199	561,199	461,887	99,312
Excess (deficiency) of revenues over expenditures	20,195	20,195	148,871	128,676
Other financing sources (uses):				
Transfers out	(202,258)	(202,258)	(202,662)	(404)
Total other financing sources (uses)	(202,258)	(202,258)	(202,662)	(404)
Net changes in fund balances	(182,063)	(182,063)	(53,791)	128,272
Fund balance, July 1, 2016	466,657	466,657	476,795	10,138
Fund balance, June 30, 2017	\$ 284,594	\$ 284,594	\$ 423,004	\$ 138,410

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Public Defender Grants and Fees  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 16,000	\$ 16,000	\$ 18,333	\$ 2,333
Investment earnings	700	700	292	(408)
Total revenues	16,700	16,700	18,625	1,925
Expenditures:				
General government				
Public Defender	30,000	30,000	21,773	8,227
Total expenditures	30,000	30,000	21,773	8,227
Excess (deficiency) of revenues over expenditures	(13,300)	(13,300)	(3,148)	10,152
Other financing sources (uses):				
Transfers in	48,040	48,040	54,939	6,899
Transfers out	(48,040)	(48,040)	(54,939)	(6,899)
Total other financing sources (uses)				
Net changes in fund balances	(13,300)	(13,300)	(3,148)	10,152
Fund balance, July 1, 2016	76,589	76,589	74,515	(2,074)
Fund balance, June 30, 2017	\$ 63,289	\$ 63,289	\$ 71,367	\$ 8,078

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Recorder Storage and Retrieval  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 48,665	\$ 32,000	\$ 143,875	\$ 111,875
Charges for services	130,000	130,000	130,032	\$ 32
Investment earnings	900	900	2,700	1,800
Total revenues	179,565	162,900	276,607	113,707
Expenditures:				
General government				
Recorder	278,437	286,003	64,549	221,454
Total expenditures	278,437	286,003	64,549	221,454
Excess (deficiency) of revenues over expenditures	(98,872)	(123,103)	212,058	335,161
Net changes in fund balances	(98,872)	(123,103)	212,058	335,161
Fund balance, July 1, 2016	357,371	357,371	420,454	63,083
Fund balance, June 30, 2017	\$ 258,499	\$ 234,268	\$ 632,512	\$ 398,244

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
School Superintendent Grants and Fees  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$	\$	\$ 1	\$ 1
Intergovernmental	3,437,600	5,329,064	3,979,949	(1,349,115)
Charges for services	45,000	45,000	184,665	139,665
Investment earnings	800	800	9,553	8,753
Contributions	37,550	78,530	70,672	(7,858)
Miscellaneous	150,000	150,000	111,702	(38,298)
Total revenues	<u>3,670,950</u>	<u>5,603,394</u>	<u>4,356,542</u>	<u>(1,246,852)</u>
Expenditures:				
Education				
School Superintendent	<u>3,855,160</u>	<u>5,651,873</u>	<u>4,091,853</u>	<u>1,560,020</u>
Total expenditures	<u>3,855,160</u>	<u>5,651,873</u>	<u>4,091,853</u>	<u>1,560,020</u>
Excess (deficiency) of revenues over expenditures	(184,210)	(48,479)	264,689	313,168
Other financing sources (uses):				
Transfers in	<u>86,492</u>	<u>86,492</u>	<u>73,141</u>	<u>(13,351)</u>
Total other financing sources (uses)	<u>86,492</u>	<u>86,492</u>	<u>73,141</u>	<u>(13,351)</u>
Net changes in fund balances	(97,718)	38,013	337,830	299,817
Fund balance, July 1, 2016	<u>1,327,242</u>	<u>1,327,242</u>	<u>2,001,031</u>	<u>673,789</u>
Fund balance, June 30, 2017	<u>\$ 1,229,524</u>	<u>\$ 1,365,255</u>	<u>\$ 2,338,861</u>	<u>\$ 973,606</u>

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Sheriff Grants and Fees  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 688,395	\$ 743,017	\$ 446,861	\$ (296,156)
Charges for services	61,439	61,439	51,548	(9,891)
Investment earnings	1,400	1,400	1,606	206
Contributions	5,000	5,000	650	(4,350)
Miscellaneous	2,404,500	2,404,500		(2,404,500)
Total revenues	<u>3,160,734</u>	<u>3,215,356</u>	<u>500,665</u>	<u>(2,714,691)</u>
<b>Expenditures:</b>				
Public safety				
Sheriff	3,460,649	3,563,822	574,053	2,989,769
Total expenditures	<u>3,460,649</u>	<u>3,563,822</u>	<u>574,053</u>	<u>2,989,769</u>
Excess (deficiency) of revenues over expenditures	(299,915)	(348,466)	(73,388)	275,078
<b>Other financing sources (uses):</b>				
Transfers in	123,065	133,120	46,079	(87,041)
Total other financing sources (uses)	<u>123,065</u>	<u>133,120</u>	<u>46,079</u>	<u>(87,041)</u>
Net changes in fund balances	(176,850)	(215,346)	(27,309)	188,037
Fund balance, July 1, 2016	329,186	329,186	387,617	58,431
Fund balance, June 30, 2017	<u>\$ 152,336</u>	<u>\$ 113,840</u>	<u>\$ 360,308</u>	<u>\$ 246,468</u>

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Solid Waste  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 275,000	\$ 275,000	\$ 218,359	\$ (56,641)
Charges for services	104,200	104,200	107,303	3,103
Total revenues	<u>379,200</u>	<u>379,200</u>	<u>325,662</u>	<u>(53,538)</u>
<b>Expenditures:</b>				
Sanitation				
Public Works	<u>693,051</u>	<u>757,969</u>	<u>671,688</u>	<u>86,281</u>
Total expenditures	<u>693,051</u>	<u>757,969</u>	<u>671,688</u>	<u>86,281</u>
Excess (deficiency) of revenues over expenditures	(313,851)	(378,769)	(346,026)	32,743
<b>Other financing sources (uses):</b>				
Transfers in	<u>313,851</u>	<u>378,769</u>	<u>346,026</u>	<u>(32,743)</u>
Total other financing sources (uses)	<u>313,851</u>	<u>378,769</u>	<u>346,026</u>	<u>(32,743)</u>
<b>Net changes in fund balances</b>				
Fund balance, July 1, 2016			16	16
Fund balance, June 30, 2017	<u>\$</u>	<u>\$</u>	<u>\$ 16</u>	<u>\$ 16</u>

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Superior Court Grants and Fees  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 195,722	\$ 215,986	\$ 190,125	\$ (25,861)
Charges for services	202,500	202,500	194,839	(7,661)
Investment earnings	940	940	1,861	921
Contributions	6,250	6,250	3,450	(2,800)
Miscellaneous	18,000	18,000	1,539	(16,461)
Total revenues	423,412	443,676	391,814	(51,862)
Expenditures:				
General government				
Superior Courts	960,196	968,260	902,156	66,104
Total expenditures	960,196	968,260	902,156	66,104
Excess (deficiency) of revenues over expenditures	(536,784)	(524,584)	(510,342)	14,242
Other financing sources (uses):				
Transfers in	495,403	495,403	517,086	21,683
Transfers out	(13,820)	(13,820)		13,820
Total other financing sources (uses)	481,583	481,583	517,086	35,503
Net changes in fund balances	(55,201)	(43,001)	6,744	49,745
Fund balance, July 1, 2016	415,755	415,755	482,847	67,092
Fund balance, June 30, 2017	\$ 360,554	\$ 372,754	\$ 489,591	\$ 116,837

