



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## 2015-2016 Fiscal Year Ended June 30th, 2016

Coconino County, Arizona | [www.coconino.edu](http://www.coconino.edu)





# **COCONINO COUNTY COMMUNITY COLLEGE DISTRICT**

## **Comprehensive Annual Financial Report**

Prepared by  
**District Business and Administrative Services Office**

**Fiscal Year Ended June 30, 2016  
(July 1, 2015 – June 30, 2016)**



**Coconino  
Community  
College**

**Coconino County Community College District  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2016**

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# **Introductory Section**





December 2, 2016

To the Citizens of Coconino County:

We are pleased to share with you our Comprehensive Annual Financial Report which is a detailed look at how Coconino Community College operates. We at Coconino Community College (CCC) are proud of our record for sound fiscal management. The Government Finance Officers Association of the United States and Canada has honored the CCC accounting team with the Certificate of Achievement for Excellence in Financial Reporting annually for more than twenty years.

Coconino Community College provides vital educational services to Coconino County residents. Some of the financial challenges faced by the College include a continuing trend of significant State funding reductions along with the lowest property tax rate for all Arizona community colleges. In July 2014, CCC implemented a Financial Austerity Plan which had a two pronged approach of generating revenue and cutting costs.

The increased revenue and expenditure reductions in the Financial Austerity Plan have allowed CCC to continue operations. However, the College still needs to address the possibility of a future structural deficit with additional revenue options and/or continued program reductions. Although CCC achieved the goals of the Financial Austerity Plan, the reduction or elimination of services and programs has impacted the residents of Coconino County. The College has also increased tuition to the point where Coconino Community College has the highest tuition rate of all Arizona Community Colleges.

Despite these challenges, Coconino Community College will continue to play a significant role in the lives of the individuals throughout the county who seek affordable training and higher education opportunities.

It is important that the citizens of Coconino County realize that the educational services offered by the College are directly tied to limited funding sources, and the College is continually working to generate new revenue.

The College has remained viable through a proactive approach to planning and following through with difficult decisions. This report is another testament to CCC's outstanding stewardship of public tax dollars, while continuing to keep student success as the heart and purpose of our institution.

Sincerely,

A handwritten signature in black ink that reads "Colleen A. Smith". The signature is fluid and cursive, with the first name "Colleen" being more prominent.

Colleen A. Smith, PhD  
President  
Coconino Community College



December 2, 2016

To the Residents of Coconino County Community College District:

The Comprehensive Annual Financial Report (CAFR) of the Coconino County Community College District (the District) for the fiscal year ended June 30, 2016 is a detailed look at how Coconino Community College operates.

Arizona Revised Statutes (A.R.S.) §41-1279.07 requires community college districts of Arizona to prepare an annual budgeted expenditure limitation report and annual financial statements prepared in accordance with generally accepted accounting principles. The Auditor General or a certified public accountant or public accountant performing the annual audit shall attest to the expenditure limitation report and financial statements. This report is published to fulfill the requirements for the annual financial statements for the fiscal year ended June 30, 2016. The expenditure limitation report is published separately.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial status and activities have been included.

Management is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. No matter how well internal controls are designed, they can only provide reasonable assurance that objectives have been achieved.

Audit services are provided by the Arizona Office of the Auditor General. As noted above, Arizona Revised Statutes require an annual audit of the District's financial statements. This requirement has been complied with. The independent auditors' report is included in this document. The auditors' opinion is unmodified.

This letter of transmittal is designed to complement the Management's Discussion & Analysis (located in the Financial Section of this document) and should be read in conjunction with it.

### **Reporting Entity**

The District is an independent reporting entity within the criteria established by generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Although the District shares the same geographic boundaries of Coconino County, financial accountability for all activities related to public community college education in Coconino County is exercised solely by the District. In accordance with GASB Statement No. 61, the financial reporting entity consists of a primary government and a component unit. Coconino

County Community College District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. The financial activity of the Coconino Community College Foundation is presented as a component unit of the District. The District is not included in any other governmental financial reporting entity.

### **Profile of Coconino County Community College District**

As a political subdivision of the State of Arizona, the Coconino County Community College District is subject to the oversight of the District's Governing Board (the Board), which is comprised of five elected members, representing each of the five precincts of the County. These members are elected for six-year terms on a staggered basis. The Board is granted full authority from the Arizona Revised Statutes to manage the business and educational needs of the District. The administrative staff is responsible for the daily operation of the District.

The District exercises primary property tax levy authority for generation of funds for operating expenses. State appropriations are also received based on Full Time Student Equivalent (FTSE) enrollment and formula funding. One FTSE equals 15 credit hours each from both fall and spring semesters, for a total of 30 credits hours for one year.

Student success is the heart and purpose of Coconino Community College. CCC is ranked among the top 50 community colleges in the U.S., according to the education website [www.thebestschools.org](http://www.thebestschools.org), which cites factors such as learning outcomes and student support. CNN Money has ranked CCC as No. 25 in its listing of the best community college values. The College provides affordable tuition and a wide variety of certificates and degrees including career/technical programs with more than 60 certificate programs and two-year associate degrees in various fields including nursing, fire science, law enforcement and business. Many credit hours are delivered via alternative delivery methods including online, hybrid, and ITV, or at alternative times or places. The District offers Dual Enrollment, Programs of Study, CAVIAT and concurrent enrollment programs to jump start high schools student's higher education goals. The CCC2NAU and other university transfer programs offer a seamless transition to a four year institution. CCC is an accredited institution of the Higher Learning Commission (HLC). The HLC evaluation process assures quality by verifying an institution meets standards and is engaged in continuous improvement. It includes annual monitoring of both financial and non-financial indicators and ensures the organization adheres to HLC policies and practices on institutional change.

The District serves the educational needs of Coconino County through three facilities: the Flagstaff Lone Tree Campus and District Offices, the Flagstaff Fourth Street Campus and Technology Center/FMC Institute for Nursing Education, and the Page/Lake Powell Instructional Site. In addition, we partner with high schools throughout the County to provide services including those at Grand Canyon, Tuba City, Fredonia, and Williams. District-wide administrative and support services are centralized and administered by the President and the respective Vice-Presidents and Deans.

The District embraces the philosophy of shared governance, which is the process by which the College community, including administration, employees, students and public when appropriate, respectfully share responsibility for reaching collective decisions on issues related to the College District. This governance model includes the College Council, which provides strategic oversight and advisory functions, and oversees policies and procedures for the College. In addition, there are three functional Councils (Business and Administrative, Academic Affairs, and Student Development and Community Engagement) that provide oversight for departmental and cross-

departmental initiatives. The Executive Council makes decisions based on functional Council recommendations and provides recommendations to the District Governing Board when necessary.

### *History*

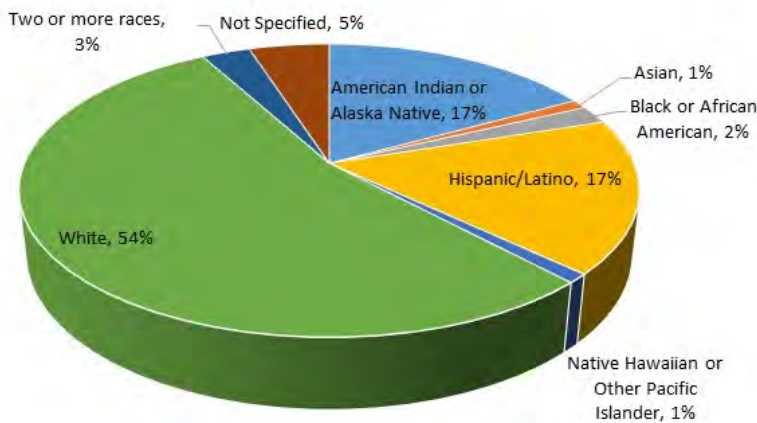
The citizens of Coconino County in November of 1990 established the District under the provisions of legislation enacted by the Arizona State Legislature in 1971. In May 1991, the District's funding was approved through special election, and operations began on July 1, 1991. The District boundaries are coterminous with the boundaries of Coconino County.

When CCC first opened its doors, nearly 1,000 students enrolled at the Flagstaff campus in the first semester. Since then, the College has experienced an astounding growth rate and today serves more than 7,500 students per year.

In June of 1992 CCC began the process of seeking affiliation with the Commission on Institutions of Higher Education of the North Central Association of Colleges and Schools. In 1996 CCC received initial accreditation from the Commission on Institutions of Higher Education. The first commencement was held in 1993 with three graduates.

### *Student Population*

Coconino Community College serves a diverse population of students each year. Most are seeking a degree or certificate, 52 percent are female; and more than 12 percent are high school students earning college credit.



#### Student Age

24 and under: 71%

25 and over: 29%

#### Attendance

Full-time: 31%

Part-time: 69%

#### Residency

In-State: 86%

Out of State: 14%

### *Geography/Population*

Coconino County is located in the northern portion of the State and encompasses an area of approximately 12 million acres. Its boundaries include the cities of Page, Fredonia, Tuba City, Grand Canyon, Williams, Sedona, and Flagstaff, as well as other smaller cities and towns, and all the unincorporated areas of the County. The County's 2010 population was 134,421 by the U.S. Census Bureau.

With 18,661 square miles, Coconino County is the second largest county in the United States and the largest in Arizona, but is one of the most sparsely populated. It is characterized by rugged



mountains, deep canyons and thick forests of pine, spruce, aspen and oak. Within its borders are many scenic sites – the most popular and impressive is Grand Canyon National Park. Other attractions are Oak Creek Canyon, Sunset Crater National Monument, prehistoric Indian ruins at Wupatki, Walnut Canyon, the Navajo National Monument, the San Francisco Peaks - Arizona's highest point at 12,633 feet, and Lake Powell with 1,960 miles of shoreline.

Tribal Lands comprise 38.4 percent of the County and are home to the Navajo, Hopi, Paiute, Havasupai, and Hualapai tribes. The U.S. Forest Service and Bureau of Land Management control 33.3 percent of the land; the state of Arizona owns 9.5 percent; the National Park Services controls 6.8 percent; and the remaining 12 percent is owned by individuals or corporations.

### *Local Economy*

The share of the County's labor force is heavily weighted towards government, trade, and service employment. Relative to the rest of the state, the work force employed by government is high at 25% of the workforce. Part of the reasons for the large number of government workers in the County include the presence of several major national parks, Tribal Lands and the high percentage of the total area in county public lands.

Coconino County and Arizona tend to have higher unemployment rates than the national average. County unemployment rates as of August 2016 (6.4%) are above both state (5.9%) and national levels (4.9%). The District must contend with the continued limited funding from the State due to a decline of over 30% in State revenues in the past ten years. The District is committed to improving and offering additional services to meet the County needs. These efforts are achieved through careful monitoring of costs, innovative partnerships, cost saving opportunities, and seeking new revenue sources.

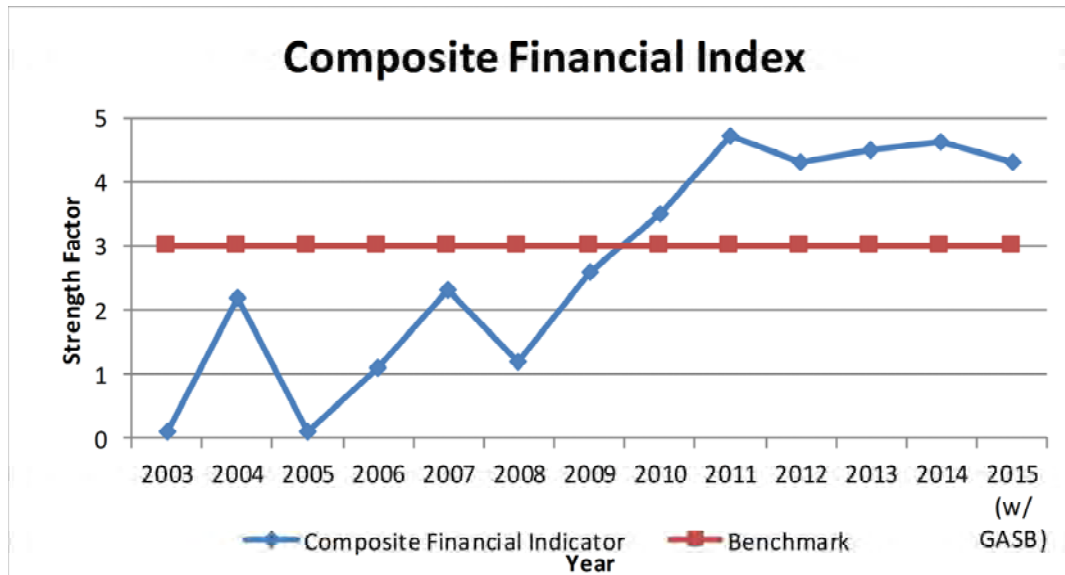
## **Long Term Strategic Financial and Operational Planning**

### *Financial Reporting*

The Comprehensive Annual Financial Report (CAFR) for the District was formulated with data from several sources. These statements present information on the financial condition of the District and whether resources were adequate to cover the costs of providing services during the reporting period. The District's CAFR is distributed to the District Governing Board and executive management, the State legislature, Federal and State agencies, and financial institutions as well as others throughout the general public. Internal management reports are customized and provided to meet the information and decision-making needs at all levels of the organization to aid management in the allocation of resources.

### *Financial Indicators*

As part of maintaining accreditation, Coconino Community College reports financial information with the Higher Learning Commission (HLC). The HLC has developed financial indicators to evaluate reserve strength, operating revenues, viability, and return on net assets. In addition, the HLC ratios lead to a composite financial index, which is a weighted average score to determine the overall financial health of the organization. Through our strategic and financial planning efforts, CCC has been able to improve our composite financial index score over the past ten years and for FY2015 we exceeded the 3.0 benchmark with a composite score of 4.3.



\*2016 data not yet available

### *Budget*

The District is required to prepare an all funds balanced budget each fiscal year on report forms prescribed by the Arizona Office of the Auditor General for public inspection. The District maintains budgetary controls by line item of the approved budget. Budget transfers are restricted to function and object. The objective of these budgetary controls is to ensure compliance with the annual budget adopted by the Board. The legal level of budgetary control is by summary line item of the current and plant funds.

Budgetary compliance is also demonstrated with the issuance of an annual budgeted expenditure limitation report, which is also audited. Calculation and compliance with an expenditure limitation is an Arizona constitutional requirement for local taxing entities, and the purpose is to control expenditures and limit future increases in spending adjustments for inflation; deflation; population growth of counties, cities, and towns; and student population growth of community college districts.

An encumbrance accounting system is maintained by the District as one technique of accomplishing budgetary control. Open encumbrances are not reported as reservations of fund balance at year end, but are liquidated (lapse at year end). Encumbrances are re-established at the beginning of the next fiscal year as an obligation against the current year's adopted budget.

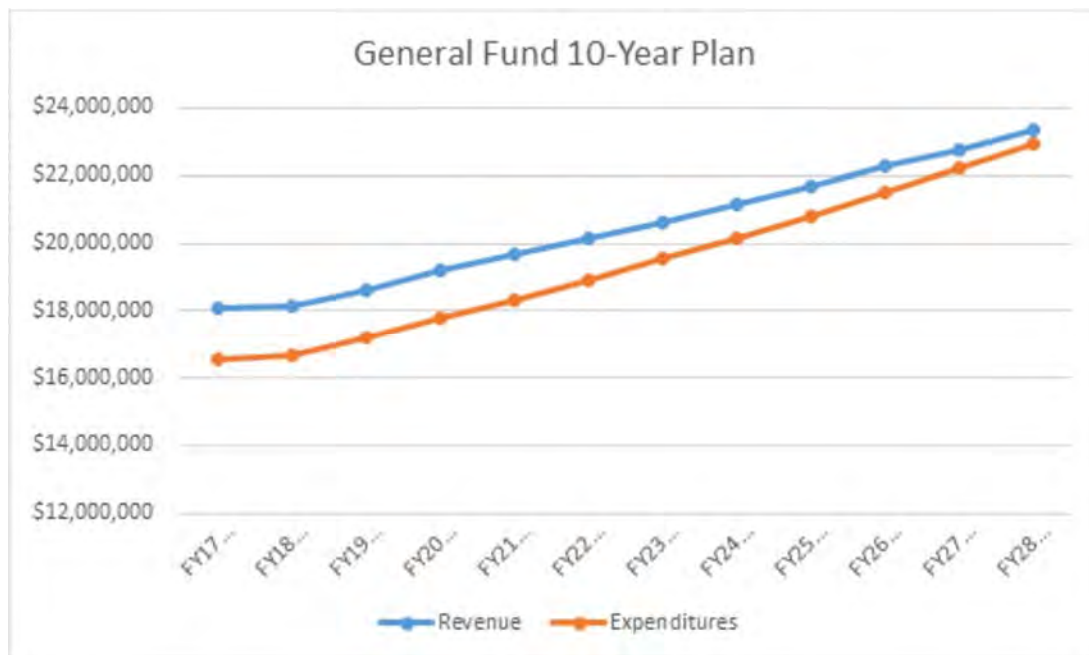
As part of our FY2015 budget development process, the District began to look more closely at the financial viability of courses by program and evaluate tuition revenues, enrollment, and expenses per full-time student equivalent to create a differential tuition structure. This structure more equitably recovers tuition and fees by creating a tuition rate tier for different classes. Classes with higher costs have a higher per credit hour rate in order to recover the costs from the students who are enrolled in them. The result is greater transparency for students on their projected cost of enrollment based on their chosen field of study.

### *Debt Administration*

The District issued \$25 million of general obligation bonds in 1999 for capital developments throughout Coconino County. The District levies a secondary property tax to fund the debt retirement. During fiscal year 2009, to take advantage of lower interest rates, the District refunded \$17.1 million of these bonds. The bond refunding will save the taxpayers of Coconino County approximately \$1.1 million of cumulative interest payments. The District does not foresee any additional bonded debt in the near future.

### *Long-term Financial Planning*

Coconino Community College has both the lowest property tax rate of all Arizona community colleges, and dwindling State funding as a percentage of the budget. The College continuously monitors revenues and expenditures, and adjusts program levels to maintain long-term financial stability. As shown below, the result of long-term planning has resulted in revenues and expenses in balance for a ten-year horizon.



### *Student Progress and Outcomes Reporting*

In 2010, the presidents of all ten of the Arizona community college districts worked together to develop long-term performance measures called Vision 2020. The document identified 30 key indicators to measure progress toward three critical goals of access, retention, and completion. Many of the key indicators within each goal area are based on the American Association of Community Colleges Voluntary Framework of Accountability (VFA). The VFA created common measures by which community colleges can be held accountable including student progress, outcomes, workforce, economic, and community development metrics.

The performance measures and baseline data were published in February 2011. The Arizona colleges have since reported on the metrics for 2012 through 2015 and now have four years of trend data. Coconino recently began to use performance measures to drive the development of the strategic plan and budget development process. Based on the most recent 2015 information, CCC is meeting or exceeding State averages on 15 of the 30 indicators. CCC has

selected various measures to focus on for improvement, and has set target goals for annual improvement. The measures depicted below show the target goals CCC has selected for improvement through the strategic plan and resource allocation process.

Measure	Description	CCC FY15	State Average
1	Full Time Student Enrollment (FTSE)	2092	
2	Enrollment of Underserved Populations		
2a	Minority	35%	40%
2b	Age 25+	33%	41%
2c	Pell Grant	27%	33%
3	Alternative Delivery	49%	63%
4	College-going	18%	37%
5	1 Yr. Success After Last Developmental Course		
5a	Math	31%	35%
5b	English/Reading	66%	50%
6	Cost	18%	16%
7	Developmental Course Success	64%	61%
8	College Level Course Success	77%	76%
9	Reaching Credit Thresholds		
9a	Full Time	43%	45%
9b	Part Time	60%	51%
10	FA-SP Retention	92%	90%
11	FA-FF Retention	66%	77%
12	Annual Degree/Certificate Completion	287	
13	Transfer Rate	222	
14	Transfer Rate after CCC Completion	53%	59%

	variance of -1% or better
	variance between -2% to -10%
	variance of larger than -10%

### *Strategic Planning*

The District Governing Board adopted a new strategic plan for 2016-2020, based on input from around the college, community members, and other stakeholders. A total of four goals were developed for the plan, based on input received from all areas of the College in the planning process. The plan also includes a total of 21 objectives and 113 tactics. The goals and objectives are presented below.



