

Coconino County Community College District

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Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2012

2011-2012

Prepared by District Business and
Administrative Services Office, Flagstaff, AZ



COCONINO COUNTY COMMUNITY COLLEGE DISTRICT

Comprehensive Annual Financial Report

Prepared by
District Business and Administrative Services Office

**Fiscal Year Ended June 30, 2012
(July 1, 2011 – June 30, 2012)**



The photograph on the front cover is of the *wind chimes* hanging at the entrance to the Lone Tree campus. This photo was taken by Karisse Jayroe-Stanger who is pursuing an AAS in Computer Software Technology, with a certification in Graphics and Web Page Design. This was an in-class assignment for a Digital Photography class to demonstrate the elements of composition (symmetry, line, shape, color, texture, form, space, perspective and contrast) as the main subject in the photograph. This particular photo was intended to demonstrate perspective, however, in the process, also demonstrates line, shape and color.

**Coconino County Community College District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2012**

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Introductory Section





January 15, 2012

To the Residents of Coconino County Community College District:

This Comprehensive Annual Financial Report 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. For 17 consecutive years the CCC accounting team has been honored with the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada. In addition, during the past 4 years, our College has implemented a financial sustainability plan, which has been recognized nationwide by our peers. We believe that Coconino Community College is the most efficient community college in the state. With the most recent strategic plan, we are on a path for greater success and achievement.

Since its inception in 1991, CCC has strived to strengthen communities, train students for jobs and change lives. Some 10,000 northern Arizona students enroll in credit and non-credit classes annually.

Working together, we have accomplished much. The lingering downturn in the economy, the growing scarcity of state and federal dollars and the increasing costs of education continue to challenge our resources and dedicated staff, who serve our students with the highest quality services. You have our promise that we will continue to evaluate our operations to ensure that we are conducting the business of higher education efficiently and effectively.

I am pleased to present this report as another example of CCC's commitment to good stewardship of your tax dollars while meeting the educational needs of the communities and students we serve.

Sincerely,

A handwritten signature in blue ink, appearing to read "Leah L. Bornstein", is written over a faint, light blue grid background.

Leah L. Bornstein Ph.D.

President



January 15, 2012

To the Citizens of Coconino County Community College District:

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the Coconino County Community College District (the District) for the fiscal year ended June 30, 2012.

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, 2012. 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 general accounting principles.

Audit services are provided to the District by REDW, LLC. As noted above, Arizona Revised Statutes require an annual audit of the District's financial statements. This requirement has been complied with and the independent auditor's report is included in this document. The auditor's opinion is unqualified.

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) and 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. 14, 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. In accordance with GASB Statement No. 39, 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.

Coconino County Community College District is committed to offering quality educational programs and services at a reasonable cost for the citizens of Coconino County. The District provides a wide range of programs, including general academic, technical-vocational, student development services, continuing education, and community service. CCC offers more than 60 degrees and certificates, non-credit workshops, distance learning, developmental courses, workforce training, and small business development. 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.

The District serves the educational needs of Coconino County through seven facilities: the Flagstaff Lone Tree Campus and District Offices, the Flagstaff Fourth Street Campus and Technology Center/FMC Institute for Nursing Education, the Page/Lake Powell Campus, the Williams Learning Center, the Grand Canyon Learning Center, the Tuba City Learning Center, and the Fredonia Learning Center. 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. The College Council consists of the College President, the Vice President for Academic Affairs, the Vice

President for Business and Administrative Services, the Dean of Arts and Sciences, the Dean of Career and Technical Education, the Executive Dean of the Page/Lake Powell campus, the Director of Institutional Advancement, the Director of Human Resources, the Director of Financial Aid, the Director of Student Services, the Director of Enrollment Services/Registrar, the Chief Technology Officer, the Administrative Assistant to the Vice President of Business & Administrative services, one faculty member, one associate faculty member, one staff representative, and one student representative.