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Taxpayer Information Fund  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 16,500	\$ 16,500	\$ 12,207	\$ (4,293)
Investment earnings	1,250	1,250	331	(919)
Total revenues	17,750	17,750	12,538	(5,212)
Expenditures:				
General government				
Treasurer	31,000	31,000	7,129	23,871
Total expenditures	31,000	31,000	7,129	23,871
Excess (deficiency) of revenues over expenditures	(13,250)	(13,250)	5,409	18,659
Net changes in fund balances	(13,250)	(13,250)	5,409	18,659
Fund balance, July 1, 2016	56,412	56,412	75,484	19,072
Fund balance, June 30, 2017	\$ 43,162	\$ 43,162	\$ 80,893	\$ 37,731

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Other Special Revenue Funds  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 2,000	\$ 2,000	\$ 1,508	\$ (492)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>1,508</u>	<u>(492)</u>
<b>Expenditures:</b>				
General government				
Finance/Budget	53,744	53,744	52,480	1,264
Highways and streets				
Public Works	66,666	66,666	65,876	790
Total expenditures	<u>120,410</u>	<u>120,410</u>	<u>118,356</u>	<u>2,054</u>
Excess (deficiency) of revenues over expenditures	(118,410)	(118,410)	(116,848)	1,562
<b>Other financing sources (uses):</b>				
Transfers in	118,410	118,410	116,848	(1,562)
Total other financing sources (uses)	<u>118,410</u>	<u>118,410</u>	<u>116,848</u>	<u>(1,562)</u>
<b>Net changes in fund balances</b>				
Fund balance, July 1, 2016			12	12
Fund balance, June 30, 2017	<u>\$</u>	<u>\$</u>	<u>\$ 12</u>	<u>\$ 12</u>

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
County Improvement Districts - Debt Service  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Special assessments	\$ 102,678	\$ 102,678	\$ 44,212	\$ (58,466)
Investment earnings			472	472
Total revenues	102,678	102,678	44,684	(57,994)
Expenditures:				
Debt service:				
Principal	89,000	89,000	230,000	(141,000)
Interest and other charges	13,678	13,678	8,720	4,958
Total expenditures	102,678	102,678	238,720	(136,042)
Excess (deficiency) of revenues over expenditures			(194,036)	(194,036)
Other financing sources (uses):				
Transfers in			46,140	46,140
Total other financing sources (uses)			46,140	46,140
Net changes in fund balances			(147,896)	(147,896)
Fund balance, July 1, 2016	246,136	246,136	194,668	(51,468)
Fund balance, June 30, 2017	\$ 246,136	\$ 246,136	\$ 46,772	\$ (199,364)

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Parks and Open Spaces Tax Projects Fund  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
County sales taxes	\$	\$	\$ 16,427	\$ 16,427
Intergovernmental			1,094	1,094
Investment earnings	24,000	24,000	47,494	23,494
Miscellaneous	1,972	1,972	123	(1,849)
Total revenues	25,972	25,972	65,138	39,166
Expenditures:				
Capital outlay	12,907,806	12,597,942	9,785,411	2,812,531
Total expenditures	12,907,806	12,597,942	9,785,411	2,812,531
Excess (deficiency) of revenues over expenditures	(12,881,834)	(12,571,970)	(9,720,273)	2,851,697
Net changes in fund balances	(12,881,834)	(12,571,970)	(9,720,273)	2,851,697
Fund balance, July 1, 2016	13,799,880	13,799,880	13,570,121	(229,759)
Fund balance, June 30, 2017	\$ 918,046	\$ 1,227,910	\$ 3,849,848	\$ 2,621,938

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Accommodation School  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 64,466	\$ 64,466		\$ (64,466)
Investment earnings	700	700	551	(149)
Total revenues	65,166	65,166	551	(64,615)
Expenditures:				
Capital outlay	56,500	56,500		56,500
Total expenditures	56,500	56,500		56,500
Excess (deficiency) of revenues over expenditures	8,666	8,666	551	(8,115)
Net changes in fund balances	8,666	8,666	551	(8,115)
Fund balance, July 1, 2016	99,630	99,630	115,822	16,192
Fund balance, June 30, 2017	\$ 108,296	\$ 108,296	\$ 116,373	\$ 8,077

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
County Improvement Districts - Capital Projects  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$ 11,400	\$ 11,400	\$ 2,141	\$ (9,259)
Total revenues	11,400	11,400	2,141	(9,259)
Excess (deficiency) of revenues over expenditures	11,400	11,400	2,141	(9,259)
Other financing sources (uses):				
Transfers out			(46,141)	(46,141)
Total other financing sources (uses)			(46,141)	(46,141)
Net changes in fund balances	11,400	11,400	(44,000)	(55,400)
Fund balance, July 1, 2016	94,833	94,833	500,447	405,614
Fund balance, June 30, 2017	\$ 106,233	\$ 106,233	\$ 456,447	\$ 350,214

Coconino County  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
Other Capital Projects Funds  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$	\$	\$ 100,000	\$ 100,000
Charges for services			12,864	12,864
Investment earnings	10,000	10,000	13,767	3,767
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>126,631</u>	<u>116,631</u>
Expenditures:				
Capital outlay	476,098	1,666,998	1,240,105	426,893
Total expenditures	<u>476,098</u>	<u>1,666,998</u>	<u>1,240,105</u>	<u>426,893</u>
Excess (deficiency) of revenues over expenditures	(466,098)	(1,656,998)	(1,113,474)	543,524
Other financing sources (uses):				
Sale of capital assets			400,000	400,000
Transfers in	476,098	789,998	257,534	(532,464)
Total other financing sources (uses)	<u>476,098</u>	<u>789,998</u>	<u>657,534</u>	<u>(132,464)</u>
Net changes in fund balances	10,000	(867,000)	(455,940)	411,060
Fund balance, July 1, 2016	3,066,864	3,066,864	3,090,546	23,682
Fund balance, June 30, 2017	<u>\$ 3,076,864</u>	<u>\$ 2,199,864</u>	<u>\$ 2,634,606</u>	<u>\$ 434,742</u>

Coconino County  
Combining Statement of Fiduciary Net Position  
Investment Trust Funds  
June 30, 2017

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 121,108,247	\$ 10,891,165	\$ 131,999,412
Interest and dividends receivable	428,594		428,594
Total assets	<u>121,536,841</u>	<u>10,891,165</u>	<u>132,428,006</u>
<b>Liabilities</b>			
Total liabilities			
<b>Net position</b>			
Held in trust for investment trust participants	<u>\$ 121,536,841</u>	<u>\$ 10,891,165</u>	<u>\$ 132,428,006</u>

Coconino County  
Combining Statement of Changes in Fiduciary Net Position  
Investment Trust Funds  
Year Ended June 30, 2017