**Goal 1: CCC will provide learners educational opportunities that are accessible and affordable, while also being economically feasible for the College.**

**Objectives:**

1. Increase enrollment numbers including targeted underrepresented groups
2. Expand and enhance scholarship and financial aid opportunities to increase access for students

**Goal 2: CCC will promote a learner-centered environment that incorporates innovative strategies and support structures intended to reduce student attrition and increase retention.**

**Objectives:**

1. Align strategic enrollment management initiatives with clear objectives defined by strategic key performance indicators
2. Increase learning and social support and build academic success skills
3. Implement "Intrusive Academic Advising Practices" and continued implementation of new Advising Model/Strategies
4. Evaluate and enhance distance learning modalities to increase student success
5. Evaluate and enhance student technology support and services to maximize student success
6. Investigate and develop clear pathways for developmental education (English, Reading and Math), certificates, and programs

**Goal 3: CCC will empower students to achieve their individual learning goals and implement strategies to increase certificate and degree completion rates.**

**Objectives:**

1. Streamline and automate operations for degree completion
2. Increase student completion rates using targeted institutional scholarships
3. Investigate initial strategies of student completion and transfer rates and realign with strategic enrollment management initiatives
4. Strengthen partnerships with NAU/ASU/U of A and other 4-year accredited institutions aligned with the purpose and goals of CCC
5. Increase number of students completing educational goals

**Goal 4: CCC will strengthen the College's working environment by maximizing college resources, expanding community outreach, and implementing effective personnel management and employee development strategies.**

**Objectives:**

1. Evaluate professional development, retention, and internal communication to enhance a positive campus climate
2. Evaluate strategies to promote a more safe and an environmentally friendly learning and working environment
3. Create a diverse, inclusive and supportive climate for students and employees
4. Explore options for alternative revenue sources
5. Evaluate and enhance administrative efficiency and effectiveness
6. Optimize allocation of resources for student success
7. Enhance and broaden the image of the college with internal and external stakeholders
8. Improve student experience with enrollment, registration, and payment processes

## **Major Initiatives**

### *CCC2NAU*

In collaboration with Northern Arizona University (NAU), the District had developed a unique partnership known as the CCC2NAU program. This award winning program helps students earn their CCC associate degree and transition from CCC to NAU seamlessly to earn a bachelor's degree. Advisors are trained in academic offerings and degree requirements across both institutions, and pathways have been created that quickly identify courses at the community college that articulate to a designated major at NAU.

Program features include:

- Waived NAU application fee (\$25) and an NAU ID card
- Automatic transfer of credits
- Personalized advising with tailored degree plans while at CCC
- Assistance in transitioning to the university
- Free access to many services, such as the NAU library, computer lab, and athletic events
- Option to live in NAU residence halls, purchase a meal plan and join the health and recreation center

The CCC2NAU program began with the Fall 2008 term with an initial cohort of 15 students. Since then 2,610 have participated in the program and 270 have graduated from NAU.

### *Workforce Development and STEM*

The District has initiated a concentrated effort over the past several years to provide communities with more occupational and technical training. As a result of voter approved Proposition 301 that was passed in 2000, the state of Arizona imposed a 0.6% sales tax to assist in this effort. The use of these funds is restricted to workforce development programs, such as the nursing program, computer information systems, and construction technology management. To meet the unique interests of individuals and groups within the service area of the District, customized workforce training services were developed. CCC graduates are a large part of the local workforce, with many registered nurses, paramedics, firefighters, and police officers trained here.

The State of Arizona allocates additional funding to community colleges to support Science, Technology, Engineer, and Mathematics (STEM) and Workforce Programs State Aid. This allocation provides community college districts with funds for partnerships, faculty, technology equipment, student services, facilities, and property needs pursuant to A.R.S § 15-1464.

### *Efficiency through Partnerships*

As student population and required services continue to increase it is essential that the District maximize its efficiency. To this end, the District has established relationships with partners in education. Beginning in FY11, CCC partnered with NAU to implement a groundbreaking model for improving library services to community college students while leveraging resources between the two institutions of higher learning.

Through the Coconino Association for Vocations, Industry and Technology (CAVIAT) program, CCC partners with five different high school districts in the County to provide career and technical education (CTE) programs to High School Students.

The District is finding efficiencies by developing new instructional programs that can be fully funded by the fee revenue they generate, and is continuing to seek external funding through the Coconino Community College Foundation.

### **New Leadership**

On February 1, 2016, Dr. Colleen Smith joined the College as CCC's fifth President. With the new strategic plan beginning in January and president in February, the new year has started with exciting changes and opportunities for the College. The Administration and Staff of CCC have come together to support Dr. Smith and looking forward to the opportunities her leadership will bring.

### **GFOA Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Excellence in Financial Reporting to Coconino Community College for its comprehensive annual financial report for the year ended June 30, 2015. This was the twenty-first consecutive year that the Coconino County Community College District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgment**

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Business and Administrative Services division. We wish to express our appreciation to all members of the division who assisted and contributed to the preparation of this report. We also thank the members of the District Governing Board for their interest and support in planning and conducting the financial operations of the District in a highly responsible and progressive manner. Appreciation is also expressed to the Arizona Office of the Auditor General for their timely completion of the audit.

Respectfully submitted,

Jami Van Ess, Vice President  
Business and Administrative Services

Siri Mullaney  
Dean of Finance



Government Finance Officers Association

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

Presented to

**Coconino County  
Community College District  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is written in a cursive, flowing style.

Executive Director/CEO



## **Coconino County Community College District**

### **Principal Officers**

#### **District Governing Board**

Dr. Nathaniel White, Member, District 1

Ms. Patricia Garcia, Chair, District 2

Dr. Marie Peoples, Member, District 3

Mr. Patrick Hurley, Member, District 4

Mr. Lloyd Hammonds, Vice Chair/Secretary, District 5

#### **Senior Administration**

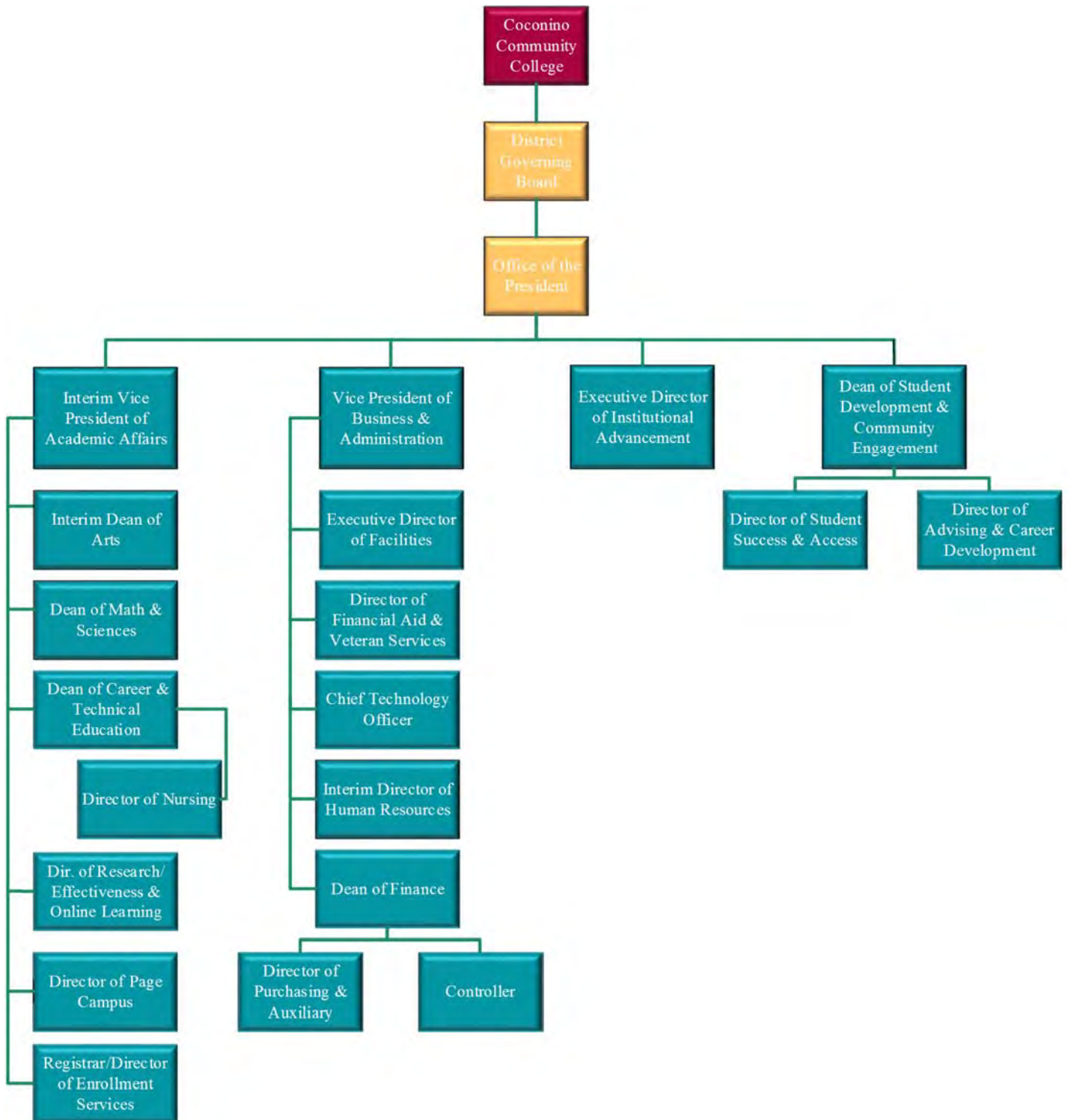
Dr. Colleen A. Smith, President

Ms. Jami Van Ess, Vice President for Business and Administrative Services

Dr. Dudley Gardner, Interim Vice President of Academic Affairs

# Coconino County Community College District

## Organizational Chart





## Vision, Mission, Purposes & Core Values

### Vision

Leading our communities in lifelong learning.

### Mission

As a learning-centered college, we enrich lives by embracing diversity and transforming the future through quality education.

### Purposes

Coconino Community College has identified the following purposes to achieve its mission:

- **General Education** to provide learners with the foundation of a liberal education, including lifelong learning.
- **Transfer Education** to provide learners with the curriculum necessary to transfer to baccalaureate institutions.
- **Occupational Education** to provide learners with the skills and knowledge necessary to pursue occupational careers.
- **Continuing Education** to provide all learners with continuing education learning opportunities.
- **Developmental Education** to provide the curriculum necessary to prepare learners for college and the workplace.
- **Economic Development** to respond quickly in the advancement of regional economic development goals.
- **Technology Integration** to provide state-of-the-art technological education and training opportunities.
- **Student Services** to facilitate access to the college and to support learners' attainment of educational goals.
- **Cultural and Community Service** to provide programs that celebrate cultural diversity and awareness, encourage volunteer service, support community awareness, protect public welfare, and support fine and performing arts.

## Core Values

We – the District Governing Board and employees of Coconino Community College – are dedicated to providing quality educational opportunities to our community. In doing so, we commit to the following core values to guide our decisions and behaviors as we seek to meet the changing needs, aspirations, and goals of our community:

- **People** – We strive to accept the uniqueness of each individual and the contribution each person makes. We strive to create a caring, accepting, and productive environment for our students, employees, and community.
- **Learning and Growth** – We are dedicated to providing lifelong learning opportunities for our students, employees, and community to empower them to achieve their dreams. In this endeavor, we create learning opportunities that are accessible and relevant to our students and place the learner first.
- **Quality** – We recognize the importance of continually improving our educational offerings and services and the need to hold our students and ourselves to high expectations and standards. We employ a dynamic, strategic planning process and constantly assess our activities to be responsive and accountable to our students, employees, and community.
- **Ethics** – We believe that to be effective we must demonstrate integrity. Therefore, we uphold the highest ethical standards in all of our activities resulting in a responsible and fair environment for our students, employees, and community and a responsive and open decision-making process.
- **Community** – We exist for our community; therefore, we must be responsive to its changing needs and its diversity. To do so, we strive to provide services that are timely, accessible, and affordable. We also pursue partnerships and collaborations throughout our community to be responsive to the needs of our diverse populations.
- **Respect** – We recognize that learning cannot occur without respect. We are committed to the acceptance of diverse cultures, differing ideas and beliefs, and the uniqueness of each individual since these are the foundations of respect.
- **Sustainability** – We commit to innovative thinking to guide our decisions toward sustainable practices in our living and working environments. In this earnest endeavor, we strive to demonstrate adaptive leadership, eco-friendly stewardship and quality education in a mindful and economically feasible manner.



# **Financial Section**





DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

MELANIE M. CHESNEY  
DEPUTY AUDITOR GENERAL

## Independent auditors' report

Members of the Arizona State Legislature

The Governing Board of  
Coconino County Community College District

### Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Coconino County Community College District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District'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 did not audit the financial statements of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the other auditors' report. 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. The other auditors did not audit the discretely presented component unit's financial statements in accordance with *Government Auditing Standards*.

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 District'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 District'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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Coconino County Community College District as of June 30, 2016, 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 20 through 29, schedule of the District's proportionate share of the net pension liability on page 59, schedule of the District's pension contributions on page 60, and postemployment health care benefits schedule of funding progress on page 62 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.

#### ***Other information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. 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 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2016, on our consideration of the District'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Debbie Davenport  
Auditor General

December 2, 2016





# **Coconino County Community College District**

## **Management's Discussion and Analysis**

### **Fiscal Year Ended June 30, 2016**

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2016. Please read it in conjunction with the transmittal letter, which precedes this section, and the financial statements, which immediately follow.

#### **Using This Annual Report**

The District's financial statements are presented in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB), the authoritative body for establishing generally accepted accounting principles for state and local governments, including public institutions of higher education. These pronouncements permit public colleges and universities to use the guidance for special-purpose governments, engaged only in business-type activities, in their separately issued financial statements. As such, the reader will observe that the presentation format is a consolidated, single-column format, similar to the type of financial statements one might encounter from a typical business enterprise or a not-for-profit organization. The basic financial statements consist of the following:

The *Statement of Net Position* reflects the financial position of the District at June 30, 2016. It shows the assets owned or controlled, deferred outflows of resources, related liabilities and other obligations, deferred inflows of resources, and the categories of net position. Net position is an accounting concept defined as total assets and deferred outflows of resources less total liabilities and deferred inflows of resources, and as such, represents the institutional equity or ownership in the total assets of the District.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue operations of the District. They are also able to determine how much the District owes vendors and investors. Finally, the Statement of Net Position provides a picture of the net position and its availability for expenditure by the District.

Net position is divided into three major categories. The first category, net investment in capital assets provides the District's equity in property, plant, and equipment owned by the District. The next category is restricted net position, which is expendable. Expendable restricted net position is available for expenditure by the District but must be spent solely for the purpose of their restriction. The final category is unrestricted net position, which is available to the District for any lawful purpose of the District.

The *Statement of Revenues, Expenses, and Changes in Net Position* reflects the results of operations and other changes for the year ended June 30, 2016. It shows the revenues and expenses, both operating and nonoperating, reconciling the beginning net position amount to the ending net position amount, which is shown on the Statement of Net Position described above.

Generally speaking, operating revenues are received for providing goods and services to the customers and constituencies of the District. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the District. Nonoperating revenues are revenues received for which goods and services are not provided. For example, State appropriations are nonoperating because they are provided by the Legislature to the District without the Legislature directly receiving commensurate goods and services for those revenues.

**Coconino County Community College District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2016**

The *Statement of Cash Flows* reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2016. It shows the cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the Statement of Net Position, described on the preceding page. In addition, this statement reconciles cash flows used for operating activities to the operating loss shown on the Statement of Revenues, Expenses, and Changes in Net Position, described on the preceding page.

Although the primary focus of this document is on the results and activity for fiscal year 2015-16 (FY2016), comparative data is presented for the previous fiscal year 2014-15 (FY2015). This Management's Discussion and Analysis (MD&A) uses the prior year as a reference point in illustrating issues and trends for determining whether the institution's health may have improved or deteriorated.

**Coconino County Community College District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2016**

**Condensed Financial Information**

***Net Position***

	<b><i>As of June 30, 2016</i></b>	<b><i>As of June 30, 2015</i></b>	<b><i>Percent Change</i></b>
Current assets	\$ 24,565,729	\$ 21,683,796	13.3%
Capital assets, net	23,263,501	23,842,088	-2.4%
<b>Total assets</b>	<b>47,829,230</b>	<b>45,525,884</b>	<b>5.1%</b>
Deferred Outflows of Resources	1,055,534	1,346,770	-21.6%
Other liabilities	1,815,894	2,169,508	-16.3%
Long-term liabilities	18,685,973	20,717,357	-9.8%
<b>Total liabilities</b>	<b>20,501,867</b>	<b>22,886,865</b>	<b>-10.4%</b>
Deferred Inflows of Resources	1,649,394	2,292,176	-28.0%
Net investment in capital assets	17,182,961	16,067,088	6.9%
Restricted net position	-	122,714	-100.0%
Unrestricted net position	9,550,542	5,503,811	73.5%
<b>Total net position</b>	<b>\$ 26,733,503</b>	<b>\$ 21,693,613</b>	<b>23.2%</b>

***Revenues, Expenses, and Changes in Net Position***

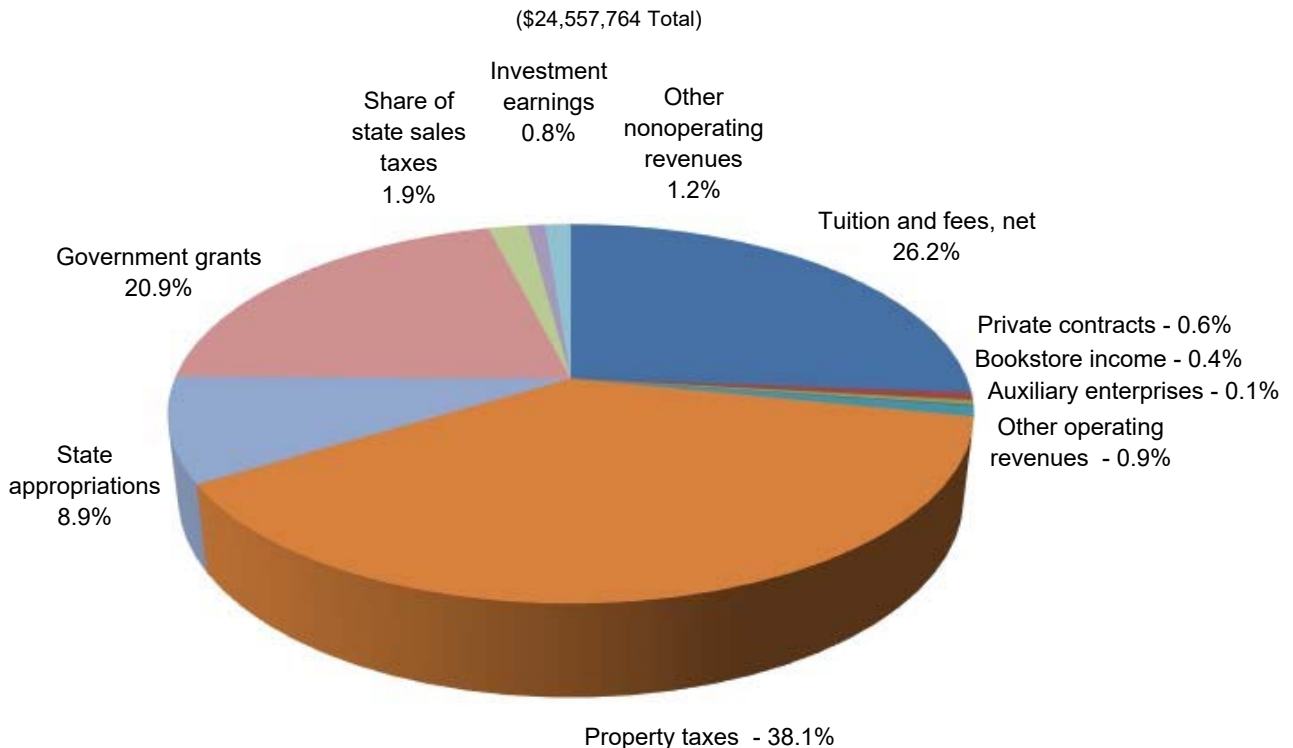
	<b><i>For the Year Ended June 30, 2016</i></b>	<b><i>For the Year Ended June 30, 2015</i></b>	<b><i>Percent Change</i></b>
Operating revenues	\$ 6,923,428	\$ 6,506,550	6.4%
Operating expenses:			
Educational and general	18,003,418	19,670,399	-8.5%
Auxiliary enterprises	38,641	43,628	-11.4%
Depreciation	1,195,975	1,171,430	2.1%
Total operating expenses	19,238,034	20,885,457	-7.9%
Operating loss	(12,314,606)	(14,378,907)	-14.4%
Nonoperating revenues and expenses	17,354,497	17,651,714	-1.7%
Increase in net position	5,039,891	3,272,807	54.0%
Net position, beginning of year	21,693,613	18,420,806	17.8%
<b>Net position, end of year</b>	<b>\$ 26,733,503</b>	<b>\$ 21,693,613</b>	<b>23.2%</b>

# Coconino County Community College District Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

The following schedule presents a summary of revenues for the fiscal year ended June 30, 2016 with comparative totals for June 30, 2015.