History

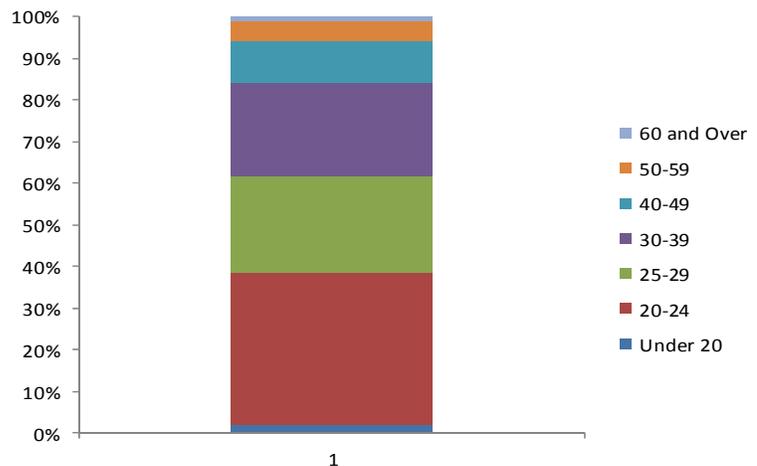
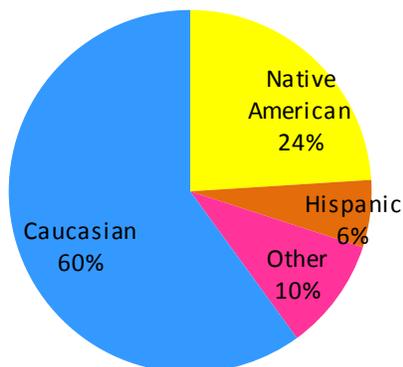
The citizens of Coconino County in November of 1990 established the District under the provisions of legislation enacted by the Arizona State Legislature in 1971. In May 1991, the District's funding was approved through special election, and operations began on July 1, 1991. The District boundaries are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

When the District began in 1991, it initially expected to serve 600 students per year. Nearly 1,000 students registered the first semester. Since then, enrollment has increased dramatically. Today the District enrolls approximately 10,600 annually (duplicated headcount).

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 Coconino County residents; 65 percent are female; 74 percent are seeking a degree or certificate; and, more than 12 percent are high school students earning college credit. Nine percent are people who already have bachelor's or advanced academic degrees. Information on student age and ethnicity is shown in the charts below.



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.

The state and national economy have declined over the year and are not expected to recover in the short-term. County unemployment rates as of August 2012 (8.1%) are in line with both state (8.3%) and national levels (8.1%) and the District must contend with the continued limited funding from the State. 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

In fiscal year 2012 the District completed the final stages of a three year strategic plan and are ready to implement the second three year strategic plan beginning at the start of fiscal year 2013. The theme for this plan is Access, Retention, Completion. This trilogy is a national education agenda, as well as an Arizona community college agenda.

The District has developed unique partnerships within the community, which continue to result in significant savings to our taxpayers. Specifically, partnerships with the City of Page, Northern Arizona University, and the Williams Unified School District have resulted in donations of land for the construction of the three respective campuses. These donations and other partnering initiatives continue to provide leverage and maximum return on the community's investment in education.

Budget

The District is required to prepare an all funds balanced budget each fiscal year on report forms prescribed by 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. The purpose of the expenditure limitation 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.

Sustainable Financial Plan

In Spring 2008, the District developed a Sustainable Financial Plan (the Plan), to insure the College would survive and thrive in spite of state funding cuts. The cuts have shifted responsibility from the state to local funding sources and the students themselves. The District is currently maintaining Level II of the Plan. The Plan levels are:

- Level I – Efficiencies. Level I includes such measures as instituting a hiring “chill”, implementing an out of state travel freeze, increasing class size, reducing dues and subscription costs, reducing paper costs, and reducing utility costs.
- Level II – Critical. On top of the measures identified in Level I, Level II includes reorganizing divisions/departments, eliminating some positions, closing the Williams Learning Center for the summer session, and instituting a four ten-hour day summer work schedule at all other locations.

- Level III – Crisis. Level III is most serious and would include a reduction in work force and potential closing of facilities.

The Plan was developed keeping in mind that long-term sustainability is the ability to maintain services and infrastructure while maintaining a healthy financial position.

Financial Reporting

The Comprehensive Annual Financial Report (CAFR) for the District was formulated with data from several sources, including District records and Coconino County Department of Finance reports. 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.

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.