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
Additions:			
Contribution from participants	\$ 251,129,636	\$ 13,752,679	\$ 264,882,315
Investment earnings	798,561		798,561
Total additions	<u>251,928,197</u>	<u>13,752,679</u>	<u>265,680,876</u>
Deductions:			
Distributions to participants	<u>250,432,243</u>	<u>5,372,561</u>	<u>255,804,804</u>
Total deductions	<u>250,432,243</u>	<u>5,372,561</u>	<u>255,804,804</u>
Change in net position	1,495,954	8,380,118	9,876,072
Net position, July 1, 2016	120,040,887	2,511,047	122,551,934
Net position, June 30, 2017	<u><u>\$ 121,536,841</u></u>	<u><u>\$ 10,891,165</u></u>	<u><u>\$ 132,428,006</u></u>

Coconino County  
Statement of Changes in Assets and Liabilities  
Agency Fund  
Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<b>Assets</b>				
Cash and cash equivalents	\$ 2,773,090	\$ 76,847,315	\$ 76,362,542	\$ 3,257,863
Total assets	<u>\$ 2,773,090</u>	<u>\$ 76,847,315</u>	<u>\$ 76,362,542</u>	<u>\$ 3,257,863</u>
<b>Liabilities</b>				
Deposits held for others	\$ 2,520,535	\$ 73,193,676	\$ 72,714,315	\$ 2,999,896
Due to other governments	252,555	3,653,639	3,648,227	257,967
Total liabilities	<u>\$ 2,773,090</u>	<u>\$ 76,847,315</u>	<u>\$ 76,362,542</u>	<u>\$ 3,257,863</u>

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## STATISTICAL SECTION

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Coconino County  
Statistical Section  
Year Ended June 30, 2017

This part of the Coconino County's 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 the County's overall financial health.

**Contents**

**Financial Trends**

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. .... 181-185

**Revenue Capacity**

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax. .... 186-189

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. .... 190-192

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place. .... 193-195

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs. .... 196-200

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Primary government:										
Governmental activities										
Invested in capital assets,										
net of related debt	\$ 128,198,350	\$ 129,694,889	\$ 128,372,030	\$ 145,814,515	\$ 142,964,843	\$ 145,559,259	\$ 145,480,845	\$ 149,872,339	\$ 150,901,461	\$ 169,224,399
Restricted	29,929,358	28,345,559	28,386,829	63,914,015	65,858,399	63,564,437	69,537,246	74,284,443	67,370,287	64,169,360
Unrestricted	52,345,917	52,251,638	53,636,533	22,113,670	23,547,699	22,747,752	18,591,785	(86,379,130)	(77,733,568)	(81,582,757)
Total governmental activities net position	<u>\$ 210,473,625</u>	<u>\$ 210,292,086</u>	<u>\$ 210,395,392</u>	<u>\$ 231,842,200</u>	<u>\$ 232,370,941</u>	<u>\$ 231,871,448</u>	<u>\$ 233,609,876</u>	<u>\$ 137,777,652</u>	<u>\$ 140,538,180</u>	<u>\$ 151,811,002</u>

Source: Coconino County Single Audit Reporting Package

Note: Due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015, net position for the year ended June 30, 2014 was restated, however this change was not reflected in this schedule.

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

	Fiscal year			
	2008	2009	2010	2011
<b>Expenses</b>				
Governmental activities:				
General government	\$ 32,252,372	\$ 32,364,030	\$ 31,501,241	\$ 30,768,963
Public safety	32,282,534	33,164,905	31,592,406	36,552,608
Highways and streets	17,990,951	16,655,737	15,639,291	13,811,657
Sanitation	3,216,176	3,274,456	3,138,985	3,151,415
Health	12,192,703	12,692,864	11,216,546	11,045,264
Welfare	6,666,186	7,615,522	8,273,139	8,284,852
Culture and recreation	6,957,602	7,814,879	7,725,556	7,286,373
Education	4,437,125	4,892,986	5,278,556	4,767,625
Interest on long term debt	603,969	512,256	414,902	
Defeasance of long-term debt	832,030			
<b>Total expenses</b>	<b>\$ 117,431,648</b>	<b>\$ 118,987,635</b>	<b>\$ 114,780,622</b>	<b>\$ 115,668,757</b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	8,273,916	7,316,495	7,169,300	6,022,842
Public safety	2,986,695	3,421,790	3,679,918	3,821,300
Highways and streets	74,556	1,152,294	69,689	93,370
Sanitation	1,375,478	1,375,437	1,321,418	1,386,848
Health	1,340,236	1,316,870	1,247,031	1,151,680
Welfare	1,337,392	1,262,876	2,101,024	1,905,924
Culture and recreation	1,159,535	1,170,109	794,306	865,254
Education	115,216	95,016	116,020	130,681
Operating grants and contributions	34,185,253	34,581,839	34,922,841	39,900,147
Capital grants and contributions	898,314	118,520	84,811	6,320,016
<b>Total governmental activities program revenues</b>	<b>\$ 51,746,591</b>	<b>\$ 51,811,246</b>	<b>\$ 51,506,358</b>	<b>\$ 61,598,062</b>
<b>Net (expenses) revenues</b>	<b>\$ (65,685,057)</b>	<b>\$ (67,176,389)</b>	<b>\$ (63,274,264)</b>	<b>\$ (54,070,695)</b>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Property taxes, levied for general purposes	7,180,218	7,935,524	8,185,332	8,405,307
Property taxes, levied for library	3,847,035	4,708,037	5,107,399	4,879,638
Property taxes, levied for flood control	1,510,077	2,011,055	1,959,193	1,849,054
Property taxes, levied for accommodation school		189,318	4,310	275
Property taxes, levied for health services				4,923,145
General county sales tax	12,445,915	11,497,627	10,774,208	11,118,458
Road sales tax				
Jail District sales tax	12,395,931	11,486,443	10,791,078	11,109,910
Parks and open spaces sales tax	3,105,737	2,871,495	2,689,346	2,775,886
Excise tax	102,863	92,118	68,688	118,795
Franchise tax	46,966	41,944	39,207	36,969
Shared revenue - state sales tax	17,000,598	15,287,328	14,353,390	15,670,801
Shared revenue - state vehicle license tax	5,622,049	5,240,676	4,971,307	4,932,200
Grants and contributions not restricted to specific programs	1,727,679	2,866,290	2,139,437	1,974,042
Investment earnings	2,726,375	2,388,053	2,090,720	684,904
Gain (loss) on disposal of capital assets	209,636	2,100	130,889	1,037,009
Miscellaneous	225,544	376,842	73,066	111,114
Donated capital				5,169,268
<b>Total general revenues</b>	<b>\$ 68,146,623</b>	<b>\$ 66,994,850</b>	<b>\$ 63,377,570</b>	<b>\$ 74,796,775</b>
<b>Change in net position</b>	<b>\$ 2,461,566</b>	<b>\$ (181,539)</b>	<b>\$ 103,306</b>	<b>\$ 20,726,080</b>