<b>Revenues by Source</b>	<b>FY2016</b>		<b>FY2015</b>		<b>Increase/(Decrease)</b>	
	<b>Amount</b>	<b>Percent of Total</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Amount</b>	<b>Percent Change</b>
<b><u>Operating revenues</u></b>						
Tuition and fees, net of scholarship allowances	\$ 6,434,191	26.2%	\$ 5,999,023	24.5%	\$ 435,168	7.3%
Private contracts	157,962	0.6%	171,570	0.7%	(13,608)	-7.9%
Bookstore income	96,009	0.4%	111,009	0.5%	(15,000)	-13.5%
Auxiliary enterprises	24,797	0.1%	23,070	0.1%	1,727	7.5%
Other operating revenues	210,469	0.9%	201,878	0.8%	8,591	4.3%
Total operating revenues	6,923,428	28.2%	6,506,550	26.5%	416,878	6.4%
<b><u>Nonoperating revenues</u></b>						
Property taxes	9,346,685	38.1%	9,147,216	37.3%	199,469	2.2%
State appropriations	2,194,400	8.9%	2,202,700	9.0%	(8,300)	-0.4%
Government grants	5,122,389	20.9%	5,831,956	23.8%	(709,567)	-12.2%
Share of state sales taxes	458,068	1.9%	444,299	1.8%	13,769	3.1%
Investment earnings	209,568	0.8%	151,877	0.6%	57,691	38.0%
Other nonoperating revenues	303,226	1.2%	232,895	0.9%	70,331	30.2%
Total nonoperating revenues	17,634,336	71.8%	18,010,943	73.5%	(376,607)	-2.1%
<b>Total revenues</b>	<b>\$ 24,557,764</b>	<b>100.0%</b>	<b>\$ 24,517,493</b>	<b>100.0%</b>	<b>\$ 40,271</b>	<b>0.2%</b>

## Revenues by Source FY2016



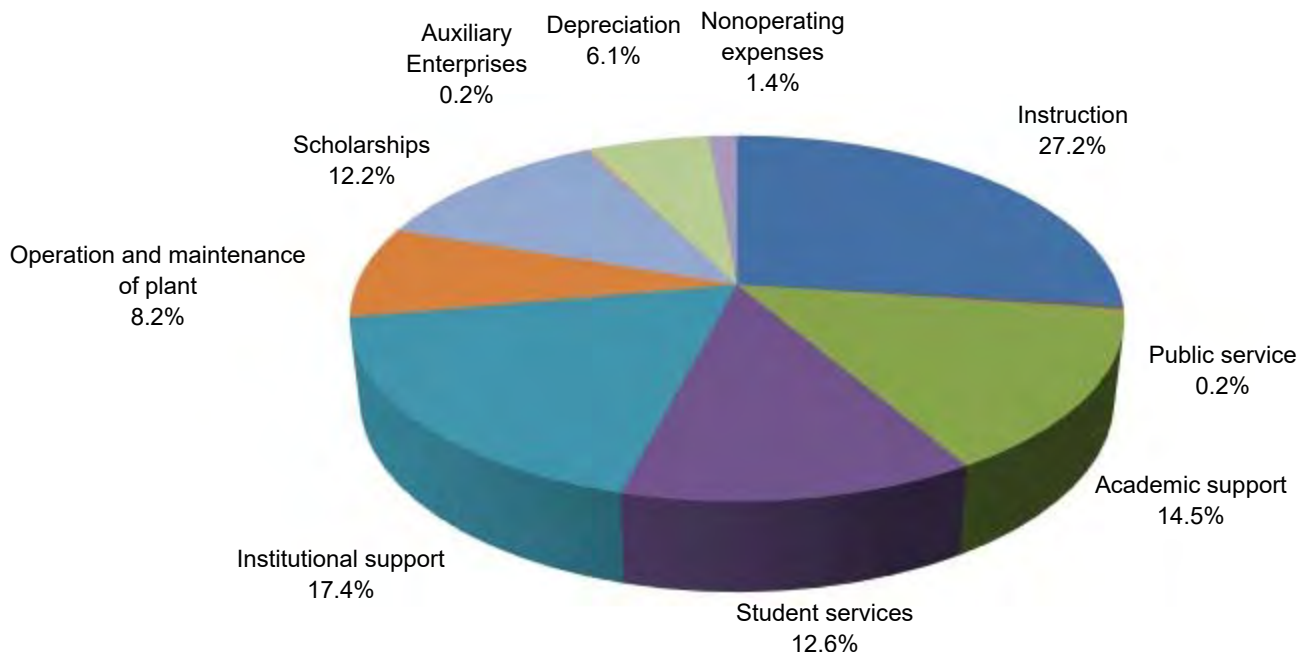
# Coconino County Community College District Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

The following schedule presents a summary of expenses for the fiscal year ended June 30, 2016, with comparative totals for June 30, 2015.

<i>Expenses by Function</i>	FY2016		FY2015		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
<b><u>Operating expenses</u></b>						
Education and general:						
Instruction	\$ 5,312,131	27.2%	\$ 5,892,238	27.7%	\$ (580,107)	-9.8%
Public service	35,367	0.2%	128,041	0.6%	(92,674)	-72.4%
Academic support	2,834,042	14.5%	2,747,116	12.9%	86,926	3.2%
Student services	2,461,540	12.6%	2,432,725	11.5%	28,815	1.2%
Institutional support	3,385,575	17.4%	4,053,770	19.1%	(668,195)	-16.5%
Operation and maintenance of plant	1,599,997	8.2%	1,818,040	8.6%	(218,043)	-12.0%
Scholarships	2,374,766	12.2%	2,598,469	12.2%	(223,703)	-8.6%
Auxiliary enterprises	38,641	0.2%	43,628	0.2%	(4,987)	-11.4%
Depreciation	1,195,975	6.1%	1,171,430	5.5%	24,545	2.1%
Total operating expenses	<u>19,238,034</u>	<u>98.6%</u>	<u>20,885,457</u>	<u>98.3%</u>	<u>(1,647,423)</u>	<u>-7.9%</u>
<b><u>Nonoperating expenses</u></b>						
Interest expense on debt	279,839	1.4%	331,950	1.6%	(52,111)	-15.7%
Loss on disposal of capital assets	-	0.0%	27,279	0.1%	(27,279)	100.0%
Total nonoperating expenses	<u>279,839</u>	<u>1.4%</u>	<u>359,229</u>	<u>1.7%</u>	<u>(79,390)</u>	<u>-22.1%</u>
<b>Total expenses</b>	<u><u>\$ 19,517,873</u></u>	<u><u>100.0%</u></u>	<u><u>\$ 21,244,686</u></u>	<u><u>100.0%</u></u>	<u><u>\$ (1,726,813)</u></u>	<u><u>-8.1%</u></u>

## Expenses by Function FY2016

(\$19,517,873 Total)

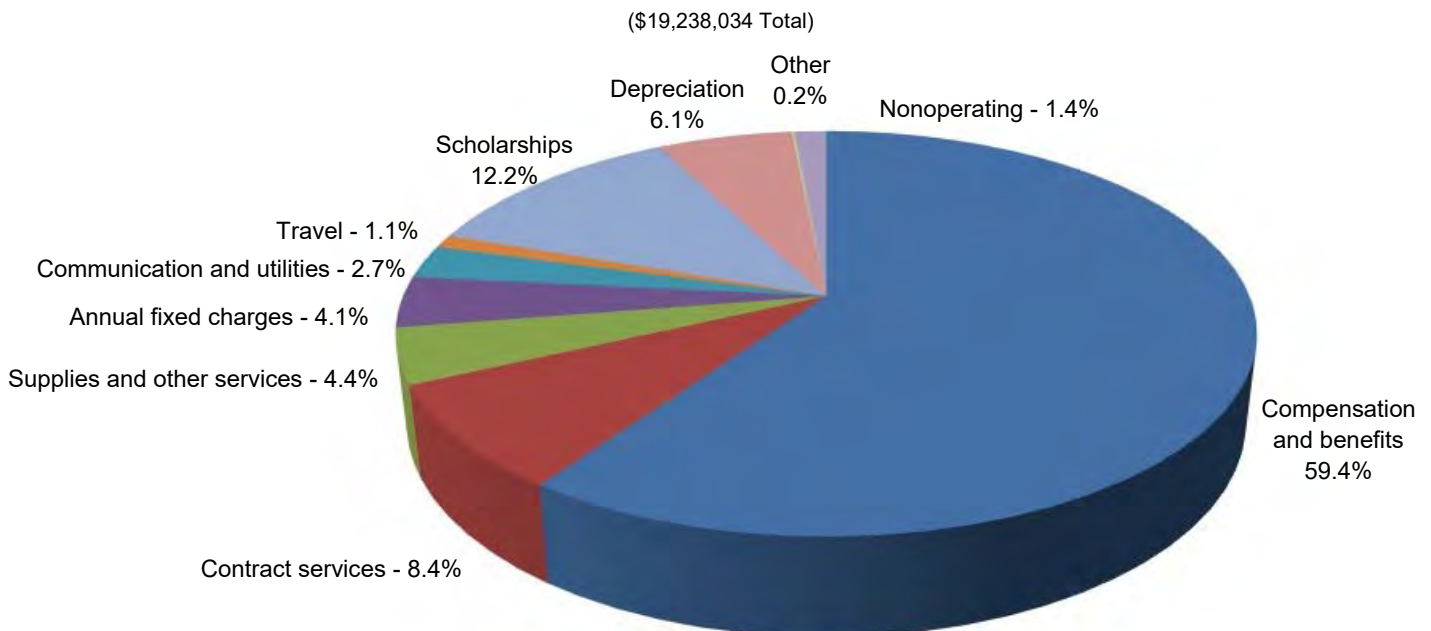


# Coconino County Community College District Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

The following schedule presents a summary of expenses by natural classification for the fiscal year ended June 30, 2016, with comparative totals for June 30, 2015.

Expenses by Natural			FY2016		FY2015		Increase/(Decrease)	
Classification	Percent of		Percent of		Percent		Percent	
	Amount	Total	Amount	Total	Amount	Change		
<u>Operating expenses</u>								
Compensation and benefits	\$ 11,586,134	59.4%	\$ 12,651,598	59.6%	\$ (1,065,464)	-8.4%		
Contract services	1,648,584	8.4%	1,748,415	8.2%	(99,831)	-5.7%		
Supplies and other services	867,305	4.4%	1,073,361	5.1%	(206,056)	-19.2%		
Annual fixed charges	803,153	4.1%	780,463	3.7%	22,690	2.9%		
Communication and utilities	523,573	2.7%	539,698	2.5%	(16,125)	-3.0%		
Travel	207,120	1.1%	209,209	1.0%	(2,089)	-1.0%		
Scholarships	2,376,372	12.2%	2,606,668	12.3%	(230,296)	-8.8%		
Depreciation	1,195,975	6.1%	1,171,430	5.5%	24,545	2.1%		
Other	29,818	0.2%	104,615	0.5%	(74,797)	-71.5%		
Total operating expenses	19,238,034	98.6%	20,885,457	98.3%	(1,647,423)	-7.9%		
<u>Nonoperating expenses</u>								
Interest expense on debt	279,839	1.4%	331,950	1.6%	(52,111)	-15.7%		
Loss on disposal of capital assets	-	0.0%	27,279	0.1%	(27,279)	100.0%		
Total nonoperating expenses	279,839	1.4%	359,229	1.7%	(79,390)	-22.1%		
Total expenses	\$ 19,517,873	100.0%	\$ 21,244,686	100.0%	\$ (1,726,813)	-8.1%		

## Expenses by Natural Classification FY2016





# **Coconino County Community College District Management's Discussion and Analysis Fiscal Year Ended June 30, 2016**

## **Financial Highlights and Analysis**

### **Statement of Net Position**

Total net position for the Coconino County Community College District increased by \$5,039,891, or 23.2%, from fiscal year 2015 to fiscal year 2016. The District implemented a financial austerity plan in FY 2015 to balance out a projected long-term structural deficit. The College budgeted a \$1.8 million increase in general fund balance as a result of that plan. The debt service liability was decreased by an additional \$1.8 million, and that annual obligation is paid for by a voter-approved secondary property tax levy. In addition, the College was under budget in many categories, primarily due to vacancy savings. General fund revenues exceeded the budget by 1.4%, mainly from tuition and fees due to an increase in out of state students, while expenditures were under budget by 10.6%. Restricted net position was eliminated in FY 2016 because these funds were expended towards their restricted purpose.

Current assets increased by 13.3% with the largest increase in cash and investments. The increase in net position created a net cash inflow that is being invested until the best use of these one-time funds can be determined. Capital assets decreased by 2.4% due to depreciation expense in excess of new capital additions. The largest component of deferred outflows of resources represent contributions to the Arizona State Retirement System (ASRS) that have not yet been recognized as expenses, and the difference between expected and actual pension experience. These declined 21.6% as a result of the updated annual ASRS valuation report.

Current liabilities decreased 6.1% due to a decrease in accrued employee payroll and benefits at the end of the year. Long-term liabilities decreased 11.4% due to debt reduction. Deferred inflows of resources primarily include the difference between projected and actual investment earnings in the pension plan, and these decreased 28% compared to fiscal year 2015. More detail on FY16 assets, deferred outflows of resources, liabilities, and deferred inflows of resources can be found on the Statement of Net Position.

Many other factors are responsible for the net position increase, which are identified in the discussion of the Statement of Revenues, Expenses, and Changes in Net Position, below.

### **Statement of Revenues, Expenses, and Changes in Net Position**

The District has four major revenue sources that account for 94.1% of revenues. These are tuition and fees, property taxes, state appropriations, and government grants and contracts. Total revenue for the District increased \$40,271, or 0.2%, in fiscal year 2016 from the fiscal year 2015 total. Operating revenues increased 6.4% due to an increase in the per credit hour tuition rate and more out of state students, who pay higher tuition. Nonoperating revenues decreased 2.1% due to a decrease in Pell awards. As the economy has improved, Pell eligibility has fallen and this trend continued between FY2015 and FY2016. Changes in each revenue source are described below:

- Tuition and fees (net of scholarship allowances) increased \$435 thousand, or 7.3%. The District Governing Board adopted a \$3 per credit hour resident tuition rate increase (3.4% rate increase) for FY2016. In addition, the College saw an increase in the mix of students from out of state, who pay a higher tuition rate.



**Coconino County Community College District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2016**

- Private contracts decreased \$14 thousand, or 7.9%. The nursing program received an increase in private funding for a capital purchase in FY2015 that was not continued in FY2016.
- The College collects a percentage of sales from the Bookstore through a contract with a third party vendor. Bookstore income decreased \$15 thousand, or 13.5%, for FY2016. We have noticed this as a continued trend as the Bookstore has experienced turnovers in their store management positions.
- Auxiliary enterprises revenue increased \$1,727 or 7.5% from FY2015. The College received a higher commission from vending sales than the prior year.
- Other operating revenue increased \$9 thousand, or 4.3% from FY2015. The College increased rented space at the 4th Street location, leading to this increase.
- Property taxes increased \$199 thousand, or 2.2% in total. Coconino Community College is allowed 2% primary levy growth each year, plus growth for new construction. The voter approved secondary levy funds the annual debt service requirements.
- State appropriations decreased \$8 thousand, or 0.4% as a result of the formula change for a prior loss of FTSE.
- Government grants decreased \$710 thousand, or 12.2%. As previously noted, this is due primarily to the drop in Pell awards. There was also a reduction in grant revenue from the Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant, which ended March 31, 2016.
- Coconino Community College receives workforce development funding from State sales taxes. This is based on a percentage of taxable sales and this revenue increased 3.1% or about \$14 thousand from FY2015.
- Investment earnings increased \$58 thousand, or 38%, due to investment gains and an increase in the average balance invested.
- Other nonoperating revenue increased \$70 thousand, or 30.2%, due to an increase in payments in lieu of property taxes and increased government lease excise tax payments.

Total operating expenses decreased by \$1.6 million, or 7.9%, from fiscal year 2015 to fiscal year 2016. The overall reason for the decline was general fund budget savings, including \$1 million of vacancy savings due to turnover. The changes by expense classification are as follows:

- Instruction expenses decreased \$580 thousand, or 9.8%. About \$330 thousand of this decrease was due to vacancy savings. There was a vacant Dean position throughout the year, and because enrollment did not increase at the projected level the part-time faculty budget was underspent. There was a \$120 thousand reduction in benefits due to adjusted pension expense. Non-capital equipment purchases for instruction were higher in FY 2015 due to purchases made through the TAACCCT grant.

**Coconino County Community College District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2016**

- Public service expenses decreased \$93 thousand or 72.4%. This decrease is due to vacancy savings in the proctored exam area during the year.
- Academic support expenses increased \$87 thousand, or 3.2%. The majority of this increase is related to an increase in grant travel for CTE support. There was also increased salaries and fewer vacancies in this area.
- Student services expenses increased \$29 thousand, or 1.2%. This increase is the result of budgeted salary and benefit increases compared to fiscal year 2015.
- Institutional support expenses decreased \$668 thousand, or 16.5% from FY2015. \$240 thousand was a reduction related to the pension adjustment, and there was an FY2016 adjustment to liquidate the sabbatical liability accrued for the prior president. In addition, the net liability for post employment benefits was reduced in FY16.
- Operation and maintenance of plant expenses decreased \$218 thousand, or 12% due to a decrease in non-capital deferred maintenance projects.
- As discussed in the revenue section, scholarship expenses decreased between FY2016 and FY2015 due to the decline in student PELL. The total decrease was \$224 thousand, or 8.6%.
- Auxiliary enterprises expenses decreased \$5 thousand, or 11.4%, due to the College expending the remaining fund balance associated with the Early Childhood Education program in FY2015. These funds were not available in FY2016.

**Capital Asset and Debt Administration**

Capital assets are defined as those items costing over \$5,000 and which have a normal useful life of more than one year. The District has created renewal and replacement (R&R) schedules for all of its facilities, as well as technology. The schedules are updated annually and funds are invested and designated for this purpose. As of June 30, 2016, these funds amounted to approximately \$3.6 million.