Major Initiatives

CCC2NAU

In collaboration with Northern Arizona University (NAU), the District had developed a unique partnership known as the CCC2NAU program. This is an award winning program designed to help students earn their CCC associates degree and have a seamless transition from CCC to NAU to earn bachelor's degrees in a most effective way. A designated advisor works with the student to develop an academic plan to suit their particular needs. Program features include:

- No participation fee
- No separate application or application fee for admission to NAU
- Automatic transfer of credits
- Advisement from a professional cross-trained in both career and academic advising
- An orientation program

- A free, one-credit, first-year experience course
- Free access to many services, such as the NAU library, computer lab, and athletic events
- Access to low-cost or discounted services, programs, and events, including
 - Theatre, symphony, and other performances
 - Meal plans and Dining Dollars (discounted dining on the NAU campus)
 - Health center and recreational facilities

The CCC2NAU program began with the Fall 2008 term with 16 students enrolled. Currently, there are over 900 students enrolled in this program. The outcomes of this successful initiative show the CCC2NAU students have higher retention rates, higher graduation rates, and higher NAU GPAs than their peers.

Workforce Development

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 the nursing program, 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. In addition, the District has responded to community education needs by offering more noncredit personal enrichment and professional development learning opportunities.

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 CAVIAT (Coconino Association for Vocations, Industry and Technology), 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.

Growth

Throughout its history, the District's full time student equivalency (FTSE) has grown an average of 8% per year, from 491 in fiscal year 1992 to 2,356 for fiscal year 2012. This growth has corresponded to many changes over the years including increases in personnel as well as facilities.

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, 2011. This was the seventeenth 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 REDW, LLC. for their timely completion of the audit.

Respectfully submitted,

Jami Van Ess, Vice President
Business and Administrative Services

Siri Mullaney, Director
Accounting and Finance Department

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Coconino County Community
School District, Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Christopher P. Moir