Source: Coconino County Single Audit Reporting Package

Fiscal year					
2012	2013	2014	2015	2016	2017
\$ 31,590,773	\$ 32,049,113	\$ 29,994,545	\$ 34,766,812	\$ 33,869,932	\$ 38,022,439
33,763,301	37,609,509	42,122,131	42,398,679	40,947,920	41,654,185
15,955,413	15,958,230	14,058,678	14,906,659	21,815,377	13,113,953
3,088,446	2,102,071	1,611,107	2,007,358	2,235,478	2,520,023
11,550,850	12,199,793	13,735,528	13,915,744	13,180,529	13,468,758
6,907,365	6,642,756	4,932,758	4,486,667	4,254,709	4,576,781
7,243,089	7,063,893	6,594,783	6,682,930	7,172,432	6,755,900
5,232,363	5,941,255	7,332,953	6,708,189	5,336,344	4,707,587
178,025	69,723	46,622	24,582	18,128	8,720
<u>\$ 115,509,625</u>	<u>\$ 119,636,343</u>	<u>\$ 120,429,105</u>	<u>\$ 125,897,620</u>	<u>\$ 128,830,849</u>	<u>\$ 124,828,346</u>
4,995,911	4,465,482	4,868,512	4,737,629	5,751,943	7,176,071
3,272,289	3,107,973	2,937,416	2,538,879	3,159,188	3,265,470
93,636	99,728	54,445	114,459	72,866	160,894
1,402,290	1,346,328	1,342,276	1,327,150	1,348,145	1,367,001
1,181,490	1,301,249	1,353,915	1,463,783	1,143,207	1,289,745
1,802,447	1,467,637	795,045	243,096	123,744	126,427
760,863	850,519	838,718	879,799	810,926	1,216,327
113,749	171,298	183,275	180,507	373,206	299,328
32,332,327	36,156,108	35,999,361	38,184,459	32,558,181	30,446,823
13,130	(1,892)	14,217	6,821	701,451	612,546
<u>\$ 45,968,132</u>	<u>\$ 48,964,430</u>	<u>\$ 48,387,180</u>	<u>\$ 49,676,582</u>	<u>\$ 46,042,857</u>	<u>\$ 45,960,632</u>
<u>\$ (69,541,493)</u>	<u>\$ (70,671,913)</u>	<u>\$ (72,041,925)</u>	<u>\$ (76,221,038)</u>	<u>\$ (82,787,992)</u>	<u>\$ (78,867,714)</u>
8,807,267	8,744,783	9,040,033	9,023,305	9,511,567	10,263,558
4,313,244	4,157,084	3,906,545	3,848,918	3,924,459	4,039,059
3,179,252	2,943,787	2,462,802	2,425,568	2,444,129	2,491,441
142	33	(18)	8	8	
4,801,721	4,390,334	3,816,050	3,761,327	3,847,788	3,948,951
11,369,591	11,705,643	12,271,635	13,579,820	14,123,077	15,226,954
			3,778,550	8,426,665	9,253,718
11,368,185	11,699,874	12,270,130	13,576,136	14,127,110	15,225,145
2,832,704	2,923,093	3,065,409	997,627	27,012	16,427
107,980	74,510	83,589	70,356	139,804	129,671
36,788	47,198	58,608	94,022	97,267	103,255
17,208,420	18,592,227	19,067,396	19,995,985	21,004,646	22,133,708
4,676,609	3,082,023	3,180,936	3,301,848	3,570,541	3,768,292
1,930,854	1,902,703	2,616,490	2,484,148	2,822,490	2,688,238
1,162,458	(316,192)	1,420,929	700,571	1,037,145	353,751
(882,441)	42,869	453,292	218,749	354,668	397,314
55,430	182,451	66,527	86,637	90,144	101,054
<u>\$ 70,968,204</u>	<u>\$ 70,172,420</u>	<u>\$ 73,780,353</u>	<u>\$ 77,943,575</u>	<u>\$ 85,548,520</u>	<u>\$ 90,140,536</u>
<u>\$ 1,426,711</u>	<u>\$ (499,493)</u>	<u>\$ 1,738,428</u>	<u>\$ 1,722,537</u>	<u>\$ 2,760,528</u>	<u>\$ 11,272,822</u>

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

	Fiscal Year									
	2008	2009	2010	2011 <sup>1</sup>	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 133,364	\$ 173,499	\$ 40,720	\$	\$	\$	\$	\$	\$	\$
Unreserved	27,495,342	24,956,598	22,206,572							
Nonspendable				85,029	1,509,973	1,541,383	1,556,369	1,517,238	1,055,053	778,832
Restricted							15,000			
Unassigned				26,368,723	28,450,416	29,184,907	26,643,317	26,126,347	28,961,573	31,289,354
Total general fund	<u>\$ 27,628,706</u>	<u>\$ 25,130,097</u>	<u>\$ 22,247,292</u>	<u>\$ 26,453,752</u>	<u>\$ 29,960,389</u>	<u>\$ 30,726,290</u>	<u>\$ 28,214,686</u>	<u>\$ 27,643,585</u>	<u>\$ 30,016,626</u>	<u>\$ 32,068,186</u>
All other governmental funds										
Reserved	\$ 549,455	\$ 384,735	\$ 592,136	\$	\$	\$	\$	\$	\$	\$
Unreserved, reported in:										
Special revenue funds	41,731,738	52,444,661	58,066,418							
Capital project funds	10,265,707	1,176,745	842,548							
Debt service fund	15,066	46								
Nonspendable				84,711	271,992	231,804	139,493	104,770	117,597	87,823
Restricted				58,606,383	60,899,020	61,776,253	69,921,012	74,212,850	67,763,379	64,054,555
Unassigned							(2,077,795)	(3,303,500)	(1,238,800)	(395,024)
Total all other governmental funds	<u>\$ 52,561,966</u>	<u>\$ 54,006,187</u>	<u>\$ 59,501,102</u>	<u>\$ 58,691,094</u>	<u>\$ 61,171,012</u>	<u>\$ 62,008,057</u>	<u>\$ 67,982,710</u>	<u>\$ 71,014,120</u>	<u>\$ 66,642,176</u>	<u>\$ 63,747,354</u>

Source: Coconino County Single Audit Reporting Package

<sup>1</sup> Due to implementation of GASB 54 in FY 2011, categories regarding fund balances have been redefined.  
See Note 1 of Notes to Basic Financial Statements.