Below is a summary of the capital assets, net of depreciation, as of June 30:

	<b>FY 2016</b>	<b>FY 2015</b>	<b>Percent Change</b>
Land	\$ 1,089,000	\$ 1,089,000	0.0%
Buildings	20,301,754	21,099,586	-3.8%
Improvements other than buildings	1,113,395	1,018,973	9.3%
Equipment	535,168	628,298	-14.8%
Intangibles	223,210	-	
Vehicles	974	6,231	-84.4%
<b>Total capital assets</b>	<b>\$ 23,263,501</b>	<b>\$ 23,842,088</b>	<b>-2.4%</b>

Total long-term liabilities decreased by a net amount of \$2,031,384 or 9.8% from fiscal year 2015. At June 30, 2016, the District had one bond issue outstanding, consisting of a general obligation refunding bond issue with an original amount of \$17,135,000. Total long-term bonded debt outstanding at June 30, 2016, is \$5,990,000.

# **Coconino County Community College District Management's Discussion and Analysis Fiscal Year Ended June 30, 2016**

Additional information on the District's capital assets and long-term debt can be found in Notes 4 and 5, respectively, to the basic financial statements.

## **Current Factors Having Probable Future Financial Significance**

The community college system-wide appropriation for state aid is provided by A.R.S. §15-1466. The formula is based on the current base and enrollment growth. During the past decade state aid to community colleges was cut drastically. Although state aid funding of \$3,130,800 represented 45.8% of total revenues in fiscal year 2001, fiscal year 2016 state aid funding of \$1,771,200 only represents 7.2% of total revenues. State aid funding for fiscal year 2017 is appropriated at \$1,756,400, a slight decrease from FY2016. In addition, urban community colleges were eliminated from the FY2016 State budget. Due to this historical funding trend, and the recent elimination of urban funding, it is anticipated the trend of declining aid may continue. CCC has incorporated state aid funding loss projections into its long-term planning scenarios and has developed a plan to balance the budget with future funding reductions. To accommodate the decline in state aid, tuition has increased from \$33 per credit hour in fiscal year 2001 to \$99 per credit hour in fiscal year 2016, a 200% increase over this sixteen-year period.

Coconino Community College also has the lowest property tax rate in the State of Arizona. Property tax revenue growth is capped, but CCC has the ability to ask voters for an override to the primary rate. In November of 2016, CCC held an election to ask voters to approve a seven year, \$3 million annual override to enhance workforce development programs that were reduced through prior budget reductions. This election was not successful. As a result, CCC will continue to monitor long-term forecasts and adjust tuition and program levels as needed for long-term financial stability.

## **Requests for Information**

This discussion and analysis is designed to provide a general overview of the Coconino County Community College District's finances for all those with an interest in such matters. Questions concerning any of the information provided in this Comprehensive Annual Financial Report or requests for additional financial information should be addressed to the Dean of Finance, Coconino County Community College District, 2800 S. Lone Tree Road, Flagstaff, AZ 86005.

**Coconino County Community College District**  
**Statement of Net Position - Primary Government**  
**June 30, 2016**

	Business-Type Activities
<b>Assets</b>	
Current assets:	
Cash in bank and on hand	\$ 1,027,725
Cash and investments held by the County Treasurer	22,631,988
Investments	71,102
Receivables (net of allowances for uncollectibles):	
Property taxes	188,596
Government grants and contracts	155,252
Other	300,574
Inventories	25,826
Prepaid items	164,666
Total current assets	<u>24,565,729</u>
Noncurrent assets:	
Capital assets, not being depreciated	1,089,000
Capital assets, being depreciated, net	22,174,501
Total noncurrent assets	<u>23,263,501</u>
Total assets	<u>47,829,230</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions	1,055,534
Total deferred outflows of resources	<u>1,055,534</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	324,494
Accrued payroll and employee benefits	743,282
Deposits held in custody for others	47,767
Unearned revenues	700,351
Current portion of compensated absences payable	100,909
Current portion of long-term debt	1,885,000
Total current liabilities	<u>3,801,803</u>
Noncurrent liabilities:	
Compensated absences payable	479,352
Long-term debt	4,561,259
Net pension liability	11,659,453
Total noncurrent liabilities	<u>16,700,064</u>
Total liabilities	<u>20,501,867</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions	1,558,854
Deferred credit on debt refunding	90,540
Total deferred inflows of resources	<u>1,649,394</u>
<b>Net Position</b>	
Net investment in capital assets	17,182,961
Unrestricted	9,550,542
Total net position	<u>\$ 26,733,503</u>

See accompanying notes to financial statements.

**Coconino County Community College District**  
**Statement of Financial Position - Component Unit**  
**June 30, 2016**

	Coconino Community College Foundation
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 206,517
Accounts receivable	1,500
Prepaid expenses	3,886
Investments, at market	940,606
Total Current Assets	<u>1,152,509</u>
 Total Assets	 <u><u>\$ 1,152,509</u></u>
 <b>Liabilities</b>	
Current Liabilities	
Accrued expenses	\$ 448
Deferred revenue	6,500
CC College payable	35,618
Total Current Liabilities	<u>42,566</u>
 <b>Net Assets</b>	
Unrestricted	267,273
Temporarily restricted	413,144
Permanently restricted	429,526
Total Net Assets	<u>1,109,943</u>
 Total Liabilities and Net Assets	 <u><u>\$ 1,152,509</u></u>

See accompanying notes to financial statements

**Coconino County Community College District**  
**Statement of Revenues, Expenses, and Changes in Net Position-Primary Government**  
**Year Ended June 30, 2016**

	Business-Type Activities
Operating revenues:	
Tuition and fees (net of scholarship allowances of \$1,425,483)	\$ 6,434,191
Private contracts	157,962
Bookstore income	96,009
Auxiliary enterprises	24,797
Other	210,469
Total operating revenues	<u>6,923,428</u>
Operating expenses:	
Educational and general:	
Instruction	5,312,131
Public service	35,367
Academic support	2,834,042
Student services	2,461,540
Institutional support	3,385,575
Operation and maintenance of plant	1,599,997
Scholarships	2,374,766
Auxiliary enterprises	38,641
Depreciation	1,195,975
Total operating expenses	<u>19,238,034</u>
Operating loss	<u>(12,314,606)</u>
Nonoperating revenues (expenses):	
Property taxes	9,346,685
State appropriations	2,194,400
Government grants	5,122,389
Share of state sales taxes	458,068
Investment earnings	209,568
Other nonoperating revenue	303,226
Interest expense on debt	(279,839)
Loss on disposal of capital assets	-
Total nonoperating revenues (expenses)	<u>17,354,497</u>
Increase in net position	5,039,891
Net position, July 1, 2015	<u>21,693,613</u>
Net position, June 30, 2016	<u>\$ 26,733,503</u>

See accompanying notes to financial statements.

**Coconino County Community College District**  
**Statement of Activities - Component Unit**  
**Year Ended June 30, 2016**

	Coconino Community College Foundation			
	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL
Revenue, Gains and Other Support				
Public contributions	\$ 220,002	\$ 223,434	\$ 21,549	\$ 464,985
Revenues	19,076	22,649	-	41,725
Investment earnings	8,983	14,892	-	23,875
Realized gain on investments	34	57	-	91
Unrealized gain on investments	8,878	14,820	-	23,698
Transfer of assets to endowment	-	(5,589)	5,589	-
Net assets released from restrictions	274,957	(274,957)	-	-
Total Revenue, Gains and Other Support	531,930	(4,694)	27,138	554,374
Expenses and Losses				
Program services	441,188	-	-	441,188
Supporting services	64,521	-	-	64,521
Total Expenses and Losses	505,709	-	-	505,709
Increase in Net Assets	26,221	(4,694)	27,138	48,665
Net Assets, beginning of year	241,052	417,838	402,388	1,061,278
Net Assets, end of year	\$ 267,273	\$ 413,144	\$ 429,526	\$ 1,109,943

See accompanying notes to financial statements.



**Coconino County Community College District  
Statement of Cash Flows - Primary Government  
Year Ended June 30, 2016**

	Business-Type Activities
<b>Cash flows from operating activities:</b>	
Tuition and fees	\$ 6,391,627
Private contracts	157,176
Bookstore receipts	97,514
Auxiliary enterprises	24,938
Other receipts	216,482
Payments to suppliers and providers of goods and services	(4,119,936)
Payments for employee wages and benefits	(12,476,866)
Payments to students for scholarships	(2,376,372)
Net cash used for operating activities	<u>(12,085,437)</u>
<b>Cash flows from noncapital financing activities:</b>	
Property taxes - primary	7,476,857
State appropriations	2,194,400
Government grants	5,166,259
Share of state sales taxes	458,068
Other noncapital financing	239,593
Federal direct lending receipts	3,001,140
Federal direct lending disbursements	(3,001,140)
Deposits held in custody for others received	1,618,225
Deposits held in custody for others disbursed	(1,618,945)
Net cash provided by noncapital financing activities	<u>15,534,457</u>
<b>Cash flows from capital and related financing activities:</b>	
Property taxes - secondary	1,907,996
Other capital financing	63,633
Principal paid on capital debt	(1,785,000)
Interest paid on capital debt	(332,413)
Purchases of capital assets	(617,388)
Net cash used for capital and related financing activities	<u>(763,172)</u>
<b>Cash flows from investing activities:</b>	
Interest received on investments	<u>209,568</u>
Net cash provided by investing activities	<u>209,568</u>
 Net increase in cash and cash equivalents	 2,895,416
Cash and cash equivalents, July 1, 2015	20,835,398
Cash and cash equivalents, June 30, 2016	<u>\$ 23,730,815</u>

See accompanying notes to financial statements.

(continued)

**Coconino County Community College District  
Statement of Cash Flows - Primary Government  
Year Ended June 30, 2016**

	Business-Type Activities
<b>Reconciliation of operating loss to net cash used for operating activities:</b>	
Operating loss	\$ (12,314,606)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	1,195,975
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Net pension liability	(88,981)
Deferred outflows of resources related to pensions	291,236
Deferred inflows of resources related to pensions	(590,209)
Prepaid items	(15,346)
Other receivables	(46,116)
Inventories	(7,333)
Accounts payable	(2,133)
Accrued payroll and employee benefits	(524,537)
Unearned revenues	(3,659)
Compensated absences payable	20,272
Net cash used for operating activities	<u><u>\$ (12,085,437)</u></u>
 <b>Reconciliation of cash and cash equivalents to the Statement of Net Position:</b>	
Cash in bank and on hand	\$ 1,027,725
Cash and investments held by the County Treasurer	22,631,988
Investments	71,102
Cash and cash equivalents	<u><u>\$ 23,730,815</u></u>
 <b>Noncash investing, capital, and noncapital financing activities:</b>	
Amortization of deferred credit on debt refunding	\$ 52,573

See accompanying notes to financial statements.

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies**

Coconino County Community College District's accounting policies conform to generally accepted accounting principles applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB).

For the year ended June 30, 2016, the District implemented the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 established standards for measuring fair value and applying fair value to certain investments and disclosures related to all fair value measurements. This had no effect on the financial statements or financial disclosures of the district.

**A. Reporting Entity**

The District is a special-purpose government that a separately elected governing body governs. It is legally separate and fiscally independent of other state and local governments. The accompanying financial statements present the activities of the District (the primary government) and its discretely presented component unit, the Coconino Community College Foundation.

The Coconino Community College Foundation is a legally separate, tax-exempt organization. It acts primarily as a fund-raising organization that receives gifts and bequests, administers those resources, and disburses payments to or on behalf of the District for scholarships and support of District programs. Although the District does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can be used only by or for the benefit of the District or its constituents. Consequently, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

For financial reporting purposes, the Foundation follows the Financial Accounting Standards Board statements for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information included in the District's financial report. Accordingly, those financial statements have been reported on separate pages following the District's respective counterpart financial statements. For financial reporting purposes, only the Foundation's statements of financial position and activities are included in the District's financial statements as required by generally accepted accounting principles for public colleges and universities. The Foundation has a June 30 year-end.

During the year ended June 30, 2016, the Foundation distributed \$222,348 to the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Advancement Office, Coconino County Community College District, 2800 S. Lone Tree Road, Flagstaff, AZ 86005.

**B. Basis of Presentation and Accounting**

The financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows.

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies (continued)**

A statement of net position provides information about the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net position is classified according to external donor restrictions or availability of assets to satisfy the District's obligations. Net investment in capital assets represents the value of capital assets, net of accumulated depreciation, less any outstanding debt incurred to acquire or construct the assets. Expendable restricted net position represents grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net position consists of all other resources, including those that have been designated by management to be used for other than general operating purposes.

A statement of revenues, expenses, and changes in net position provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported, including capital contributions. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues such as tuition and bookstore, in which each party receives and gives up essentially equal values, are considered operating revenues. Other revenues, such as property taxes, state appropriations, and government grants, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

A statement of cash flows provides information about the District's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as either operating, noncapital financing, capital financing, or investing.

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. 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. State appropriations are recognized as revenue in the year in which the appropriation is first made available for use. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met. Internal activity is eliminated using a charge-back method, charging user departments and reducing expenses in the department providing the service. It is the District's policy to first apply restricted resources when an expense is incurred for purposes when both restricted and unrestricted net positions are available.

**C. Cash and Investments**

For the statement of cash flows, the District's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, and investments in the State Treasurer's Local Government Investment Pool. All investments are stated at fair value.

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D. Inventories**

The supplies inventory is stated at cost by specific identification.

**E. Capital Assets**

Capital assets are reported at actual cost. 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 are as follows:

	<b>Capitalization Threshold</b>		
Land	\$ 5,000		
		<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
Buildings	\$ 5,000	straight line	40 years
Improvements other than buildings	\$ 5,000	straight line	15 years
Equipment and vehicles	\$ 5,000	straight line	5 years
Intangibles	\$ 5,000	straight line	5 years

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

The statement of net position includes 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 in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as a revenue in future periods.

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

**H. Investment Earnings**

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

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies (concluded)**

**I. Scholarship Allowances**

A scholarship allowance is the difference between the stated charge for goods and services the District provides and the amount that the student or third parties making payments on the student's behalf pays. Accordingly, some types of student financial aid, such as Pell grants and scholarships the District awards, are considered scholarship allowances. These allowances are netted against tuition and fees revenues in the statement of revenues, expenses, and changes in net position.

**J. Compensated Absences**

Compensated absences payable consists of paid time off (PTO) for benefit eligible administrative, professional, and classified employees; compensatory time earned for classified employees; and a calculated amount of sick leave by grandfathered employees based on services already rendered.

The PTO plan is for the purpose of providing benefit eligible employees the opportunity to take time off work without loss of compensation. At June 30 of each year, an employee may carry forward two times his/her maximum accrual for the year, but they forfeit any unused PTO in excess of two times the annual accrual rate. Upon terminating employment or if an employee becomes ineligible for benefits, the District pays, at his/her rate of pay at the time of termination, a lump sum based upon consecutive years of service. At no time can the maximum PTO paid exceed one year's accrual. Accordingly, PTO benefits are accrued as a liability in the financial statements.

The balance of compensatory time earned for classified staff is paid, at the employee's current rate of pay, in full at the time of the employee's termination or if an employee becomes ineligible for benefits. Accordingly, compensatory time earned is accrued as a liability in the financial statements.

Employees hired prior to January 1996 are grandfathered under the sick leave procedure in effect at that time. The grandfather clause provides that after 10 years of service, 50% of unused accrued sick leave up to a maximum of 1,040 hours be payable at termination; and upon normal retirement as defined by the Arizona State Retirement System, 100% of unused accrued sick leave up to a maximum of 2,080 hours will be payable at termination. The rate to be paid is the hourly rate as of June 30, 2009 and the number of hours paid shall not exceed the hours on record as of June 30, 2009. Accordingly, grandfathered sick leave benefits are accrued as a liability in the financial statements.

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 2 - Deposits and Investments**

Arizona Revised Statutes (A.R.S.) requires the District to deposit special tax levies for the District's maintenance or capital outlay with the County Treasurer. A.R.S. does not require the District to deposit other public monies in its custody with the County Treasurer; however, the District must act as a prudent person dealing with another's property when making investment decisions about those monies. A.R.S. requires collateral for deposits at 102 percent of all deposits not covered by federal depository insurance. A.R.S. does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the District's investments.

**Deposits** - At June 30, 2016, the carrying amount of the District's deposits was \$1,026,373 and the bank balance was \$1,190,820. The District does not have a formal policy with respect to custodial credit risk.

**Investments** - The District's investments at June 30, 2016, were as follows:

<b>External investment pools measured at fair value</b>		<b>Amount</b>
State Treasurer's investment pool 5	\$	71,102
County Treasurer's investment pool		22,631,988
Total external investment pools		
measured at fair value	\$	22,703,090

Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the District held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. The investment in the County Treasurer's pool is valued using the District's proportionate participation in the pool because the pool's structure does not provide for shares. The State Board of Investment provides oversight for the State Treasurer's investment pools. No comparable oversight is provided for the County Treasurer's investment pool.

*Credit risk*-The District does not have a formal policy with respect to credit risk. Credit risk for the District's investments at June 30, 2016 was as follows:

<b>Investment Type</b>	<b>Rating</b>	<b>Rating Agency</b>	<b>Amount</b>
County Treasurer's investment pool	Unrated	Not applicable	\$ 22,631,988
State Treasurer's investment pool 5	AAA f/S1+	Standard & Poor's	71,102
			<u>\$ 22,703,090</u>

*Interest rate risk*-The District does not have a formal policy with respect to interest rate risk. At June 30, 2016, the District had the following investments in debt securities:

<b>Investment Type</b>	<b>Amount</b>	<b>Weighted Average Maturity in Years</b>
County Treasurer's investment pool	\$ 22,631,988	1.54
State Treasurer's investment pool 5	71,102	0.06
	<u>\$ 22,703,090</u>	



**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 2 - Deposits and Investments (concluded)**

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

Cash, deposits and investments:		Statement of Net Position:	
Cash on hand	\$ 1,352	Cash in bank and on hand	\$ 1,027,725
Amount of deposits	1,026,373	Cash and investments held by the County Treasurer	22,631,988
Amount of investments	22,703,090	Investments	71,102
	<u>\$ 23,730,815</u>		<u>\$ 23,730,815</u>

**Note 3 - Receivables**

Other receivables are shown net of related allowances for uncollectibles. A summary for other receivables at June 30, 2016, follows:

	Receivable	Allowance	Net Receivable
Vendor	\$ 64,313	\$ -	\$ 64,313
Student	474,808	238,860	235,948
Employee	313	-	313
	<u>\$ 539,434</u>	<u>\$ 238,860</u>	<u>\$ 300,574</u>

**Note 4 - Capital Assets**

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015 as Restated	Increases	Decreases	Reclassifications	Balance June 30, 2016
Capital assets not being depreciated:					
Land	\$ 1,089,000	\$ -	\$ -	\$ -	\$ 1,089,000
Total capital assets not being depreciated	<u>1,089,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,089,000</u>
Capital assets being depreciated:					
Buildings	31,913,294	-	-	-	31,913,294
Improvements other than buildings	1,618,917	206,107	-	-	1,825,024
Equipment	2,450,145	411,281	25,778	(1,162,503)	1,673,145
Intangibles	-	-	-	1,162,503	1,162,503
Vehicles	260,521	-	-	-	260,521
Total capital assets being depreciated	<u>36,242,877</u>	<u>617,388</u>	<u>25,778</u>	<u>-</u>	<u>36,834,487</u>
Less accumulated depreciation for:					
Buildings	10,813,708	797,832	-	-	11,611,540
Improvements other than buildings	599,944	111,685	-	-	711,629
Equipment	1,821,847	163,607	25,778	(821,699)	1,137,977
Intangibles	-	117,594	-	821,699	939,293
Vehicles	254,290	5,257	-	-	259,547
Total accumulated depreciation	<u>13,489,789</u>	<u>1,195,975</u>	<u>25,778</u>	<u>-</u>	<u>14,659,986</u>
Total capital assets being depreciated, net	<u>22,753,088</u>	<u>(578,587)</u>	<u>-</u>	<u>-</u>	<u>22,174,501</u>
Capital assets, net	<u>\$ 23,842,088</u>	<u>\$ (578,587)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,263,501</u>

\*On July 1, 2015, the District restated the balances for improvements other than buildings by (\$17,903), and equipment by (\$327,916) for capital assets that should have been deleted in prior periods. The restatement did not impact beginning net position as the capital assets were fully depreciated.