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Property taxes	\$ 12,447,359	\$ 14,683,323	\$ 15,286,914	\$ 19,877,174	\$ 21,134,274	\$ 20,320,244	\$ 19,255,927	\$ 18,966,331	\$ 19,701,750	\$ 20,870,854
County sales taxes	33,726,601	31,235,155	29,334,804	30,092,941	30,395,929	26,455,658	27,750,211	32,096,706	36,952,588	39,961,622
Special assessments	697,085	533,246	567,822	528,262	443,889	454,223	232,948	137,434	57,851	55,814
Licenses and permits	2,028,139	1,596,184	1,531,423	1,544,071	2,080,424	1,428,438	1,585,215	1,520,047	1,721,229	2,147,569
Fees, fines, and forfeits	2,426,546	2,636,342	2,475,047	1,912,702	1,536,208	1,434,276	1,890,338	1,609,332	1,887,642	2,382,906
Intergovernmental	52,807,937	52,131,109	51,035,314	61,706,361	51,173,921	60,388,098	60,348,857	60,921,308	61,905,784	59,453,303
Charges for services	11,059,144	10,616,158	11,421,254	11,176,829	9,280,931	8,764,702	7,751,499	7,004,301	6,923,006	7,898,370
Investment earnings	3,426,238	2,941,346	2,547,186	894,731	1,450,443	(360,692)	1,713,752	1,038,111	1,264,077	398,554
Contributions	638,673	498,811	654,529	582,801	629,849	674,720	658,818	600,116	679,203	667,591
Miscellaneous	644,530	1,039,999	411,152	547,255	491,740	613,048	531,987	565,043	1,439,331	477,409
<b>Total revenues</b>	<b>\$ 119,902,252</b>	<b>\$ 117,911,673</b>	<b>\$ 115,265,445</b>	<b>\$ 128,863,127</b>	<b>\$ 118,617,608</b>	<b>\$ 120,172,715</b>	<b>\$ 121,719,552</b>	<b>\$ 124,458,729</b>	<b>\$ 132,532,461</b>	<b>\$ 134,313,992</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	\$ 31,775,048	\$ 31,104,566	\$ 30,537,222	\$ 30,019,684	\$ 30,768,104	\$ 31,049,633	\$ 29,107,514	\$ 31,139,164	\$ 31,421,859	\$ 34,369,247
Public safety	31,240,851	31,381,596	30,336,374	36,611,002	34,375,074	39,373,290	45,050,982	43,662,534	48,707,702	38,950,563
Highways and streets	16,548,734	16,992,456	13,181,875	10,912,173	12,105,577	13,312,515	10,949,715	13,734,826	22,936,771	20,878,220
Sanitation	3,154,224	3,146,581	2,978,416	2,919,328	2,874,688	1,820,482	1,413,555	1,941,069	2,065,123	2,036,484
Health	12,077,635	12,361,518	10,956,358	10,795,196	11,338,648	12,036,240	13,528,580	13,091,067	12,723,241	13,123,911
Welfare	6,605,519	7,517,819	8,149,363	8,109,040	6,806,132	6,464,632	4,936,174	4,091,392	4,024,951	4,412,375
Culture and recreation	8,320,721	8,045,985	7,607,898	19,136,103	6,650,038	6,122,803	5,986,724	6,598,582	5,924,896	6,099,745
Education	4,273,975	4,730,288	5,110,500	4,727,587	5,085,903	5,783,644	7,176,253	6,456,550	5,141,470	4,561,510
Capital outlay	1,711,967	1,434,116	771,393	1,049,137	148,465	2,213,866	147,146	1,281,468	1,872,994	11,025,516
<b>Debt service:</b>										
Principal	18,545,471	2,508,901	2,637,213	2,255,923	2,353,289	396,669	415,808	105,144	85,000	230,000
Interest and other charges	1,435,999	512,256	414,902	287,272	178,025	69,723	46,622	24,582	18,128	8,720
<b>Total expenditures</b>	<b>\$ 135,690,144</b>	<b>\$ 119,736,082</b>	<b>\$ 112,681,514</b>	<b>\$ 126,822,445</b>	<b>\$ 112,683,943</b>	<b>\$ 118,643,497</b>	<b>\$ 118,759,073</b>	<b>\$ 122,126,378</b>	<b>\$ 134,922,135</b>	<b>\$ 135,696,291</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(15,787,892)</b>	<b>(1,824,409)</b>	<b>2,583,931</b>	<b>2,040,682</b>	<b>5,933,665</b>	<b>1,529,218</b>	<b>2,960,479</b>	<b>2,332,351</b>	<b>(2,389,674)</b>	<b>(1,382,299)</b>
<b>Other financing sources (uses):</b>										
Capital lease agreement	\$	\$	\$	\$	\$	\$	\$	\$	\$ 90,011	\$
Sale of capital assets	22,911	2,100	28,179	1,329,950		20,194	502,570	127,958	361,335	539,037
Bond proceeds		795,000								
Transfers in	37,093,497	15,481,676	15,042,578	21,912,454	14,661,648	14,454,693	14,188,062	15,427,307	22,706,214	12,333,922
Transfers out	(36,982,221)	(15,508,755)	(15,042,578)	(21,894,634)	(14,608,758)	(14,401,159)	(14,188,062)	(15,427,307)	(22,766,789)	(12,333,922)
<b>Total other financing sources and uses</b>	<b>134,187</b>	<b>770,021</b>	<b>28,179</b>	<b>1,347,770</b>	<b>52,890</b>	<b>73,728</b>	<b>502,570</b>	<b>127,958</b>	<b>390,771</b>	<b>539,037</b>
<b>Net changes in fund balances</b>	<b>\$ (15,653,705)</b>	<b>\$ (1,054,388)</b>	<b>\$ 2,612,110</b>	<b>\$ 3,388,452</b>	<b>\$ 5,986,555</b>	<b>\$ 1,602,946</b>	<b>\$ 3,463,049</b>	<b>\$ 2,460,309</b>	<b>\$ (1,998,903)</b>	<b>\$ (843,262)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>17.53%</b>	<b>2.62%</b>	<b>2.80%</b>	<b>2.06%</b>	<b>2.30%</b>	<b>0.42%</b>	<b>0.41%</b>	<b>0.12%</b>	<b>0.08%</b>	<b>0.22%</b>

Source: Coconino County Single Audit Reporting Package

Note: Financial statement amounts adjusted to show Capital Outlay in FY 2008

Coconino County  
Assessed Value and Estimated Market Value of  
Taxable Property  
Last Ten Years

Fiscal Year Ended June 30,	Property Values Assessed			Total Direct Tax Rate	Total Secured and Unsecured Estimated Market Value	Total Assessed Value as a Percentage of Total Estimated Market Value
	Secured	Unsecured	Total			
2008	1,458,940,955	229,241,854	1,688,182,809	0.8588	16,687,281,012	10.1
2009	1,605,854,299	234,920,747	1,840,775,046	0.8791	17,790,931,957	10.3
2010	1,694,104,159	224,614,413	1,918,718,572	0.8340	17,143,465,763	11.2
2011	1,607,918,353	232,224,257	1,840,142,610	1.0820	15,460,396,890	11.9
2012	1,714,437,231	45,163,364	1,759,600,595	1.3170	14,840,670,920	11.9
2013	1,714,436,551	45,173,364	1,759,609,915	1.3347	14,840,650,090	11.9
2014	1,475,006,428	58,058,854	1,533,065,282	1.4522	13,008,153,658	11.8
2015	1,478,590,523	55,893,415	1,534,483,938	1.4702	13,223,453,140	11.6
2016	1,545,641,492	56,698,420	1,602,339,912	1.4702	14,061,706,204	11.4
2017	1,440,511,578	227,019,238	1,667,530,816	1.4844	14,061,706,204	11.9

Source: Coconino County Assessor

Note: Secured and Unsecured assessed property values and estimated market values are determined each calendar year. The tax rates are applicable beginning July 1st of the next fiscal year. The Board of Supervisors approves the tax rates on the third Monday of August.

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

Direct Rates

Fiscal Year	County Operating	Library District	Flood Control District	Public Health Service District	Total Direct
2008	0.4383	0.2205	0.2000		0.8588
2009	0.4338	0.2293	0.2160		0.8791
2010	0.3973	0.2367	0.2000		0.8340
2011	0.3953	0.2367	0.2000	0.2500	1.0820
2012	0.4303	0.2367	0.4000	0.2500	1.3170
2013	0.4480	0.2367	0.4000	0.2500	1.3347
2014	0.5466	0.2556	0.4000	0.2500	1.4522
2015	0.5466	0.2556	0.4000	0.2500	1.4522
2016	0.5646	0.2556	0.4000	0.2500	1.4702
2017	0.5788	0.2556	0.4000	0.2500	1.4844

Overlapping Rates

Fiscal Year	Fire District Assistance	School Equalization	Community College	Cities	Fire Districts	Other Special Districts	School Districts
2008	0.1000		0.4865	0 - 1.5519	0.4100 - 2.7500	0 - 2.2300	0.0500 - 9.9025
2009	0.0972		0.4643	0 - 1.5169	0.4100 - 2.7500	0 - 2.2300	0.0500 - 10.9896
2010	0.0904	0.3306	0.4267	0 - 1.4913	0.3000 - 3.0000	0 - 2.9705	0.0500 - 9.9371
2011	0.0925	0.3564	0.4308	0 - 1.4845	0.2742 - 3.0000	0 - 2.6680	0.0500 - 8.4520
2012	0.0986	0.4259	0.4734	0 - 1.5283	0.0600 - 3.2500	0 - 1.5640	0.0500 - 8.5934
2013	0.1000	0.4717	0.4927	0 - 1.5497	0.3000 - 3.2500	0 - 1.6919	0.0500 - 10.7007
2014	0.1000	0.5123	0.5879	0 - 1.6795	0.3500 - 3.2500	0 - 3.3685	0.0500 - 11.9461
2015	0.1000	0.5123	0.5879	0 - 1.6784	0.4000 - 3.2500	0 - 1.6659	0.0500 - 11.9461
2016	0.1000	0.5089	0.6056	0 - 1.6784	0.4000 - 3.2500	0 - 1.6659	0.0500 - 13.0827
2017	0.1000	0.5010	0.6214	0 - 1.6487	0.6000 - 3.2500	0 - 1.6906	0.0500 - 13.4043

Source: Coconino County adopted tax rate schedules

Note: Tax rates are per \$100 assessed valuation.

Coconino County  
Principal Property Tax Payers  
Current Year and Eight Years Ago

Taxpayer	2017			2009 <sup>1</sup>		
	Total Assessed Value	Rank	Percentage of Total Primary Assessed Value	Total Assessed Value	Rank	Percentage of Total Primary Assessed Value
Arizona Public Service Company	\$ 79,242,165	1	4.75%	\$77,017,813	1	4.18%
Transwestern Pipeline Company	28,123,087	2	1.69	35,331,053	2	1.92
BNSF Railway Company	21,737,166	3	1.30	16,356,913	7	0.89
Unisource Energy Corporation	20,228,815	4	1.21	18,541,722	4	1.01
W.L. Gore & Associates Inc.	17,807,019	5	1.07	18,043,975	5	0.98
Kinder Morgan (El Paso Natural Gas)	16,494,462	6	0.99	19,625,984	3	1.07
City of Los Angeles Dept of Wtr & Pwr	13,721,872	7	0.82	18,018,149	6	0.98
Nevada Power Company	10,305,388	8	0.62	9,866,303	9	0.54
Qwest Corporation	5,347,753	9	0.32	13,184,230	8	0.72
HTS-CHC (Sedona) LLC	5,216,798	10	0.31	5,431,114	10	0.30
Total Principal Taxpayers	<u>\$ 218,224,525</u>		<u>13.08%</u>	<u>\$ 231,417,256</u>		<u>12.59%</u>
Total Coconino County Primary Assessed Value	\$ 1,667,530,816			\$1,840,775,046		

Source: Coconino County Assessor

<sup>1</sup> Arizona Department of Revenue, Central Information Services

**Coconino County  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	County Tax Levied For the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$11,991,569	\$ 11,693,983	97.52	\$ 283,373	\$ 11,977,356	99.88
2009	14,061,783	13,583,453	96.60	456,882	14,040,335	99.85
2010	14,383,909	13,977,568	97.18	406,803	14,384,371	100.00
2011	19,513,519	18,641,220	95.53	734,404	19,375,624	99.29
2012	19,880,920	19,239,142	96.77	527,319	19,766,461	99.42
2013	19,356,876	18,811,741	97.18	421,051	19,232,792	99.36
2014	18,532,923	18,092,321	97.62	319,253	18,411,574	99.35
2015	18,693,720	18,610,772	99.56	910	18,611,682	99.56
2016	19,059,353	18,991,321	99.64	(369,252)	18,622,068	97.71
2017	19,623,017	19,199,980	97.84		19,199,980	97.84

Fiscal Year Ended June 30,	County Tax Levied for the Fiscal Year				
	County Operating	Public Health Service District	Flood Control District	County Library	Total County
2008	6,637,571		1,508,651	3,845,347	11,991,569
2009	7,328,876		2,014,075	4,718,832	14,061,783
2010	7,320,104		1,961,323	5,102,482	14,383,909
2011	7,631,149	5,153,351	1,849,827	4,879,193	19,513,519
2012	7,774,986	4,588,969	3,172,129	4,344,836	19,880,920
2013	7,836,325	4,397,524	2,959,452	4,163,575	19,356,876
2014	8,321,922	3,828,370	2,468,506	3,914,125	18,532,923
2015	8,541,404	3,820,326	2,426,088	3,905,901	18,693,720
2016	8,828,938	3,848,713	2,446,777	3,934,925	19,059,353
2017	9,142,852	3,949,055	2,493,595	4,037,514	19,623,017

Source: Taxes levied and collections are obtained from the Coconino County Treasurer.

Note: Collections to date may exceed 100%, as the initial amount levied is not updated to reflect any adjustments or exemptions arising from taxpayer disputes.

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

Fiscal Year	Jail District Revenue Bonds	Special Assessments	Total	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
2008	\$ 10,435,000	\$ 1,885,208	\$ 12,320,208	0.28%	\$ 93.44
2009	8,340,000	2,364,178	10,704,178	0.24%	80.19
2010	6,145,000	2,016,964	8,161,964	0.18%	60.64
2011	3,855,000	1,646,042	5,501,042	0.12%	40.90
2012	1,970,000	1,262,673	3,232,673	0.07%	23.77
2013		866,084	866,084	0.02%	6.34
2014		450,276	450,276	0.01%	3.27
2015		345,131	345,131	0.01%	2.48
2016		260,000	260,000	0.00%	1.81
2017		30,000	30,000	NA <sup>2</sup>	NA <sup>2</sup>

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

<sup>1</sup> Personal income and population information can be found in the Demographics and Economic Statistics schedule.

<sup>2</sup> Personal and income and population was not available for 2017.

## Coconino County Legal Debt Margin Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2017		
Assessed value		\$ 1,667,530,816
Debt limit (6% of assessed value)		100,051,849
Debt applicable to limit:		
General obligation bonds		
Less: Amount set aside for repayment of general obligation debt		
Total net debt applicable to limit		<u>100,051,849</u>
Legal debt margin		<u>\$ 100,051,849</u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 101,290,969	\$ 110,446,503	\$ 115,123,114	\$ 110,408,557	\$ 105,576,036	\$ 105,576,595	\$ 91,983,917	\$ 92,069,036	\$ 96,140,395	\$ 100,051,849
Total net debt applicable to the limit										
Legal debt margin	<u>\$ 101,290,969</u>	<u>\$ 110,446,503</u>	<u>\$ 115,123,114</u>	<u>\$ 110,408,557</u>	<u>\$ 105,576,036</u>	<u>\$ 105,576,595</u>	<u>\$ 91,983,917</u>	<u>\$ 92,069,036</u>	<u>\$ 96,140,395</u>	<u>\$ 100,051,849</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Assessed value information obtained from the Coconino County Assessor. Debt amounts obtained from the Coconino County Single Audit Reports.