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 5 - Long-Term Liabilities**

The following schedule details the District's long-term liability and obligation activity for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due within 1 year
Bonds payable:					
General obligation refunding bonds	\$ 7,775,000	\$ -	\$ 1,785,000	\$ 5,990,000	\$ 1,885,000
Net Pension Liability	11,748,434	940,748	1,029,729	11,659,453	-
OPEB obligation	633,934	105,215	282,890	456,259	-
Compensated absences payable	559,989	296,647	276,375	580,261	100,909
	<u>\$20,717,357</u>	<u>\$1,342,610</u>	<u>\$3,373,994</u>	<u>\$ 18,685,973</u>	<u>\$ 1,985,909</u>

**Bonds** - The District's bonded debt consists of general obligation refunding bonds that are generally callable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The District repays general obligation refunding bonds from voter-approved property taxes. The original amount of general obligation refunding bonds issued was \$17,135,000.

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the District's financial statements. At June 30, 2016, the following outstanding bonds were considered defeased:

<u>Description</u>	<u>Amount</u>
General Obligation Bonds, Series A (1999)	\$6,320,000

The following bonds were outstanding at June 30, 2016:

<u>Description</u>	<u>Original Amount Authorized</u>	<u>Amount Issued</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
General obligation refunding bonds, Series 2009	\$ 17,135,000	\$ 17,135,000	annually through 7/1/2019	2.00% - 5.00%	<u>\$ 5,990,000</u>

Under Article IX of the Arizona Constitution, the total amount of indebtedness of the District may not exceed 15% of the County's secondary property assessed valuation. The bonds are subject to federal arbitrage regulations.

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2016:

Year Ending June 30	<b>General Obligation Refunding Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2017	\$ 1,885,000	\$ 266,225
2018	1,985,000	200,250
2019	2,120,000	106,000
Total	<u>\$ 5,990,000</u>	<u>\$ 572,475</u>

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 6 - Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all such risks of loss, including workers' compensation, property loss, and casualty insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District provides life, accidental death and dismemberment, disability, medical, and dental insurance benefits to its employees and their dependents through a pooled trust, the Northern Arizona Public Employees Benefit Trust (NAPEBT), currently composed of the City of Flagstaff, Coconino County, Flagstaff Unified School District, Northern Arizona Intergovernmental Public Transit Authority, Coconino County Accommodation School, and the District. The NAPEBT is self-funded through an agreement with the participating members and NAPEBT administers the plan. The members' employee and employer contributions are paid to pay benefits and administrative expenses. If the District withdraws from the NAPEBT, it is responsible for its proportionate share of any claims' run-out costs, including claims reported but not settled, claims incurred but not reported, and administrative costs. If the NAPEBT were to terminate, the District would be responsible for its proportional share of any trust deficit.

**Note 7 - Operating Leases**

The District leases the land on which the Fourth Street campus resides. The lease agreement is classified as an operating lease for accounting purposes. Rental expenses under the terms of the operating lease were \$45,733 for the year ended June 30, 2016.

The operating lease has a remaining noncancelable term of 8 years, and allows four renewal options for eleven years each. Rental payments may be adjusted every five years based on changes in the Consumer Price Index (CPI). The following future minimum payments were required under the operating lease at June 30, 2016:

Year ending June 30	
2017	\$ 45,733
2018	45,733
2019	45,733
2020	45,733
2021	45,733
2022-2024	137,199
Total minimum lease payments	<u>\$ 365,864</u>

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 8 - Pension and Other Postemployment Benefits**

**A. Pension Benefits**

**Plan description** - District employees 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 is a component unit of the State of Arizona. 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>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 the 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 the benefits employees earn during the year, with an additional amount to finance any unfunded

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 8 - Pension and Other Postemployment Benefits (continued)**

accrued liability. For the year ended June 30, 2016, statute required active ASRS members to contribute at the actuarially determined rate of 11.47 percent (11.35 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 9.36 percent (9.17 percent for retirement, 0.13 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District's contributions to the pension plan for the year ended June 30, 2016 were \$737,373. The District's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

Year ended June 30	Health Benefit Supplement Fund	Long-Term Disability Fund
2016	\$ 33,677	\$ 8,113
2015	40,276	8,193
2014	44,404	17,033

**Pension liability** - At June 30, 2016, the District reported a liability of \$11,659,453 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2015. 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, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employer's contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was 0.074850 percent, which was a decrease of 0.00455 from its proportion measured as of June 30, 2014.

**Pension expense and deferred outflows/inflows of resources** - For the year ended June 30, 2016, the District recognized pension expense for ASRS of \$349,419. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 8 - Pension and Other Postemployment Benefits (continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 318,161	\$ 610,967
Net difference between projected and actual earnings on pension plan investments	-	373,660
Changes in proportion and differences between district contributions and proportionate share of contributions	-	574,227
District contributions subsequent to the measurement date	737,373	-
Total	<u>\$ 1,055,534</u>	<u>\$ 1,558,854</u>

The \$737,373 reported as deferred outflows of resources related to ASRS pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. 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	
2017	\$ (525,281)
2018	(667,799)
2019	(317,348)
2020	269,735

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

Actuarial valuation date	June 30, 2014
Actuarial roll forward date	June 30, 2015
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, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 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

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 8 - Pension and Other Postemployment Benefits (continued)**

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>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Equity	58%	6.79%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Multi-asset	5%	3.41%
Commodities	2%	3.93%
Total	100%	

**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 8.79 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 District's proportionate share of the ASRS net pension liability to changes in the discount rate** - The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the District'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>1% Decrease (7%)</b>	<b>Current Discount Rate (8%)</b>	<b>1% Increase (9%)</b>
District's proportionate share of the net pension liability	\$ 15,277,868	\$ 11,659,453	\$ 9,179,653

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

**Pension Plan Contributions Payable** - The District's accrued payroll and employee benefits included \$53,381 of outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2016.



**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 8 - Pension and Other Postemployment Benefits (continued)**

**B. Postemployment Health Care Benefits**

The District follows Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB Statement No. 45), for certain postemployment health care benefits provided by the Northern Arizona Public Employee Benefit Trust (NAPEBT). Under the requirements of GASB Statement No. 45, the actuarially determined liability of \$608,813 as of July 1, 2016, is being amortized over 30 years at a level dollar amount.

**Plan description** – The District, as part of the NAPEBT, has a single-employer plan for postemployment health care benefits. The District subsidizes the premium rates paid by retirees by allowing them to participate in the District's health care plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit rate subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The District does not cover any explicit subsidies.

Employees may be retained on the District's health insurance provided they make the required contributions and comply with all other provisions of the Plan. To be eligible, an employee must retire from the College with five years of service as a benefit eligible employee and apply for and receive retirement. Retirees can maintain their coverage under the provisions of this program until the retiree reaches age 65, which is when he/she qualifies for Medicare. Dependent coverage is available subject to the limitations outlined in the District's health insurance policy. Dependents cannot continue in the insurance program when the retiree is no longer eligible.

If a covered retiree terminates coverage for any reason, coverage cannot be reinstated. The District does not issue a stand-alone annual report for the plan.

**Funding policy** – Benefit provisions are pursuant to the District's policy and can be amended by the District Governing Board. The District has not advance-funded or established a funding methodology for the annual Other Post Employment Benefit (OPEB) costs or the net OPEB obligation. For the 2015-16 fiscal year, ten retirees received postemployment healthcare benefits.

The District's annual postemployment benefit cost for the current and 2 preceding years and the contributions were as follows:

Year ended June 30	Annual Postemployment Benefit Cost	Contribution Toward the OPEB Cost	Percentage of the Postemployment Benefit Cost Contributed
2016	\$ 105,215	\$ 282,890	269%
2015	103,433	-	0%
2014	119,520	-	0%

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 8 - Pension and Other Postemployment Benefits (continued)**

**Annual OPEB Cost and Net OPEB Obligation** – The District's annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the District's OPEB obligation.

Description	Amount		
Year Ending June 30	2016	2015	2014
Normal cost (service cost for one year)	\$ 68,448	\$ 68,448	\$ 77,206
Amortization of the unfunded actuarial:			
Accrued liability	38,852	38,852	43,614
Adjustment for timing to end of fiscal year	4,828	4,828	5,437
Interest on normal cost and amortization	-	-	-
Annual required contribution (ARC)	112,128	112,128	126,257
Interest on net OPEB obligation	18,979	23,873	18,494
Adjustment to annual required contribution	(25,892)	(32,568)	(25,231)
Annual OPEB Cost	105,215	103,433	119,520
Contribution toward the OPEB cost	(282,890)	-	-
Increase (Decrease) in net OPEB obligation	(177,675)	103,433	119,520
Net OPEB obligation, beginning of year	633,934	530,501	410,981
Net OPEB obligation, end of year	<u>\$ 456,259</u>	<u>\$ 633,934</u>	<u>\$ 530,501</u>

**Funded Status and Fund Progress** – As of June 30, 2016, the actuarial accrued liability for benefits was \$608,813 and is unfunded. The covered payroll (annual payroll of active participating employees as of the actuarial valuation date) was \$6,263,834 while the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.72%.

**Actuarial Methods and Assumptions** – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment and termination, mortality, and health care trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 8 - Pension and Other Postemployment Benefits (concluded)**

<b>Method/Assumption</b>	
Valuation date	July 1, 2016
Actuarial cost method	Entry Age, Level Dollar
Initial amortization period, level dollar amortization method, open period	30 years
Remaining amortization period as of July 1, 2016	30 years
Investment rate of return	4.50%
Medicare coverage age	65
Retirement and disability age	ASRS assumptions
Health care cost trend range	5% - 7%
Participation assumption	50%
Active members	136
Retirees currently receiving benefits	8
Inflation Rate	N/A

**Note 9 - Operating Expenses**

The District's operating expenses are presented by functional classification in the Statement of Revenues, Expenses, and Changes in Net Position – Primary Government. The operating expenses can also be classified into the following:

Compensation and benefits	\$ 11,586,134
Contract services	1,648,584
Supplies and other services	867,305
Annual fixed charges	803,153
Communication and utilities	523,573
Travel	207,120
Scholarships	2,376,372
Depreciation	1,195,975
Other	29,818
<b>Total</b>	<b>\$ 19,238,034</b>

The District uses credit cards to pay certain vendors for goods and services. The District received \$1,035 in rebates resulting from credit card payments for the year ended June 30, 2016.

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 10 - Discretely Presented Component Unit Disclosures**

Coconino Community College Foundation

1. Nature of Activities and Summary of Significant Accounting Policies

*Nature of the Organization*

Coconino Community College Foundation was founded in 1993 under Arizona law as a non-profit corporation. The mission of the Foundation is to promote the purposes and goals of Coconino Community College (CC College), thereby enhancing the opportunities of Coconino residents. It is the fund raising organization for the solicitation, receipt and management of all private gifts, donations, and contributions, including gifts-in-kind. Funds are disbursed exclusively for charitable and educational purposes within the meaning of the Internal Revenue Code Section 501(c)(3), including providing scholarships and financial aid, to fulfill the research, teaching and service functions of the College, and to make or receive grants and loans of corporate property for the purposes of the College.

*Basis of Accounting*

The Foundation records financial statements using the accrual method in conformity with accounting principles general accepted in the United States of America.

*Financial Statement Presentation*

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Functional Expense Reporting*

The costs of providing program and supporting services have been summarized by function, based upon estimates developed by management.

*Income Taxes*

The Foundation is a public foundation and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 43-1201 of the Arizona Revised Statutes. Therefore, the accompanying financial statements contain no provision or liability for income taxes. Donations to the Foundation qualify for the charitable deduction under Internal Revenue Section 170(b)(1)(A).

The Foundation files information tax returns with the US federal and Arizona state governments. With few exceptions, the Foundation is no longer subject to US federal and state income tax examinations by tax authorities for years before 2012 (federal) and 2011 (Arizona) as of the year ended June 30, 2016.

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 10 - Discretely Presented Component Unit Disclosures (continued)**

*Contributions and Life Annuity Gifts*

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. In addition, the Foundation records life annuity contracts as gifts. All contributions, support and revenue are considered to be unrestricted unless specifically restricted by the donor. As restrictions are met, these revenues become unrestricted and are then allowed to be expended.

*Promises to Give*

Contributions are recognized at their fair values when the donor makes a promise in writing to give to the Foundation that is, in substance, unconditional. Restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

The Foundation had no unconditional promises to give as of June 30, 2016.

*Donated Goods and Services*

The Foundation values donated goods and services at their fair market value as of the date of the donation if the services create or enhance a non-financial asset or require specialized skills, are provided by individuals possessing those skills, and would be purchased if not provided by donation.

*Cash and Cash Equivalents*

The Foundation considers all short-term investments with an original maturity of three months or less to be cash equivalents.

*Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Realized and unrealized gains and losses are included in the Statement of Activities and Changes in Net Assets. Donated securities are received directly into the Fidelity Investments account at market value as of the date executed. On an annual basis, all investment income shall be calculated and then allocated between unrestricted, temporarily restricted, and permanently restricted net assets in accordance with the Foundation's policy.

*Date of Management's Review*

Management has reviewed events subsequent to June 30, 2016 up through the date the financial statements were available to be issued, October 18, 2016, to evaluate their effect on the fair presentation of the financial statements. As of the date the financial statements were available to be issued, there have been no events subsequent to June 30, 2016 that are required to be disclosed in order to present fairly the financial position and changes in net assets of the Foundation.

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 10 - Discretely Presented Component Unit Disclosures (continued)**

**2. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**3. Cash and Cash Equivalents**

The following were included in cash and cash equivalents as of June 30, 2016:

Checking	\$ 137,040
Petty cash	214
Fidelity cash account	69,263
	\$ 206,517

The Federal Deposit Insurance Corporation insures accounts up to \$250,000 per institution. As of June 30, 2016 the Foundation did not maintain cash balances in excess of this amount in their accounts. Funds deposited with Fidelity Investments are protected by the SIPC up to a ceiling of \$500,000 including a maximum of \$250,000 for cash claims. Management is aware of the risks involved and monitors these accounts regularly to keep potential risk of loss to a minimum.

**4. Fair Value Measurements**

The fair value of the investments is measured on a recurring basis at June 30, 2016 and is determined by reference to Level 1 inputs, which include quoted prices obtained from the principal market for the individual securities.

**5. Investments**

Investments are stated at fair market value as of June 30, 2016. Unless specific prohibitive clauses are contained in the gift instruments, funds are pooled for investment purposes.

The market value and cost of the Foundation's investments at June 30, 2016 are as follows:

	Level 1 Market Value	Cost
Common stock	\$ 422,517	\$ 219,710
Corporate bonds	320,876	309,799
Mutual funds	197,213	152,144
	\$ 940,606	\$ 681,653

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 10 - Discretely Presented Component Unit Disclosures (continued)**

The following schedule summarizes investment returns and their classification in the statement of activities for the year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Total
Investment earnings	\$ 8,983	\$ 14,892	\$ 23,875
Net realized and unrealized gains (losses)	8,912	14,877	23,789
Total investment return	<u>\$ 17,895</u>	<u>\$ 29,769</u>	<u>\$ 47,664</u>

**6. Donated Materials and Services**

During the year ended June 30, 2016 the Foundation received the following materials and services that were donated to assist the Foundation. The value of donated materials and services is readily quantifiable and accordingly, these amounts have been recorded as revenues and expenses in the accompanying financial statements.

Audit & accounting fees	\$ 6,200
Payroll in kind	177,222
Operating costs	2,489
Facilities in kind	10,546
Palate 2 Pallette	2,716
	<u>\$ 199,173</u>

For the year ended June 30, 2016 the Foundation received a few hundred hours of volunteer time to assist with its program. These hours are not recorded in the financial statements because they are not for specific professional services and are not readily quantifiable.

**7. Restrictions on Net Assets**

Temporarily restricted net assets are available for scholarships and discretionary spending. Discretionary spending net assets are gifts that were designated by the donors to be spent by a specific campus, area or department for general needs.

Permanently restricted net assets are to provide a permanent endowment, with the investment income restricted primarily for scholarship awards.

**8. Related Party Transactions**

Coconino Community College contributes to the Foundation certain supporting services per a written contract. Employees of the college perform the Foundation accounting and administrative duties. The amount included in unrestricted public contributions for these services was \$177,222 for the year ended June 30, 2016. In the opinion of management, such transactions were on substantially the same terms as those that would prevail with other unrelated persons and entities.



**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 10 - Discretely Presented Component Unit Disclosures (continued)**

9. Concentration Risk

During the year ending June 30, 2016, three donors' gifts comprised 38% of total support and revenue.

10. Schedule of Functional Expenses

The Foundation's functional expenses as of June 30, 2016 are as follows:

	Program Expenses	Support Services	Total
Development staff expense	\$ 186,046	\$ -	\$ 186,046
Facilities expense	-	10,546	10,546
Grants, scholarships, and awards	253,432	-	253,432
Investment fees	-	8,770	8,770
Marketing	1,710	-	1,710
Meeting expenses	-	5,596	5,596
Miscellaneous expenses	-	12,746	12,746
Postage	-	1,534	1,534
Printing and copying	-	3,857	3,857
Professional fees	-	20,752	20,752
Supplies	-	720	720
Total	<u>\$ 441,188</u>	<u>\$ 64,521</u>	<u>\$ 505,709</u>

11. Contingent Liability

For the year ended June 30, 2016, the Foundation had scholarships that have been awarded but not paid in the amount of \$76,199. These scholarships are awarded in two payments, with the first payment given upon enrollment for the fall semester; the second payment is made conditionally upon enrollment for the spring semester. As the scholarships are contingent upon enrollment and paid out over the following fiscal year they are not recorded as a liability as of June 30, 2016.

12. Endowment Funds

The Foundation's endowment consists of approximately 15 individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted



**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 10 - Discretely Presented Component Unit Disclosures (continued)**

endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

The Foundation has engaged Autus Asset Management to manage the Foundation's financial resources, including the Endowment Funds. Autus has been directed by the Board of Directors of Coconino Community College Foundation to maintain a broadly diversified sector allocation within the portfolio in order to reduce exposure to concentrated industry-specific risks, select individual securities that are well diversified and biased toward high-quality, liquid securities with attractive intrinsic and relative valuations and to follow the Board of Director's Strategic Asset Allocation of:

Cash & Equivalents	5%
Investment Grade Fixed Income	40%
High-Yield Fixed Income	5%
Large & Mid-Cap Equity	32%
Small-Cap Equity	5%
Developed International Equity	6%
Emerging International Equity	2%
Real Estate Equity	5%
Total	<u>100%</u>

The Board of Directors, at all times, maintains separate accounting records for each Endowment Fund but the scholarship money may be commingled and invested with other scholarship funds maintained by the Foundation.

Coconino Community College Foundation has a scholarship committee made up of Foundation Board, community and Coconino Community College faculty and staff members which meets approximately six times per year to advise the Board of Directors as to how much money to allocate per scholarship.

Scholarship values vary based on the annual interest earned on the Endowment Fund. At the Foundation's discretion, an award or awards may be granted for an entire academic year or for a period of less than one full academic year. If the earnings and income of a scholarship are not sufficient to fund one full award, then the Foundation may, in its discretion, grant an award equal to the amount of such earnings and income or determine not to make any award for the year, in which case the amount of such earnings and income shall be carried forward to the next academic year.

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 10 - Discretely Presented Component Unit Disclosures (continued)**

To ensure observance of limitations and restrictions placed on the use of resources available to the Coconino Community College Foundation, net assets, revenues and expenditures are classified and reported as follows, based on the existence or absence of donor-imposed restrictions.

*Permanently restricted net assets* include permanent endowments. Such funds are generally subject to donor restrictions requiring the principal be invested in perpetuity for the purpose of producing income that may be expended or added to principal in accordance with the donor's wishes.

*Temporarily restricted net assets* relate to contributions designated by donors for use by particular entities or programs or for specific purposes.

*Unrestricted net assets* are not subject to donor-imposed restrictions.

Coconino Community College Foundation's Endowment Funds consisted of the following at June 30, 2016:

	Temporarily Restricted	Permanently Restricted	Total
Balance, June 30, 2015	\$ 23,585	\$ 402,388	\$ 425,973
Contributions received	590	21,549	22,139
Transfers from pass-through	-	5,589	5,589
Investment income earned	14,949	-	14,949
Unrealized gains allocated	14,678	-	14,678
Scholarships awarded	(14,400)	-	(14,400)
Investment fees	(5,485)	-	(5,485)
Administrative fees	(8,048)	-	(8,048)
Balance, June 30, 2016	<u>\$ 25,869</u>	<u>\$ 429,526</u>	<u>\$ 455,395</u>

As noted above, it is not the policy of the Coconino Community College Foundation Board of Directors to adjust the principal balance of its Endowment Funds for the full amount of investment account market fluctuations. Therefore, the balances stated above have had investment earnings added to them, but only partial adjustments have been made for unrealized market gains.

The Board of Directors of the Coconino Community College Foundation, or its designee, has and shall have full and plenary power and authority to take, hold, manage, invest and reinvest any principal amount donated as an Endowment Fund, and any increase or accumulation to it, and any income from it, consistent with management policies of the Board, or its designee. An Endowment Fund will earn income according to Board policy if it maintains the minimum balance required for earning income.

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 10 - Discretely Presented Component Unit Disclosures (concluded)**

13. Reclassifications

Certain prior year amounts were reclassified to conform to the current year presentation. There was no impact on total net assets or changes in net assets reported.

**Coconino County Community College District**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**June 30, 2016**

Arizona State Retirement System	Reporting Fiscal Year (Measurement Date)		
	2016 (2015)	2015 (2014)	2014 through 2007
District's proportion of the net pension liability	0.074850%	0.079400%	Information
District's proportionate share of the net pension liability	\$ 11,659,453	\$ 11,748,434	not available
District's covered payroll	\$ 6,892,054	\$ 7,168,033	
District's proportionate share of the net pension liability as a percentage of its covered payroll	169.17%	163.90%	
Plan fiduciary net position as a percentage of the total pension liability	68.35%	69.49%	

See accompanying notes to pension plan schedules.

**Coconino County Community College District**  
**Required Supplementary Information**  
**Schedule of the District's Pension Contributions**  
**June 30, 2016**

**Arizona State Retirement System**

	Reporting Fiscal Year				
	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 737,143	\$ 749,680	\$ 765,832	\$ 730,288	\$ 641,450
District's contributions in relation to the statutorily required contribution	\$ 737,143	\$ 749,680	\$ 765,832	\$ 730,288	\$ 641,450
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 6,812,134	\$ 6,892,054	\$ 7,168,033	\$ 7,141,693	\$ 6,498,984
District's contributions as a percentage of covered payroll	10.82%	10.88%	10.68%	10.23%	9.87%

**Arizona State Retirement System**

	Reporting Fiscal Year				
	2011	2010	2009	2008	2007
Statutorily required contribution	\$ 563,266	\$ 559,225	\$ 562,865	\$ 621,433	\$ 563,041
District's contributions in relation to the statutorily required contribution	\$ 563,266	\$ 559,225	\$ 562,865	\$ 621,433	\$ 563,041
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 6,251,563	\$ 6,705,341	\$ 7,044,617	\$ 6,828,929	\$ 6,546,990
District's contributions as a percentage of covered payroll	9.01%	8.34%	7.99%	9.10%	8.60%

See accompanying notes to pension plan schedules.

**Coconino County Community College District**  
**Required Supplementary Information**  
**Notes to Pension Plan Schedules**  
**June 30, 2016**

**Note 1 - Factors That Affect Trends**

There was a financial austerity plan in place from FY2009 through FY2012. During this time wages were frozen and no increases were funded. For FY2013 there were larger than normal salary increases to bring long-term employees up to market with new employees that were placed in at higher rates during the wage freeze.

**Coconino County Community College District  
Required Supplementary Information  
Postemployment Health Care Benefits  
Schedule of Funding Progress  
June 30, 2016**

Actuarial Valuation Date (8)	Fiscal Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability Entry Age (1)	Unfunded Actuarial Accrued Liability (3)	Funded Ratio (2)	Covered Payroll	Actuarial Liability as a Percentage of Covered Payroll
(4) 7/1/2012	2012	-	\$ 742,389	\$ 742,389	0.00	\$ 6,383,803	11.63 %
(5) 7/1/2014	2014	-	661,332	661,332	0.00	7,354,691	8.99
(6) 7/1/2016	2016	-	608,813	608,813	0.00	6,263,834	9.72

**Notes:**

- (1) The Entry Age Actuarial Cost Method is used to determine the Plan's funding requirements.
- (2) The percentage funded is derived by dividing the actuarial value of plan assets by the actuarial accrued liability.
- (3) The unfunded actuarial accrued liability is the actuarial accrued liability minus the actuarial value of plan assets.
- (4) Based on data from an actuarial valuation report as of July 1, 2012, dated August 24, 2012.
- (5) Based on data from an actuarial valuation report as of July 1, 2014, dated October 7, 2014.
- (6) Based on data from an actuarial valuation report as of July 1, 2016, dated November 14, 2016.
- (7) For the purposes of GASB Statement 45, the District performs actuarial valuations once every two years.

Isolated analysis of the dollar amounts of the actuarial value of assets, actuarial liability, and unfunded actuarial accrued liability can be misleading.

Expressing the actuarial value of assets as a percentage of the actuarial liability provides one indication of the Plan's funding status on a going-concern basis. Analysis of the percentage over time indicates whether the Plan is becoming financially stronger or weaker. Generally, the greater the percentage, the stronger the plan.

# Statistical Section

This section of the Coconino County Community College District's (the District) comprehensive annual financial report presents detailed information as a context for further understanding of the information in the financial statements and note disclosures.

## **Financial Trends**

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

## **Revenue Capacity**

These schedules contain information to help the reader assess the District's significant revenue sources.

## **Debt Capacity**

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

## **Demographic and Economic Information**

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

## **Operating Information**

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





**Coconino County Community College District**  
**Net Position by Component**  
**Last Ten Fiscal Years**

(dollars in thousands)

	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Net investment in capital assets	\$ 17,183	\$ 16,067	\$ 15,243	\$ 14,266	\$ 14,062	\$ 13,113	\$ 12,310	\$ 10,996	\$ 10,597	\$ 10,372
Restricted - expendable	-	123	236	383	525	509	1,960	2,780	3,056	2,739
Unrestricted	<u>9,551</u>	<u>5,504</u>	<u>15,510</u>	<u>14,808</u>	<u>13,300</u>	<u>11,916</u>	<u>7,912</u>	<u>5,932</u>	<u>4,626</u>	<u>4,442</u>
Total primary government net position	<u>\$ 26,734</u>	<u>\$ 21,694</u>	<u>\$ 30,989</u>	<u>\$ 29,457</u>	<u>\$ 27,887</u>	<u>\$ 25,538</u>	<u>\$ 22,182</u>	<u>\$ 19,708</u>	<u>\$ 18,279</u>	<u>\$ 17,553</u>

Source: Comprehensive Annual Financial Report for the fiscal years presented.

**Coconino County Community College District**  
**Revenues by Source**  
**Last Ten Fiscal Years**

(dollars in thousands)

	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Tuition and fees (net of scholarship allowance)	\$ 6,434	\$ 5,999	\$ 5,825	\$ 5,720	\$ 6,163	\$ 6,011	\$ 5,181	\$ 4,970	\$ 4,340	\$ 4,286
Private contracts	158	172	230	260	405	248	188	154	195	212
Bookstore income	96	111	110	107	118	93	86	76	76	56
Auxiliary enterprises	25	23	32	30	28	32	26	24	31	22
Other operating revenues	211	202	173	187	193	197	195	142	148	139
Total operating revenues	<u>6,924</u>	<u>6,507</u>	<u>6,370</u>	<u>6,304</u>	<u>6,907</u>	<u>6,581</u>	<u>5,676</u>	<u>5,366</u>	<u>4,790</u>	<u>4,715</u>
Property taxes	9,347	9,147	8,822	8,666	8,624	8,434	8,341	8,241	7,787	7,620
State appropriations	2,194	2,203	1,988	1,848	1,836	2,679	2,679	2,994	3,335	3,322
Government grants and contracts	5,122	5,832	5,877	5,757	6,595	6,272	6,212	4,480	3,152	3,080
Share of state sales taxes	458	444	411	1,397	386	383	377	404	454	456
Investment earnings	210	152	157	220	267	249	278	411	508	414
Other nonoperating revenues	303	233	243	166	99	230	-	14	-	-
Total nonoperating revenues	<u>17,634</u>	<u>18,011</u>	<u>17,498</u>	<u>18,054</u>	<u>17,807</u>	<u>18,247</u>	<u>17,887</u>	<u>16,544</u>	<u>15,236</u>	<u>14,892</u>
Total revenues before other revenues and gains	<u>\$ 24,558</u>	<u>\$ 24,518</u>	<u>\$ 23,868</u>	<u>\$ 24,358</u>	<u>\$ 24,714</u>	<u>\$ 24,828</u>	<u>\$ 23,563</u>	<u>\$ 21,910</u>	<u>\$ 20,026</u>	<u>\$ 19,607</u>

(percent of total revenues)

	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Tuition and fees (net of scholarship allowance)	26.2 %	24.5 %	24.4 %	23.5 %	24.9 %	24.2 %	22.0 %	22.7 %	21.7 %	21.9 %
Private contracts	0.6	0.7	1.0	1.1	1.6	1.0	0.8	0.7	0.9	1.0
Bookstore income	0.4	0.5	0.5	0.4	0.5	0.4	0.4	0.3	0.4	0.3
Auxiliary enterprises	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1
Other operating revenues	0.9	0.8	0.7	0.8	0.8	0.8	0.8	0.6	0.7	0.7
Total operating revenues	<u>28.2</u>	<u>26.6</u>	<u>26.7</u>	<u>25.9</u>	<u>27.9</u>	<u>26.5</u>	<u>24.1</u>	<u>24.4</u>	<u>23.9</u>	<u>24.0</u>
Property taxes	38.1	37.3	37.0	35.6	34.9	34.0	35.4	37.6	38.9	38.9
State appropriations	8.9	9.0	8.3	7.6	7.4	10.8	11.4	13.7	16.7	16.9
Government grants and contracts	20.9	23.8	24.6	23.6	26.7	25.3	26.3	20.5	15.7	15.8
Share of state sales taxes	1.9	1.8	1.7	5.7	1.6	1.5	1.6	1.8	2.3	2.3
Investment earnings	0.8	0.6	0.7	0.9	1.1	1.0	1.2	1.9	2.5	2.1
Other nonoperating revenues	1.2	0.9	1.0	0.7	0.4	0.9	0.0	0.1	0.0	0.0
Total nonoperating revenues	<u>71.8</u>	<u>73.4</u>	<u>73.3</u>	<u>74.1</u>	<u>72.1</u>	<u>73.5</u>	<u>75.9</u>	<u>75.6</u>	<u>76.1</u>	<u>76.0</u>
Total revenues	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Source: Comprehensive Annual Financial Report for the fiscal years presented, as reclassified in (2) and (3).

(1) The District received \$1,000,000 from share of state sales taxes for deferred maintenance in fiscal year 2012-13

(2) Government grants and contracts were reclassified to nonoperating revenues in fiscal year 2007-08. For comparability purposes, prior years have been reclassified.

(3) General obligation bonds were refunded in fiscal year 2008-2009.

(4) Other nonoperating revenues resulted from a reclassification of in-lieu and property excise tax from "property taxes" to "other nonoperating revenues."

**Coconino County Community College District  
Expenses by Program and Function  
Last Ten Fiscal Years**

(dollars in thousands)

	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Instruction	\$ 5,312	\$ 5,892	\$ 7,012	\$ 6,969	\$ 7,288	\$ 6,658	\$ 6,765	\$ 6,981	\$ 6,916	\$ 6,564
Public service	35	128	188	278	290	284	182	139	143	113
Academic support	2,834	2,748	2,133	1,530	1,807	1,582	1,807	2,289	2,367	2,118
Student services	2,461	2,433	2,297	2,058	1,997	1,771	1,685	1,696	1,610	1,540
Institutional support	3,386	4,054	4,594	4,625	4,199	3,940	3,791	4,129	3,838	3,614
Operation and maintenance of plant	1,600	1,818	1,610	1,783	1,627	1,553	1,521	1,590	1,495	1,280
Scholarships	2,375	2,598	2,826	3,193	3,454	3,988	3,690	1,701	1,376	1,321
Auxiliary enterprises	39	44	43	48	39	33	25	20	33	28
Depreciation	1,196	1,171	1,159	1,152	1,176	1,170	1,104	1,080	1,041	1,061
Total operating expenses	<u>19,238</u>	<u>20,886</u>	<u>21,862</u>	<u>21,636</u>	<u>21,877</u>	<u>20,979</u>	<u>20,570</u>	<u>19,625</u>	<u>18,819</u>	<u>17,639</u>
Interest expense on debt	280	332	473	430	462	493	519	996	905	958
Loss on disposal of capital assets	-	27	-	722	27	-	-	-	-	-
Total nonoperating expenses	<u>280</u>	<u>359</u>	<u>473</u>	<u>1,152</u>	<u>489</u>	<u>493</u>	<u>519</u>	<u>996</u>	<u>905</u>	<u>958</u>
Total expenses	<u>\$ 19,518</u>	<u>\$ 21,245</u>	<u>\$ 22,335</u>	<u>\$ 22,788</u>	<u>\$ 22,366</u>	<u>\$ 21,472</u>	<u>\$ 21,089</u>	<u>\$ 20,621</u>	<u>\$ 19,724</u>	<u>\$ 18,597</u>

(percent of total expenses)

	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Instruction	27.2 %	27.7 %	31.4 %	30.6 %	32.6 %	31.0 %	32.0 %	34.0 %	35.0 %	35.2 %
Public service	0.2	0.6	0.8	1.2	1.3	1.3	0.9	0.7	0.7	0.6
Academic support	14.5	12.9	9.5	6.7	8.1	7.4	8.6	11.1	12.0	11.4
Student services	12.6	11.5	10.3	9.0	8.9	8.2	8.0	8.2	8.2	8.3
Institutional support	17.4	19.1	20.6	20.3	18.8	18.4	18.0	20.0	19.4	19.4
Operation and maintenance of plant	8.2	8.6	7.2	7.8	7.3	7.2	7.2	7.7	7.6	6.9
Scholarships	12.2	12.2	12.7	14.0	15.4	18.6	17.5	8.2	7.0	7.1
Auxiliary enterprises	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.2
Depreciation	6.1	5.5	5.2	5.1	5.2	5.4	5.2	5.2	5.3	5.7
Total operating expenses	<u>98.6</u>	<u>98.3</u>	<u>97.9</u>	<u>94.9</u>	<u>97.8</u>	<u>97.7</u>	<u>97.5</u>	<u>95.2</u>	<u>95.4</u>	<u>94.8</u>
Interest expense on debt	1.4	1.6	2.1	1.9	2.1	2.3	2.5	4.8	4.6	5.2
Loss on disposal of capital assets	-	0.1	-	3.2	0.1	-	-	-	-	-
Total nonoperating expenses	<u>1.4</u>	<u>1.7</u>	<u>2.1</u>	<u>5.1</u>	<u>2.2</u>	<u>2.3</u>	<u>2.5</u>	<u>4.8</u>	<u>4.6</u>	<u>5.2</u>
Total expenses	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Source: Comprehensive Annual Financial Report for the fiscal years presented.

**Coconino County Community College District**  
**Expenses by Natural Classification**  
**Last Ten Fiscal Years**

(dollars in thousands)

	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Compensation and benefits	\$ 11,586	\$ 12,652	\$ 13,145	\$ 13,061	\$ 12,758	\$ 12,040	\$ 11,931	\$ 12,443	\$ 12,207	\$ 11,776
Contract services	1,649	1,748	2,145	1,597	1,986	1,528	1,627	1,800	1,473	1,086
Supplies and other services	867	1,073	974	1,085	899	831	808	960	1,126	785
Annual fixed charges	803	781	798	741	800	650	654	769	644	697
Communication and utilities	524	540	508	561	553	517	565	664	659	628
Travel	207	209	180	178	173	160	130	131	234	195
Scholarships	2,376	2,607	2,849	3,210	3,467	3,988	3,690	1,703	1,376	1,321
Depreciation	1,196	1,171	1,159	1,152	1,176	1,170	1,104	1,080	1,040	1,061
Other	30	105	104	51	65	95	61	75	60	90
Total operating expenses	<u>19,238</u>	<u>20,886</u>	<u>21,862</u>	<u>21,636</u>	<u>21,877</u>	<u>20,979</u>	<u>20,570</u>	<u>19,625</u>	<u>18,819</u>	<u>17,639</u>
Interest expense on debt	280	332	473	430	462	493	519	996	905	958
Loss on disposal of capital assets	-	27	-	722	27	-	-	-	-	-
Total nonoperating expenses	<u>280</u>	<u>359</u>	<u>473</u>	<u>1,152</u>	<u>489</u>	<u>493</u>	<u>519</u>	<u>996</u>	<u>905</u>	<u>958</u>
Total expenses	<u>\$ 19,518</u>	<u>\$ 21,245</u>	<u>\$ 22,335</u>	<u>\$ 22,788</u>	<u>\$ 22,366</u>	<u>\$ 21,472</u>	<u>\$ 21,089</u>	<u>\$ 20,621</u>	<u>\$ 19,724</u>	<u>\$ 18,597</u>

(percent of total expenses)

	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Compensation and benefits	59.4 %	59.5 %	58.8 %	57.3 %	57.0 %	56.1 %	56.6 %	60.4 %	61.8 %	63.4 %
Contract services	8.4	8.2	9.6	7.0	8.9	7.1	7.7	8.7	7.5	5.8
Supplies and other services	4.4	5.1	4.4	4.8	4.0	3.9	3.8	4.7	5.7	4.2
Annual fixed charges	4.1	3.7	3.6	3.2	3.6	3.0	3.1	3.7	3.3	3.7
Communication and utilities	2.7	2.5	2.3	2.5	2.5	2.4	2.7	3.2	3.3	3.4
Travel	1.1	1.0	0.8	0.8	0.8	0.8	0.6	0.6	1.2	1.0
Scholarships	12.2	12.3	12.7	14.1	15.5	18.6	17.5	8.3	7.0	7.1
Depreciation	6.1	5.5	5.2	5.0	5.2	5.4	5.2	5.2	5.3	5.7
Other	0.2	0.5	0.5	0.2	0.3	0.4	0.3	0.4	0.3	0.5
Total operating expenses	<u>98.6</u>	<u>98.3</u>	<u>97.9</u>	<u>94.9</u>	<u>97.8</u>	<u>97.7</u>	<u>97.5</u>	<u>95.2</u>	<u>95.4</u>	<u>94.8</u>
Interest expense on debt	1.4	1.6	2.1	1.9	2.1	2.3	2.5	4.8	4.6	5.2
Loss on disposal of capital assets	-	0.1	-	3.2	0.1	-	-	-	-	-
Total nonoperating expenses	<u>1.4</u>	<u>1.7</u>	<u>2.1</u>	<u>5.1</u>	<u>2.2</u>	<u>2.3</u>	<u>2.5</u>	<u>4.8</u>	<u>4.6</u>	<u>5.2</u>
Total expenses	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Source: Comprehensive Annual Financial Report for the fiscal years presented.

**Coconino County Community College District**  
**Other Changes in Net Position**  
**Last Ten Fiscal Years**

(dollars in thousands)

	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Income (loss) before other revenues, expenses, gains, or losses	\$ 5,040	\$ 3,273	\$ 1,532	\$ 1,570	\$ 2,348	\$ 3,356	\$ 2,474	\$ 1,289	\$ 302	\$ 1,010
Capital appropriations	-	-	-	-	-	-	-	-	424	421
Capital gifts	-	-	-	-	-	-	-	140	-	-
Total change in net position	<u>\$ 5,040</u>	<u>\$ 3,273</u>	<u>\$ 1,532</u>	<u>\$ 1,570</u>	<u>\$ 2,348</u>	<u>\$ 3,356</u>	<u>\$ 2,474</u>	<u>\$ 1,429</u>	<u>\$ 726</u>	<u>\$ 1,431</u>

Source: Comprehensive Annual Financial Report for the fiscal years presented.