Note: The Arizona Constitution, Article 9, Section 8, state that the County may become indebted for an amount not to exceed six percent of taxable property.

Coconino County  
Pledged Revenue Coverage  
Last Ten Fiscal Years

Jail District Revenue Bonds							
Fiscal Year	Jail District Revenues <sup>1</sup>	Less: Expenditures <sup>2</sup>	Net Available		Debt Service		Coverage
			Revenue		Principal	Interest	
2008	\$ 20,714,914	\$ 12,543,072	\$ 8,171,842		\$ 2,095,000	\$ 477,958	3.18
2009	22,039,625	12,175,349	9,864,276		2,195,000	383,992	3.82
2010	23,176,800	12,060,220	11,116,580		2,290,000	284,622	4.32
2011	24,465,343	12,366,420	12,098,923		1,885,000	177,311	5.87
2012	25,597,226	12,638,737	12,958,489		1,970,000	89,333	6.29
2013	26,432,645	12,954,957	13,477,688			1,500	
2014	29,764,353	13,793,638	15,970,715				
2015	33,158,650	13,554,714	19,603,936				
2016	37,269,564	24,701,782	12,567,782				
2017	31,121,655	14,558,758	16,562,897				

Special Assessment Bonds				
Fiscal Year	Special Assessment Revenues <sup>1</sup>	Debt Service		Coverage
		Principal	Interest	
2008	\$ 1,024,569	\$ 270,471	\$ 126,011	2.58
2009	1,082,701	313,901	128,264	2.45
2010	938,727	347,213	130,280	1.97
2011	1,001,654	370,923	109,961	2.08
2012	971,522	370,923	109,961	2.02
2013	931,380	396,669	68,223	2.00
2014	704,051	415,808	46,622	1.52
2015	371,959	105,144	24,582	2.87
2016	297,796	85,000	18,128	2.89
2017	285,494	230,000	8,720	1.20

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

<sup>1</sup> Revenues included beginning fund balances and transfers in.

<sup>2</sup> Expenditures include transfers out.

Coconino County  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2008	131,853	\$ 4,590,014	\$ 34,812	5.1%
2009	133,477	4,514,396	33,822	7.1
2010	134,611	4,523,918	33,607	8.4
2011	134,105	4,617,232	34,430	8.2
2012	136,011	4,735,934	34,820	8.3
2013	136,539	4,906,294	35,933	7.9
2014	137,682	5,399,899	39,220	7.1
2015	139,097	5,705,476	41,018	6.4
2016	143,616	5,926,226	41,264	6.5
2017	144,057	NA <sup>1</sup>	NA <sup>1</sup>	5.6

Sources: Population and personal income through 2016 obtained from U.S. Department of Commerce, Bureau of Economic Analysis (BEA).

Population projection for 2017 obtained from Office of Employment & Population Statistics, Arizona Department of Administration.

Unemployment rate obtained from Arizona Unemployment Statistics Program, Research Administration.

<sup>1</sup> Personal income estimates were not yet available for fiscal year 2017.

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Coconino County  
Principal Employers  
Current Year and Nine Years Ago

Employer	2017 <sup>1</sup>			2008 <sup>2</sup>		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Northern Arizona University	2,571	1	3.65%	3,393	1	4.91%
Flagstaff Medical Center	2,200	2	3.12%	1,999	2	2.90%
W.L. Gore	1,950	3	2.77%	1,300	4	1.88%
Flagstaff Unified School District	1,375	4	1.95%	1,700	3	2.46%
Coconino County	1,200	5	1.70%	1,056	5	1.53%
City of Flagstaff	657	6	0.93%	948	6	1.37%
Twin Arrows Navajo Casino Resort	700	7	0.99%			
Walmart	630	8	0.89%			
Grand Canyon Railway	421	9	0.60%			
SCA Tissue	255	10	0.36%	279	8	0.40%
Walgreens Distribution Center				400	7	0.58%
<b>Total Employment in Coconino County</b>						
As of June 30 <sup>3</sup>	70,494			69,040		

- Sources: <sup>1</sup> Economic Collaborative of Northern Arizona, Flagstaff Chamber of Commerce  
<sup>2</sup> Arizona Department of Economic Security, Arizona Labor Statistics  
<sup>3</sup> Arizona Unemployment Statistics Program, Research Administration

Coconino County  
Full-Time Equivalent Employees by Function  
Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30			
	2008	2009	2010	2011
General Government				
Assessor	27.00	27.08	27.00	25.00
Board of Supervisors	13.50	14.50	14.00	13.50
Clerk of the Superior Court	23.35	23.35	23.35	23.35
Community Development	23.00	23.50	23.50	22.50
County Attorney	42.75	43.00	42.00	42.00
County Manager	10.50	10.50	11.00	12.00
Facilities Management	28.00	28.00	28.00	26.00
Finance	19.00	18.00	18.00	17.00
Human Resources	11.00	10.00	10.00	10.00
Government Relations				
Information Technology	28.00	30.00	30.00	31.00
Justice Court - Flagstaff	24.25	24.50	23.50	22.75
Justice Court - Fredonia	2.50	2.50	2.50	2.50
Justice Court - Page	5.00	5.00	5.00	5.00
Justice Court - Williams	5.00	5.00	5.00	5.00
Legal Defender	5.00	5.00	5.00	5.00
Non-Departmental				4.00
Organizational Development	1.00	1.00	1.00	
Public Defender	22.00	22.00	21.00	21.00
Recorder	19.00	19.00	19.00	17.00
Superintendent of Schools	11.36	11.36	11.36	9.58
Superior Court	34.75	35.00	36.00	35.00
Treasurer	8.50	8.00	8.00	8.00
Public Safety				
Adult Probation	60.10	60.10	60.10	59.50
Constable	1.00	1.00	1.00	1.00
Emergency Management				
Jail District	165.83	168.83	168.83	166.83
Juvenile Court Services	75.48	75.28	72.08	71.20
Sheriff	94.50	94.50	96.50	97.50
Highways and Streets				
Public Works	136.40	136.40	136.40	121.15
Sanitation				
Kachina Village Imp. Dist.	8.00	8.00	8.00	8.00
Health				
Health	129.58	132.53	135.17	111.65
Welfare				
Career Center	10.88	13.88	13.00	13.00
Community Services	49.15	51.65	43.17	48.22
Culture and Recreation				
Parks and Recreation	20.50	21.00	21.00	19.75
<b>Total</b>	<u>1,115.88</u>	<u>1,129.46</u>	<u>1,119.46</u>	<u>1,074.98</u>