**Coconino County Community College District  
Higher Learning Commission Financial Ratios  
Last Ten Fiscal Years**

	<u>2015-16</u>	<u>2014-15</u> (7)	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
(1) Primary Reserve Ratio	(6)	0.29	0.70	0.68	0.63	0.60	0.41	0.31	0.27	0.28
(2) Net Operating Revenues	(6)	0.15	0.08	0.11	0.11	0.13	0.10	0.06	0.00	0.04
(3) Viability Ratio	(6)	2.84	1.92	1.56	1.23	0.88	0.54	0.38	0.29	0.27
(4) Return on Net Asset Ratio	(6)	0.11	0.05	0.06	0.08	0.14	0.12	0.07	0.03	0.07
(5) Composite Financial Index	(6)	6.70	4.60	4.50	4.30	4.70	3.50	2.60	1.20	2.30

- (1) The Primary reserve ratio is a measure of how long the institution could operate using its expendable reserves. The benchmark is 0.40
- (2) The Net Operating Revenue Ratio measures if operating activities provided a surplus or a deficit. The benchmark is 0.02
- (3) The Viability Ratio measures the availability of expendable net assets to pay off debt at any point in time. The benchmark is 1.25
- (4) The Return on Net Asset Ratio is a measure of the total return on investment of net assets for the year. The benchmark is 0.06
- (5) The Composite Financial Index is a weighted average score to determine the overall financial health of an organization. This score must be above 1.1 to avoid a potential HLC review. The benchmark is 3.0
- (6) Information not available
- (7) For 2014-15, ratios are presented net of GASB 68 adjustments.

**Coconino County Community College District  
Expenditure Limitation - Statutory Limit to Budgeted Expenditures  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Statutory Expenditure Limitation</b>	<b>(1)</b>	<b>Budgeted Expenditures Subject to the Limitation</b>	<b>(2)</b>	<b>Unused Legal Limit</b>
2007	\$ 13,231,427		\$ 13,231,426		\$ 1
2008	13,287,083		13,287,082		1
2009	12,957,557		12,957,556		1
2010	14,146,598		14,146,597		1
2011	16,038,742		14,585,517		1,453,225
2012	15,833,517		15,500,935		332,582
2013	15,525,510		15,525,509		1
2014	14,735,451		11,792,201		2,943,250
2015	14,596,198		14,596,197		1
2016	14,811,935		14,416,789		395,146

Source: District records.

- (1) The Statutory Expenditure Limitation is calculated by the Arizona Department of Revenue Economic Estimates Commission and applies to Current Funds (General, Auxiliary Enterprises, and Restricted) and Plant Funds (Unexpended and Retirement of Indebtedness).
- (2) Budgeted expenditures are net of allowable exclusions.

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

<b>Fiscal Year</b>	<b>Total Tax Levy (1)</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2007	\$ 7,360,865	\$ 7,240,945	98.37 %	\$ 118,970	\$ 7,359,915	99.99 %
2008	7,622,878	7,450,465	97.74	170,974	7,621,439	99.98
2009	8,199,758	7,942,306	96.86	255,069	8,197,375	99.97
2010	8,147,361	7,926,032	97.28	218,620	8,144,652	99.97
2011	8,387,548	8,073,310	96.25	304,666	8,377,976	99.89
2012	8,548,052	8,314,386	97.27	214,916	8,529,302	99.78
2013	8,588,079	8,391,991	97.72	174,522	8,566,513	99.75
2014	8,927,937	8,755,919	98.07	142,977	8,898,896	99.67
2015	9,171,612	8,937,745	97.45	200,020	9,137,765	99.63
2016	9,390,999	9,187,297	97.83	-	9,187,297	97.83

**Source:** Coconino County Treasurer's Office and District records.

(1) Tax levy is based on the levy limits of the calendar year at June 30. Amounts represent adjusted tax levy for each year as of June 30, 2016.

(2) Cash basis; excludes payments in lieu of taxes.



**Coconino County Community College District**  
**Assessed Value, Net Assessed Value and Total Value**  
**of All Taxable Property**  
**Last Ten Tax Years**  
**(dollars in thousands)**

Tax Year		Assessed Value						Enterprise Zone (2)
		Utilities	Commercial	Vacant/ Agriculture	Residential	Railroads	Historic	
2006	Primary	\$ 235,209	\$ 343,392	\$ 229,727	\$ 662,437	\$ 21,050	\$ 1,062	\$ 115
2006	Secondary	235,209	369,659	265,428	709,899	22,105	1,165	526
2007	Primary	236,638	371,049	262,501	757,337	17,520	1,160	130
2007	Secondary	236,638	411,811	331,057	886,140	19,133	1,322	595
2008	Primary	239,843	397,175	299,266	875,050	17,392	1,231	146
2008	Secondary	239,843	442,124	402,069	1,103,234	19,301	1,453	640
2009	Primary	248,299	407,295	330,841	987,455	14,955	1,292	182
2009	Secondary	248,299	444,948	434,785	1,174,036	17,239	1,529	802
2010	Primary	275,480	404,652	341,972	1,072,490	14,315	1,953	224
2010	Secondary	275,480	427,513	397,449	1,134,935	16,755	2,157	941
2011	Primary	235,287	402,970	336,997	973,394	15,701	1,936	474
2011	Secondary	235,287	410,962	354,772	980,209	17,272	2,076	863
2012	Primary	234,448	391,280	315,866	944,927	18,779	1,969	-
2012	Secondary	234,448	393,752	322,418	947,568	19,096	2,017	-
2013	Primary	226,361	353,390	284,788	792,746	19,977	1,543	-
2013	Secondary	226,361	355,756	292,369	798,200	20,143	1,547	-
2014	Primary	234,528	328,415	270,212	816,384	21,883	1,463	-
2014	Secondary	234,528	331,747	276,129	827,352	22,063	1,473	-
2015	Primary	231,359	327,798	267,556	856,645	20,898	1,310	-
2015	Secondary	231,359	336,561	279,644	901,974	21,222	1,321	-

		Assessed Value					Total Direct Tax Rate	Total Value (1)	Total Net Assessed Value as a Percent of Total Value
		Environmental Technology	Certain Improvements on Government Property	Total Assessed Value	Less: Exempt Property	Net Assessed Value			
2006	Primary	\$ 2,013	\$ 125	\$ 1,495,130	\$ 127,167	\$ 1,367,963	0.3920	\$ 10,583,070	12.93 %
2006	Secondary	2,094	133	1,606,218	132,875	1,473,343	0.1349	11,396,634	12.93
Total weighted direct tax rate							0.2587		
2007	Primary	2,206	131	1,648,672	134,414	1,514,258	0.3717	11,900,974	12.72
2007	Secondary	2,322	131	1,889,149	144,327	1,744,822	0.1148	13,799,611	12.64
Total weighted direct tax rate							0.2342		
2008	Primary	2,306	129	1,832,538	144,355	1,688,183	0.3652	13,552,305	12.46
2008	Secondary	2,417	129	2,211,210	153,731	2,057,479	0.0991	16,687,281	12.33
Total weighted direct tax rate							0.2190		
2009	Primary	2,578	131	1,993,027	152,252	1,840,775	0.3369	15,087,936	12.20
2009	Secondary	2,629	131	2,324,397	168,546	2,155,851	0.0898	17,790,932	12.12
Total weighted direct tax rate							0.2036		
2010	Primary	976	28	2,112,091	161,492	1,950,598	0.3352	16,230,436	12.02
2010	Secondary	994	28	2,256,252	172,336	2,083,916	0.0956	17,326,884	12.03
Total weighted direct tax rate							0.2114		
2011	Primary	2,867	133	1,969,759	158,736	1,811,023	0.3649	15,229,795	11.89
2011	Secondary	2,867	133	2,004,441	164,302	1,840,139	0.1085	15,460,397	11.90
Total weighted direct tax rate							0.2357		
2012	Primary	2,143	145	1,909,557	159,230	1,750,327	0.3875	13,456,101	13.01
2012	Secondary	2,143	145	1,921,587	162,023	1,759,564	0.1052	13,536,087	13.00
Total weighted direct tax rate							0.2460		
2013	Primary	1,996	155	1,680,956	159,464	1,521,492	0.4636	12,899,534	11.79
2013	Secondary	2,008	159	1,696,543	166,194	1,530,349	0.1243	13,015,348	11.76
Total weighted direct tax rate							0.2935		
2014	Primary	1,956	165	1,695,413	163,285	1,532,128	0.4788	13,037,432	11.75
2014	Secondary	1,959	169	1,675,013	168,393	1,506,620	0.1268	13,203,352	11.41
Total weighted direct tax rate							0.3043		
2015	Primary	1,842	223	1,707,631	169,278	1,538,353	0.4864	13,486,314	11.41
2015	Secondary	1,849	231	1,774,161	173,903	1,600,258	0.1241	14,065,840	11.38
Total weighted direct tax rate							0.3017		

Source: Coconino County Assessor's Office.

Note: Figures are not broken out between secured and unsecured. Primary assessed values are used to determine primary levy for maintenance and operations; secondary assessed values are used to determine secondary levy for general obligation bond debt service.

(1) Primary = Total Limited Property Value at abstract date.  
Secondary = Total Full Cash Value at abstract date.

(2) Enterprise Zone sunset adopted per HB2001

**Coconino County Community College District  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Tax Years  
(Per \$100 Assessed Valuation)**

Tax Year	Coconino County Community College District			Coconino County (1)	State Education Equalization	Cities or Fire Districts	School Districts	Joint Technology Districts
	Primary Levy	Secondary Levy	Total					
2006	\$ 0.3920	\$ 0.1349	\$ 0.5269	\$ 0.7521	\$ -	\$0.47 - \$3.00	\$1.74 - \$9.46	\$ 0.05
2007	0.3717	0.1148	0.4865	0.7588	-	0.41 - 3.00	1.60 - 9.90	0.05
2008	0.3652	0.0991	0.4643	0.7603	-	0.41 - 2.75	1.46 - 10.99	0.05
2009	0.3369	0.0898	0.4267	0.7244	0.3306	0.30 - 3.00	1.37 - 9.94	0.05
2010	0.3352	0.0956	0.4308	0.9745	0.3564	0.27 - 3.00	1.45 - 8.45	0.05
2011	0.3649	0.1085	0.4734	1.0156	0.4259	0.27 - 3.25	1.77 - 8.59	0.05
2012	0.3875	0.1052	0.4927	1.0347	0.4717	0.30 - 3.25	1.96 - 10.70	0.05
2013	0.4636	0.1243	0.5879	1.1522	0.5123	0.35 - 3.25	2.13 - 11.95	0.05
2014	0.4788	0.1268	0.6056	1.1702	0.5089	0.40 - 3.25	2.11 - 13.08	0.05
2015	0.4864	0.1241	0.6105	1.1791	0.5054	0.60 - 3.25	2.10 - 13.32	0.05

**2015 Tax Rates (Special Districts) (2)**

Hospital Districts	\$0.96 - \$1.00
Domestic Water Districts	1.65
Flood Control (3)	0.4
Williams Facilities District	0.47

Source: Coconino County Office of Planning and Budget.

- (1) Coconino County applies to the General Fund, Library District, Fire District Assistance Tax, and Public Health Services District Assistance Funds.  
(2) Special District boundaries lie within the total boundary of the Coconino Community College District, but are not district-wide.  
(3) Flood Control District applies to all property outside the cities of Flagstaff, Page and Fredonia.

**Coconino County Community College District**  
**Principal Taxpayers**  
**Current Year and Ten Years Ago**

Taxpayer	Type of Business	2016				2007			
		Secondary Assessed Value	Rank	Percentage of District's Total		Secondary Assessed Value	Rank	Percentage of District's Total	
				Secondary Assessed Value				Secondary Assessed Value	
Arizona Public Service Company	Utility	\$ 79,073,105	1	4.94%		\$ 71,962,023	1	4.88%	
Transwestern Pipeline Co	Utility	22,673,775	2	1.42%		21,677,980	4	1.47%	
BNSF Railway Company	Railroad	19,660,790	3	1.23%		18,591,689	6	1.26%	
Unisource Energy Corporation	Utility	18,995,903	4	1.19%		19,137,653	5	1.30%	
W.L. Gore & Associates Inc	Manufacturing	16,875,375	5	1.05%		*			
City of Los Angeles Department of Water & Power	Utility	16,628,776	6	1.04%		18,009,471	7	1.22%	
Kinder Morgan	Utility	14,508,410	7	0.91%		*			
Nevada Power Company	Utility	10,022,570	8	0.63%		*			
Qwest Corporation	Utility	5,934,692	9	0.37%		16,164,883	10	1.10%	
Red Feather Properties LTD	Hospitality	2,705,705	10	0.17%		*			
Nestle Purina Petcare Company	Commercial	*				46,424,910	2	3.15%	
Walgreens	Commercial	*				26,158,560	3	1.78%	
El Paso Natural Gas Co	Utility	*				17,936,896	8	1.22%	
Aramark Sports and Entertainment	Commercial	*				16,627,294	9	1.13%	
Total Principal Taxpayers		<u>\$ 207,079,101</u>		<u>12.94%</u>		<u>\$ 272,691,359</u>		<u>18.51%</u>	
Secondary Assessed Value		<u>\$ 1,600,258,450</u>		<u>100.00%</u>		<u>\$ 1,473,342,694</u>		<u>100.00%</u>	

Source: Coconino County Assessor (2016) & Arizona Department of Revenue (2007).

\* Taxpayers did not fall within the top 10 for the year identified.

**Coconino County Community College District  
Historic General Resident Tuition  
Last Ten Fiscal Years**

District Historic Tuition (1)				
Fiscal Year	General Tuition Per Credit Hour (2)	Annual Cost Per Full-time Student	Increase (Decrease)	
			Dollars	Percent
2006-07	\$ 58.00	\$ 1,392.00	\$ 48.00	3.6 %
2007-08 (3)	62.00	1,612.00	220.00	15.8
2008-09	70.00	1,820.00	208.00	12.9
2009-10 (4)	70.00	2,100.00	280.00	15.4
2010-11	80.00	2,400.00	300.00	14.3
2011-12	83.00	2,490.00	90.00	3.8
2012-13	85.00	2,550.00	60.00	2.4
2013-14	87.00	2,610.00	60.00	2.4
2014-15	89.00	2,670.00	60.00	2.3
2015-16 (5)	92.00	2,760.00	90.00	3.4

National and Statewide Comparisons (Based on Full-time Enrollment for the Academic Year)						
Fiscal Year	Arizona Public 2-year Institution Average (6)		National Public 2-year Institution Average (6)		Arizona Universities Average (6)	
	Annual Cost	Percent Change	Annual Cost	Percent Change	Annual Cost	Percent Change
2006-07	\$ 1,451	8.0 %	\$ 2,017	4.2 %	\$ 4,662	5.3 %
2007-08	1,475	1.7	2,061	2.2	4,949	6.2
2008-09	1,546	4.8	2,068	0.3	5,276	6.6
2009-10	1,586	2.6	2,189	5.9	6,210	17.7
2010-11	1,648	3.9	2,331	6.5	7,457	20.1
2011-12	1,782	8.1	2,513	7.8	8,527	14.3
2012-13	2,170	21.8	3,131	24.6	9,350	9.7
2013-14	2,288	5.4	3,264	4.2	10,301	10.2
2014-15	2,438	12.4	3,347	6.9	10,398	11.2
2015-16	2,480	8.4	3,435	5.2	10,650	3.4

(1) District records.

(2) Does not include a \$5 technology fee per credit hour that was instituted in FY2009.

(3) In fiscal year 2007-08, the District raised the low end of the tuition plateau from 12 to 13 credit hours.

(4) In fiscal year 2009-10, the District raised the low end of the tuition plateau from 13 to 15 credit hours.

(5) Does not include a \$7 technology fee per credit hour that was increased in FY2016.

(6) Collegeboard.org

**Coconino County Community College District  
Computation of Legal Debt Margin  
Last Ten Fiscal Years**

	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
Secondary Assessed Value of Real and Personal Property	<u>\$ 1,600,258,450</u>	<u>\$ 1,527,026,413</u>	<u>\$ 1,530,349,256</u>	<u>\$ 1,759,564,000</u>	<u>\$ 1,840,139,122</u>
Debt Limit, 15% of Secondary Assessed Value	<u>\$ 240,038,768</u>	<u>\$ 229,053,962</u>	<u>\$ 229,552,388</u>	<u>\$ 263,934,600</u>	<u>\$ 276,020,868</u>
Amount of Debt Applicable to Debt Limit:					
General Obligation Bonded Debt	<u>5,990,000</u>	<u>7,775,000</u>	<u>9,465,000</u>	<u>11,085,000</u>	<u>12,630,000</u>
Total Debt Applicable to the Limit	<u>5,990,000</u>	<u>7,775,000</u>	<u>9,465,000</u>	<u>11,085,000</u>	<u>12,630,000</u>
Legal Debt Margin	<u>\$ 234,048,768</u>	<u>\$ 221,278,962</u>	<u>\$ 220,087,388</u>	<u>\$ 252,849,600</u>	<u>\$ 263,390,868</u>
	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Secondary Assessed Value of Real and Personal Property	<u>\$ 2,083,915,983</u>	<u>\$ 2,155,851,009</u>	<u>\$ 2,057,478,154</u>	<u>\$ 1,744,822,563</u>	<u>\$ 1,473,342,694</u>
Debt Limit, 15% of Secondary Assessed Value	<u>\$ 312,587,397</u>	<u>\$ 323,377,651</u>	<u>\$ 308,621,723</u>	<u>\$ 261,723,384</u>	<u>\$ 221,001,404</u>
Amount of Debt Applicable to Debt Limit:					
General Obligation Bonded Debt	<u>14,115,000</u>	<u>15,535,000</u>	<u>16,900,000</u>	<u>18,320,000</u>	<u>19,425,000</u>
Total Debt Applicable to the Limit	<u>14,115,000</u>	<u>15,535,000</u>	<u>16,900,000</u>	<u>18,320,000</u>	<u>19,425,000</u>
Legal Debt Margin	<u>\$ 298,472,397</u>	<u>\$ 307,842,651</u>	<u>\$ 291,721,723</u>	<u>\$ 243,403,384</u>	<u>\$ 201,576,404</u>

Source: District records.

**Coconino County Community College District  
Computation of Direct and Overlapping Bonded Debt  
General Obligation Bonds  
June 30, 2016**

**Direct Debt:**

Coconino County Community College District	\$ 5,990,000
	<hr/>
Net general obligation debt	5,990,000

**Overlapping Debt:**

City of Flagstaff	39,683,353
Flagstaff Unified School District #1	30,200,000
Page Unified School District #8	1,855,000
Sedona-Oak Creek Unified School District #9	11,749,166
	<hr/>
Overlapping debt	83,487,519
	<hr/>
Total direct general obligation and overlapping debt	\$ 89,477,519
	<hr/> <hr/>

Source: RBC Capital Markets

Note: All jurisdictions are within the boundaries of the District.

**Coconino County Community College District  
General Obligation Bond Coverage  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Secondary Property Tax Revenues (cash basis)</b>	<b>Debt Service Requirements</b>			<b>Coverage Ratio</b>
		<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2006-07	\$ 1,990,513	\$ 1,030,000	\$ 958,055	\$ 1,988,055	1.00 %
2007-08	2,018,822	1,105,000	898,830	2,003,830	1.01
2008-09	2,017,104	1,420,000	139,659 (1)	1,559,659	1.29
2009-10	1,985,791	1,365,000	514,086	1,879,086	1.06
2010-11	1,938,720	1,420,000	489,471	1,909,471	1.02
2011-12	1,928,151	1,485,000	460,662	1,945,662	0.99
2012-13	1,799,284	1,545,000	430,536	1,975,536	0.91
2013-14	1,863,501	1,620,000	473,431	2,093,431	0.89
2014-15	1,922,564	1,690,000	331,951	2,021,951	0.95
2015-16	1,911,175	1,785,000	279,840	2,064,840	0.93

Source: District records.

(1) Bond refinancing resulted in lower interest payments.

**Coconino County Community College District**

**Ratios of Outstanding Debt**

**Last Ten Fiscal Years**

(dollars in thousands, except "per capita" and "per student")

	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
<b>General Bonded Debt</b>										
General obligation bonds	\$ 5,990	\$ 7,775	\$ 9,465	\$ 11,085	\$ 12,630	\$ 14,115	\$ 15,535	\$ 16,900	\$ 18,320	\$ 19,425
Total general bonded debt	<u>5,990</u>	<u>7,775</u>	<u>9,465</u>	<u>11,085</u>	<u>12,630</u>	<u>14,115</u>	<u>15,535</u>	<u>16,900</u>	<u>18,320</u>	<u>19,425</u>
Per capita	\$ 42.80	\$ 56.47	\$ 69.32	\$ 81.50	\$ 93.90	\$ 105.01	\$ 119.64	\$ 131.46	\$ 143.86	\$ 154.21
Per student	\$ 2,984.55	\$ 3,764.22	\$ 4,524.81	\$ 5,279.58	\$ 5,361.92	\$ 5,885.17	\$ 6,579.84	\$ 7,947.33	\$ 9,214.36	\$ 9,465.45
As a percentage of personal income	(5)	0.14%	0.19%	0.23%	0.27%	0.30%	0.35%	0.38%	0.45%	0.51%
As a percentage of secondary net assessed valuation	0.37%	0.51%	0.62%	0.63%	0.69%	0.68%	0.72%	0.82%	1.05%	1.32%
<b>Other Debt</b>										
Installment purchase contract	-	-	-	-	-	-	-	-	197	-
Capital lease	-	-	-	-	-	41	72	102	131	-
Total other debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>72</u>	<u>102</u>	<u>328</u>	<u>-</u>
Total outstanding debt	<u>\$ 5,990</u>	<u>\$ 7,775</u>	<u>\$ 9,465</u>	<u>\$ 11,085</u>	<u>\$ 12,630</u>	<u>\$ 14,156</u>	<u>\$ 15,607</u>	<u>\$ 17,002</u>	<u>\$ 18,648</u>	<u>\$ 19,425</u>
Per capita	\$ 42.80	\$ 56.47	\$ 69.32	\$ 81.50	\$ 93.90	\$ 105.31	\$ 120.19	\$ 132.25	\$ 146.43	\$ 154.21
Per student	\$ 2,984.55	\$ 3,764.22	\$ 4,524.81	\$ 5,279.58	\$ 5,361.92	\$ 5,902.27	\$ 6,610.33	\$ 7,995.30	\$ 9,379.34	\$ 9,465.45
As a percentage of personal income	(5)	0.14%	0.19%	0.23%	0.27%	0.30%	0.35%	0.39%	0.46%	0.51%
As a percentage of secondary net assessed valuation	0.37%	0.51%	0.62%	0.63%	0.69%	0.68%	0.72%	0.83%	1.07%	1.32%
Estimated County population (1)	139,937	137,682	136,539	136,011	134,511	134,421	129,849	128,558	127,350	125,966
Full Time Student Equivalent (2)	2,007.0	2,065.5	2,091.8	2,099.6	2,355.5	2,398.4	2,361.0	2,126.5	1,988.2	2,052.2
Personal Income (3)	(5)	\$ 5,399,899	\$4,906,294	\$ 4,735,934	\$ 4,620,811	\$ 4,725,407	\$ 4,481,137	\$ 4,408,897	\$ 4,056,682	\$ 3,797,409
Secondary Net Assessed Valuation (4)	\$ 1,600,258	\$ 1,527,026	\$ 1,530,349	\$ 1,759,564	\$ 1,840,139	\$ 2,083,915	\$ 2,155,851	\$ 2,057,478	\$ 1,744,823	\$ 1,473,343

(1) U.S.Census Bureau

(2) District records.

(3) U.S. Bureau of Economic Analysis.

(4) Coconino County Assessor.

(5) Not yet available.



**Coconino County Community College District  
Demographic and Economic Statistics - Coconino County  
Last Ten Calendar Years**

<b>Calendar Year</b>	<b>Population (1)</b>	<b>Personal Income (1) (dollars in thousands)</b>	<b>Personal Income per Capita (1)</b>	<b>Unemployment Rate (2)</b>	
2006	125,966	\$ 3,797,409	\$ 30,146	4.3	%
2007	127,350	4,056,682	31,855	3.6	
2008	128,558	4,408,897	34,295	5.4	
2009	129,849	4,481,137	34,510	8.5	
2010	134,421	4,725,407	35,154	9.7	
2011	134,511	4,620,811	34,353	9.2	
2012	136,011	4,735,934	34,820	8.1	
2013	136,539	4,906,294	35,933	7.7	
2014	137,682	5,399,899	39,220	7.2	
2015	139,097	(3)	(3)	6.2	

(1) U.S Department of Commerce Bureau of Economic Analysis & U. S. Department of Commerce

(2) Arizona Workforce Informer.

(3) Not yet available.

**Coconino County Community College District  
Principal Employers - Coconino County  
Current Year and Ten Years Ago**

Employer	2016 (1)			2007 (2)		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Northern Arizona University	2,815	1	4.7 %	3,778	1	5.9 %
Flagstaff Medical Center	2,300	2	3.8	1,985	2	3.1
W.L. Gore & Associates	2,200	3	3.7	1,300	4	2.0
Flagstaff Unified School District	1,436	4	2.4	1,560	3	2.4
Coconino County	1,294	5	2.2	1,205	5	1.9
City of Flagstaff	872	6	1.5	901	6	1.4
Wal-Mart	630	7	1.1	400	9	0.6
Grand Canyon Railway	421	8	0.7	402	8	0.6
SCA Tissue	279	9	0.5	*		
Dell Systems	250	10	0.4	*		
Walgreens Distribution	*			352	10	0.6
Coconino Community College	*			580	7	1.0
Total County Employment (3)	59,878		100.0 %	64,300		100.0 %

(1) Economic Collaborative of Northern Arizona

(2) Flagstaff Chamber of Commerce

(3) Arizona Workforce Informer

\* Employers did not fall within the top 10 for the year identified.

**Coconino County Community College District  
Historic Enrollment  
Last Ten Fiscal Years**

**Fall Historic Headcount (1)**

<b>College/Center</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Flagstaff	2,941	3,038	3,587	3,304	3,236	3,370	4,139	3,866	3,656	3,754
Page	96	78	100	106	176	245	213	212	263	222
Tuba City	78	79	4	3	53	37	146	119	77	218
Williams		29	-	2	43	35	47	44	27	36
Fredonia	-	-	-	-	12	5	-	-	7	8
Grand Canyon	-	-	-	1	-	5	23	2	-	8
NAU	426	388	7	-	839	555	393	372	314	315
Total	<u>3,541</u>	<u>3,612</u>	<u>3,698</u>	<u>3,416</u>	<u>4,359</u>	<u>4,252</u>	<u>4,961</u>	<u>4,615</u>	<u>4,344</u>	<u>4,561</u>

**Historic FTSE (2)**

<b>Semester</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>
Fall/Spring Average	1,780.0	1,826.9	1,854.4	1,836.6	2,071.4	2,067.4	2,051.0	1,842.8	1,718.5	1,774.2
Summer	157.2	152.6	161.4	176.4	196.6	220.0	202.0	171.2	161.2	173.0
Short	62.8	72.3	58.1	63.3	67.8	93.5	87.0	90.0	85.7	85.0
Adult Basic Education	7.0	13.7	17.9	23.3	19.7	17.5	21.0	22.5	22.8	20.0
Total	<u>2,007.0</u>	<u>2,065.5</u>	<u>2,091.8</u>	<u>2,099.6</u>	<u>2,355.5</u>	<u>2,398.4</u>	<u>2,361.0</u>	<u>2,126.5</u>	<u>1,988.2</u>	<u>2,052.2</u>

Source: District records.

(1) Headcount is unduplicated as officially reported for Fall IPEDS.

(2) FTSE refers to Full-Time Student Equivalent which is calculated by dividing total enrollment credit hours per semester by 15 credit hours (the number of hours considered to be a full-time student.)

**Coconino County Community College District  
Student Enrollment Demographic Statistics  
Last Ten Fall Semesters**

Fall Semester	Attendance				Residency						Gender			
	FT		PT		County Resident		Out of County		Out of State		M		F	
2006	23	%	77	%	93	%	6	%	1	%	43	%	57	%
2007	24		76		88		10		2		43		57	
2008	23		77		87		11		2		42		58	
2009	28		72		92		8		1		43		57	
2010	31		69		82		7		10		42		58	
2011	31		69		85		9		6		33		67	
2012	31		69		81		11		8		44		56	
2013	27		73		77		11		12		42		58	
2014	30		70		74		13		13		45		55	
2015	31		69		64		22		14		48		52	

Ethnic Background													
Fall Semester	Mean Age	Native American		Asian		African American		Hispanic		Anglo		Other	
2006	27	22	%	1	%	2	%	8	%	65	%	2	%
2007	30	23		1		2		8		64		2	
2008	31	24		1		2		9		62		2	
2009	29	26		1		1		9		61		2	
2010	28	25		1		2		9		60		3	
2011	27	24		1		2		6		60		7	
2012	28	20		1		1		12		57		9	
2013	25	20		1		1		11		50		17	
2014	25	18		1		2		16		56		7	
2015	24	17		2		2		17		54		8	

Source: District records.

**Coconino County Community College District  
Faculty and Staff Statistics  
Last Ten Fiscal Years**

	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Faculty										
Full-time faculty	30.0	35.0	40.9	39.0	40.0	39.0	42.3	43.0	44.0	40.0
Part-time faculty FTE	<u>64.4</u>	<u>81.6</u>	<u>85.3</u>	<u>69.7</u>	<u>74.8</u>	<u>71.4</u>	<u>75.8</u>	<u>79.3</u>	<u>82.9</u>	<u>82.3</u>
Total faculty FTE	<u>94.4</u>	<u>116.6</u>	<u>126.2</u>	<u>108.7</u>	<u>114.8</u>	<u>110.4</u>	<u>118.1</u>	<u>122.3</u>	<u>126.9</u>	<u>122.3</u>
Administrative and support staff	121.0	111.0	104.3	106.9	128.2	109.9	101.5	124.5	124.5	124.8
Total employees	<u>215.4</u>	<u>227.6</u>	<u>230.5</u>	<u>215.6</u>	<u>243.0</u>	<u>220.3</u>	<u>219.6</u>	<u>246.8</u>	<u>251.4</u>	<u>247.1</u>
Average class size	19.4	19.0	18.6	18.0	18.0	18.9	18.1	16.6	15.4	15.2

Source: District records.

**Coconino County Community College District  
Graduation Statistics  
Last Ten Fiscal Years**

	2015-16		2014-15		2013-14		2012-13		2011-12		2010-11		2009-10		2008-09		2007-08		2006-07	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
<b>Ethnicity</b>																				
Asian Pacific Islander	3	0.8 %	0	0 %	4	1.4 %	0	0 %	2	0.7 %	3	1.1 %	5	2.3 %	2	1.0 %	3	1.4 %	3	1.6 %
African American	1	0.3	3	0.8	2	0.7	2	0.7	1	0.3	2	0.7	2	0.9	0	-	4	1.8	4	2.2
Hispanic	48	13.6	37	10.4	35	12.2	21	7.4	31	10.1	20	7.1	20	9.4	26	12.6	19	8.5	8	4.3
Native American	61	17.2	75	21.1	61	21.3	52	18.3	46	15.0	53	18.9	40	18.8	44	21.3	42	18.8	35	19.0
White	219	61.9	229	64.5	174	60.6	194	68.3	205	67.0	187	66.5	146	68.5	130	62.7	151	67.7	132	71.8
Other	22	6.2	11	3.1	11	3.8	15	5.3	21	6.9	16	5.7	-	-	5	2.4	4	1.8	2	1.1
<b>Age</b>																				
<20	2	0.6	4	1.1	5	1.74	9	3.2	8	2.6	5	1.8	5	2.3	2	1.0	6	2.7	0	0
20-24	147	41.5	133	37.5	101	35.19	97	34.2	113	36.9	105	37.4	77	36.2	79	38.2	71	31.8	50	27.2
25-29	95	26.8	79	22.3	73	25.44	77	27.1	71	23.2	63	22.4	43	20.2	56	27.1	51	22.9	65	35.3
30-39	58	16.4	77	21.7	68	23.69	64	22.5	68	22.2	63	22.4	47	22.1	40	19.3	54	24.2	38	20.7
40-49	34	9.6	30	8.5	21	7.32	21	7.4	30	9.8	28	10.0	20	9.4	16	7.7	18	8.1	21	11.4
50-59	16	4.5	26	7.3	16	5.57	12	4.2	14	4.6	16	5.7	17	8.0	11	5.3	17	7.6	7	3.8
>60	2	0.6	6	1.7	3	1.05	4	1.4	2	0.7	1	0.4	4	1.9	3	1.4	6	2.7	3	1.6
Average age	28.9		30.5		29.8		29.7		29.5		28.1		30.8		29.3		31.6		30.5	
<b>High School Graduation Dates</b>																				
September 2013 to current	21	5.9																		
September 2012 - August 2013	37	10.5	11	3.1																
September 2011 - August 2012	37	10.5	27	7.6	14	4.9	10	3.5												
September 2010 - August 2011	33	9.3	34	9.6	15	5.2	8	2.8	6	2.0	4	1.4								
September 2009 - August 2010	27	7.6	35	9.9	32	11.1	25	8.8	10	3.3	-	-								
September 2008 - August 2009	25	7.1	31	8.7	21	7.3	21	7.4	22	7.2	5	1.8								
September 2007 - August 2008	21	5.9	25	7.0	30	10.5	24	8.5	32	10.5	29	10.3	12	5.6	5	2.4				
September 2006 - August 2007	13	3.7	16	4.5	13	4.5	23	8.1	20	6.5	26	9.3	18	8.5	8	3.9	2	0.9		
September 2005 - August 2006	18	5.1	13	3.7	14	4.9	16	5.6	28	9.2	27	9.6	18	8.5	19	9.2	32	14.3		
September 2004 - August 2005	11	3.1	10	2.8	18	6.3	20	7.0	16	5.2	23	8.2	26	12.2	22	10.6	111	49.8	2	1.1
September 2003 - August 2004	13	3.7	18	5.1	13	4.5	7	2.5	25	8.2	29	10.3	14	6.6	22	10.6	4	1.8	14	7.6
September 2002 - August 2003	8	2.3	11	3.1	116	40.4	17	6.0	12	3.9	10	3.6	4	1.9	16	7.7	10	4.5	14	7.6
Prior to September 2002	85	24.0	122	34.4	1	0.3	113	39.8	135	44.1	128	45.6	109	51.2	115	55.6	63	28.3	152	82.6
Not Given	5	1.4	2	0.6	0	-	0	-	0	-	0	-	12	5.6	0	-	1	0.4	2	1.1
<b>Sex</b>																				
Female	201	56.8	210	59.2	179	62.4	173	60.9	199	65.0	176	62.6	116	54.5	134	64.7	135	60.5	111	60.3
Male	153	43.2	145	40.8	108	37.6	111	39.1	107	35.0	105	37.4	97	45.5	73	35.3	88	39.5	73	39.7
<b>Degree Type</b>																				
Advanced Certificate	2	0.6	1	0.3	1	0.4	4	1.4	0	0	1	0.4	3	1.5	12	5.3	0	0	2	1.1
Associate of Applied Science	114	32.2	87	24.5	95	33.8	95	33.5	90	29.4	66	23.5	55	26.7	48	21.1	65	25.8	48	25.4
Associate of Arts	179	50.6	197	55.5	154	54.8	130	45.8	145	47.4	133	47.3	76	36.9	94	41.2	98	38.8	80	42.3
Associate of Business	1	0.3	0	0	1	0.4	1	0.4	6	2.0	7	2.5	8	3.9	8	3.5	14	5.6	11	5.8
Associate of Fine Arts	0	0	0	0	0	0	0	0	1	0.3	0	0	0	0	0	0	0	0	0	0
Associate of General Studies	13	3.7	30	8.5	9	3.2	17	6.0	17	5.6	17	6.0	22	10.7	19	8.3	24	9.5	19	10.1
Associate of Science	24	6.8	18	5.1	8	2.8	15	5.3	9	2.9	13	4.6	11	5.3	14	6.1	14	5.6	7	3.7
Basic Certificate	2	0.6	2	0.6	6	2.1	6	2.1	20	6.5	12	4.3	2	1.0	4	1.8	2	0.8	4	2.1
Certificate of Completion	18	5.1	16	4.5	6	2.1	9	3.2	17	5.6	27	9.6	27	13.1	24	10.5	34	13.5	17	9.0
Intermediate Certificate	1	0.3	4	1.1	1	0.4	7	2.5	1	0.3	5	1.8	2	1.0	5	2.2	1	0.4	1	0.5

Source: District records.

**Coconino County Community College District  
Capital Asset Information  
Last Ten Fiscal Years**

Square Footage:	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Academic areas:										
Laboratories - Lone Tree Campus	6,840	6,840	6,840	6,840	6,840	6,840	5,400	5,400	5,400	5,400
Instructional - Lone Tree Campus	97,607	97,607	97,607	97,607	97,607	97,607	96,369	96,369	96,369	96,369
Instructional - 4th Street Campus	48,900	48,900	48,900	48,900	48,900	48,900	48,900	48,900	48,900	48,900
Instructional - Williams Campus	-	-	-	-	4,108	4,108	4,108	4,108	4,108	4,108
Instructional - Page Campus	19,325	19,325	19,325	19,325	19,325	19,325	19,325	19,325	19,325	19,325
Administrative areas:										
Lone Tree Campus	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600
4th Street Campus	700	700	700	700	700	700	700	700	700	700
Williams Campus	-	-	-	- (1)	240	240	240	240	240	240
Page Campus	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080
Library	500	500	500	500	500	500	500	500	500	500
Dining	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560
Bookstore	2,210	2,210	2,210	2,210	2,210	2,210	2,210	2,210	2,210	2,210
Childcare	-	-	-	-	-	-	2,678	2,678	2,678	2,678
Total square footage	<u>199,322</u>	<u>199,322</u>	<u>199,322</u>	<u>199,322</u>	<u>203,670</u>	<u>203,670</u>	<u>203,670</u>	<u>203,670</u>	<u>203,670</u>	<u>203,670</u>
Library - number of volumes	360	360	360	360	511	511	1,775	1,775	1,775	1,775
Dining - seating capacity	40	40	40	40	40	40	40	40	40	40
Dining - average daily customers	120	130	145	175	175	175	175	175	175	175
Number of Vehicles:										
Street vehicles	5	5	5	5	5	5	5	5	5	4
Forklift	1	1	1	1	1	1	1	1	1	1
Bobcat loader	1	1	1	1	1	1	1	1	1	1
Tractor	1	1	1	1	1	1	1	1	1	1
Dump truck	1	1	1	1	1	1	1	1	1	1
Backhoe	1	1	1	1	1	1	1	1	1	1
Trailer	2	2	2	2	2	2	1	1	1	1
Snow plow	-	-	-	-	-	-	1	1	1	1
Parking Capacity:										
Lone Tree Campus	500	500	500	500	500	500	500	500	500	500
4th Street Campus	235	235	235	235	235	235	235	235	235	235
Williams Campus	-	-	-	- (1)	24	24	24	24	24	24
Page Campus	78	78	78	78	78	78	78	78	78	78
Total parking capacity	<u>813</u>	<u>813</u>	<u>813</u>	<u>813</u>	<u>837</u>	<u>837</u>	<u>837</u>	<u>837</u>	<u>837</u>	<u>837</u>

Source: District records.

(1) Williams campus was donated to the Williams Unified School District during FY2012-2013