Source: Coconino County Budget Books 2008-2017

2012	2013	2014	2015	2016	2017
25.00	26.00	27.00	27.00	26.00	26.00
13.50	13.50	14.50	14.50	14.50	14.50
23.35	23.98	23.60	23.60	25.60	26.60
22.50	22.50	23.50	30.00	30.00	31.70
42.00	42.00	43.00	43.00	43.00	43.00
12.40	13.22	12.47	7.00	7.00	16.63
26.00	26.00	26.00	26.00	26.00	26.00
18.25	18.25	18.00	18.00	18.00	18.00
9.73	9.73	10.63	10.63	11.75	11.75
			4.00	4.00	4.00
28.00	24.00	24.00	24.00	24.25	24.25
22.75	22.75	21.50	21.50	21.50	21.50
2.50	2.50	2.50	2.50	2.75	2.75
5.00	5.00	5.00	5.00	5.00	5.00
5.00	5.00	6.00	6.00	6.00	6.00
5.00	5.00	6.00	6.00	6.25	7.25
3.00					
21.00	21.00	20.00	20.00	20.00	21.76
17.00	17.00	17.50	17.50	17.50	17.50
8.88	11.66	10.83	10.00	10.71	10.38
33.50	34.33	34.33	36.33	36.33	37.33
8.00	8.00	8.00	8.00	8.00	8.00
59.50	58.80	56.80	56.80	57.81	56.80
1.00	1.00	1.00	1.00	1.00	1.00
			3.00	3.00	3.50
169.63	169.68	170.98	172.89	181.50	181.50
69.58	68.63	70.11	69.93	70.55	68.15
97.50	99.65	96.83	98.75	97.13	100.93
120.50	132.13	127.54	125.51	125.51	117.80
8.00	8.00	8.00	8.00	8.00	8.00
113.71	111.60	114.33	102.32	95.43	93.28
12.00	12.00	12.00	13.00	13.00	13.00
51.22	50.32	48.33	34.83	34.42	27.32
19.75	20.00	19.00	19.00	19.00	19.00
<u>1,074.75</u>	<u>1,083.23</u>	<u>1,079.28</u>	<u>1,065.59</u>	<u>1,070.49</u>	<u>1,070.18</u>

**Coconino County**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	2008	2009	2010	2011
<b>General Government</b>				
Clerk of the Superior Court				
New Court Cases	3,502	3,910	3,950	4,575
Community Development				
Building Permits Issued	1,794	1,581	1,783	1,880
Building Inspection/Site Visits	6,950	6,295	4,624	5,545
County Attorney				
Adult Felony and Misdemeanor cases	8,334	7,518	7,009	6,278
Victim Restitution Collected for Bad Checks	\$49,833	\$ 35,028	\$ 24,150	\$ 15,231
Justice Courts				
Total Cases	26,206	27,596	26,801	26,506
Legal Defender				
Total Cases	512	466	400	370
Public Defender				
Total Cases	4,001	3,889	3,393	3,026
Recorder				
Documents Recorded by Fiscal Year	42,701	37,929	37,000	37,000
Registered Voters	66,000	71,000	66,000	67,000
Superior Court				
Total Number of Criminal Cases Filed	1,108	1,179	1,024	862
Total Number of Domestic Relations Cases Filed	619	692	766	711
Total Number of Civil Cases Filed	874	1,111	1,166	1,077
Treasurer				
Total Real Property Notices	74,000	77,100	73,796	74,000
<b>Public safety</b>				
Adult Probation				
Monthly Average Probationers Supervised	1,280	1,236	1,253	1,252
Restitution Collected	\$220,000	\$ 237,055	\$ 196,824	\$ 189,911
Jail District				
Average Local Population	397	366	372	372
Juvenile Court Services				
Delinquents and Incurable Petitions Filed	878	817	662	662
Contributed to Community Through Restitution Hours	\$34,779	\$ 54,433	\$ 46,906	\$ 30,584
Sheriff				
Calls for Service	38,911	40,656	50,311	52,815
<b>Culture and recreation</b>				
Parks and Recreation				
County Fair participants	43,126	45,049	41,711	45,441
<b>Highways and streets</b>				
Public Works				
Number of miles graded	2,114	2,382	2,303	2,500
Number of miles resurfaced	35	53	45	70
Miles of road chip sealed	75	21	60	55
<b>Health</b>				
Health Department				
Patient Vaccination visits	10,783	10,512	10,510	4,300
Restaurant/Public Facility Inspections	4,048	3,838	3,662	3,400
<b>Welfare</b>				
Community Services				
Home Delivered Meals	24,400	20,806	20,500	18,395
Congregate Meals	25,100	24,366	25,076	26,649
Cases Managed	3,042	3,012	3,180	3,303

Source: County Department records and Adopted Budgets

Fiscal Year					
2012	2013	2014	2015	2016	2017
4,583	4,343	4,296	4,465	5,822	6,180
1,311	1,250	1,280	1,200	1,065	1,228
2,629	3,496	4,100	3,600	2,076	5,337
7,002	6,915	9,552	9,181	8,687	8,776
\$ 16,000	\$ 13,444	\$ 18,938	\$ 8,045	\$ 9,993	\$ 10,165
26,833	22,819	24,438	23,093	24,673	24,575
451	552	702	728	755	717
3,133	2,951	2,830	3,097	3,044	3,296
36,500	32,000	32,000	40,000	35,000	32,500
68,000	73,000	71,000	67,000	70,000	82,000
943	900	930	929	910	945
608	625	630	653	700	670
716	873	880	706	750	680
74,786	74,000	80,165	70,334	69,305	69,261
1,222	1,193	1,196	1,184	1,230	1,210
\$ 153,524	\$ 198,079	\$ 190,000	\$ 190,000	\$ 190,000	\$ 241,495
407	432	400	415	395	404
619	608	449	481	467	389
\$ 34,707	\$ 39,814	\$ 43,474	\$ 52,601	\$ 53,929	\$ 39,843
56,195	60,955	58,651	63,270	63,291	53,036
45,095	42,841	44,000	45,000	45,000	47,935
2,400	2,088	2,559	2,755	3,408	3,434
70	62	104	79	58	63
80	44		54	46	53
4,693	4,923	4,323	3,564	3,372	5,173
3,400	3,825	3,737	3,115	3,570	3,509
18,500	14,268	17,304	17,683	17,380	15,177
25,076	20,220	21,346	18,965	15,733	16,587
3,200	1,404	810	842	684	650

Coconino County  
Capital Asset and Infrastructure Statistics by Function  
Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Facilities square footage managed	684,914	684,914	684,914	684,914	684,914	684,914	679,914	682,455	682,455	680,365
Public safety										
Jails	2	2	2	2	2	2	2	2	2	2
Substations	8	8	8	8	8	8	7	7	7	6
Patrol vehicles	74	74	75	77	79	55	46	47	56	58
Medical Examiner	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Bridges	30	30	30	30	30	38	39	39	39	39
Miles of paved roads	322	323	323	332	319	319	333	323	322	326
Miles of unpaved roads	711	711	711	711	611	604	590	672	676	687
Sanitation										
Solid Waste transfer stations	10	10	10	10	8	8	2	2	2	1
Wastewater treatment facilities	1	1	1	1	1	1	1	1	1	1
Wells	5	5	5	5	5	5	5	5	5	5
Health										
Public health facilities	2	2	2	2	2	2	2	2	2	2
Animal transport vehicles	3	3	3	3	4	4	4	4	4	4
Culture and recreation										
Parks	9	9	9	9	9	9	9	9	9	9
Acres protected as open space	589	589	589	2,503	2,600	2,600	2,600	2,600	2,600	2,821
Trail miles available for public use	16	17	17	18	18	18	18	23	23	23
Education										
School building	2	2	2	2	2	2	2	2	2	2

Source: Coconino County capital asset records and county departments