President

Jeffrey R. Enos

Executive Director

Coconino County Community College District

Principal Officers

District Governing Board

Dr. Nathaniel White, Vice Chair/Secretary, District 1

Ms. Patricia Garcia, Member, District 2

Mr. Jack Hadley, Member, District 3

Mr. Patrick Hurley, Chair, District 4

Ms. Val Gleave, Member, District 5

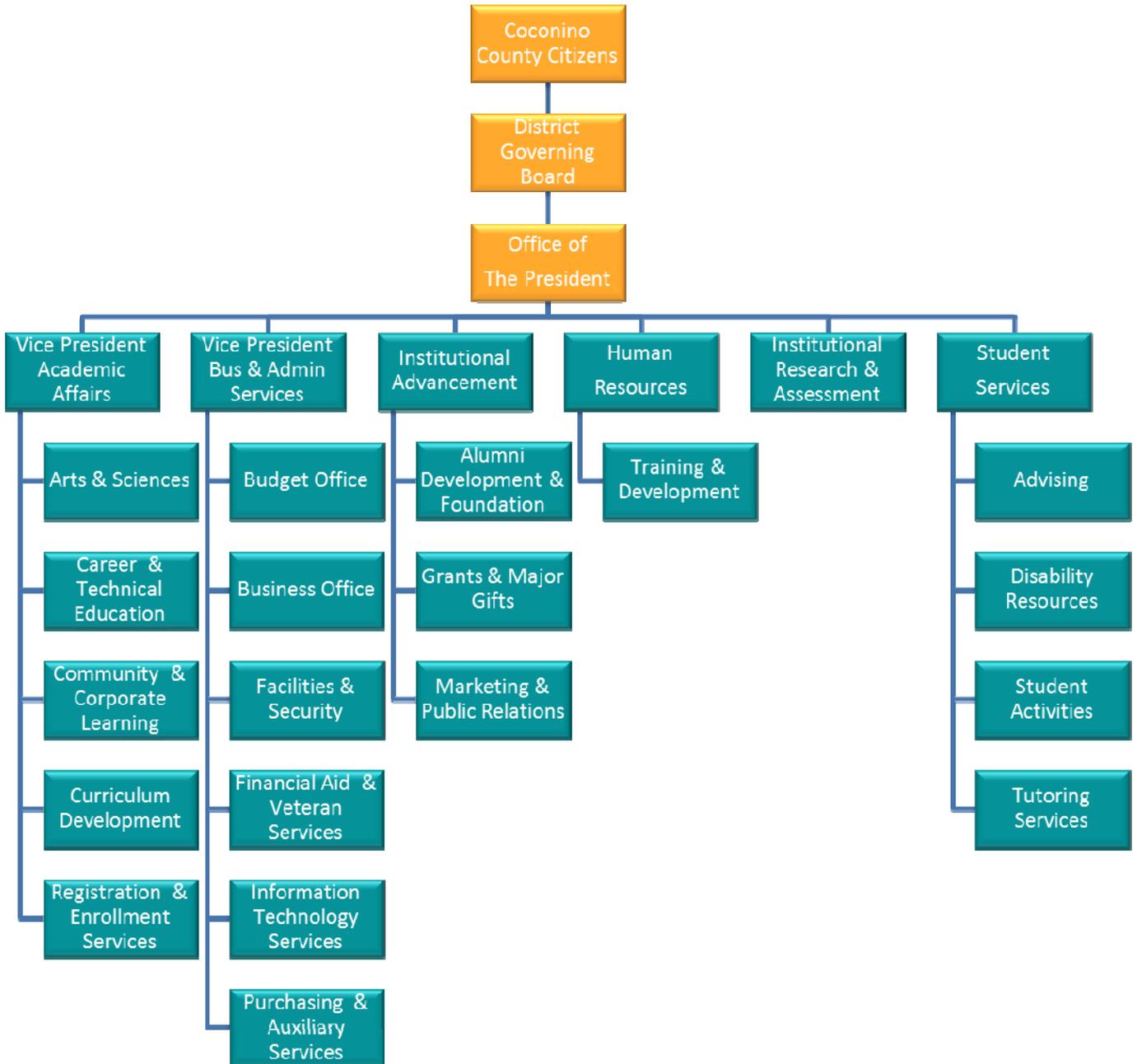
Senior Administration

Dr. Leah L. Bornstein, President

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

Dr. Russ Rothamer, Vice President for 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 a mindful and economically feasible manner.

Financial Section



Independent Auditor's Report

The Auditor General of the State of Arizona

The Governing Board of
Coconino County Community College District

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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 financial statements were audited by other auditors whose report thereon 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 report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component unit were not audited by the other auditors in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 17 through 26 and the postemployment Health Care Benefits Schedule of Funding Progress on page 53 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.

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. Such information has 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2013, 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* and should be considered in assessing the results of our audit.

REDW LLC

January 15, 2013

Coconino County Community College District

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2012

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, 2012. 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 (GAAP) 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 Assets* reflects the financial position of the District at June 30, 2012. It shows the assets owned or controlled, related liabilities and other obligations, and the categories of net assets. Net assets is an accounting concept defined as total assets less total liabilities, 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 Assets 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 Assets provides a picture of the net assets and their availability for expenditure by the District.

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

The *Statement of Revenues, Expenses, and Changes in Net Assets* reflects the results of operations and other changes for the year ended June 30, 2012. It shows the revenues and expenses, both operating and nonoperating, reconciling the beginning net assets amount to the ending net assets amount, which is shown on the Statement of Net Assets 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, 2012**

The *Statement of Cash Flows* reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2012. 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 Assets, described above. 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 Assets, described above.

Although the primary focus of this document is on the results and activity for fiscal year 2011-12 (FY2012), comparative data is presented for the previous fiscal year 2010-11 (FY2011). 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, 2012**

Condensed Financial Information

Net Assets

| | <i>As of</i> <u>June 30, 2012</u> | <i>As of</i> <u>June 30, 2011</u> | <i>Percent</i> <i>Change</i> |
|---|--------------------------------------|--------------------------------------|---------------------------------|
| Current assets | \$ 17,275,068 | \$ 15,107,938 | 14.3% |
| Capital assets, net | 26,910,176 | 27,536,208 | -2.3% |
| Total assets | <u>44,185,244</u> | <u>42,644,146</u> | <u>3.6%</u> |
| Other liabilities | 2,587,813 | 1,880,744 | 37.6% |
| Long-term liabilities | 13,710,909 | 15,225,234 | -9.9% |
| Total liabilities | <u>16,298,722</u> | <u>17,105,978</u> | <u>-4.7%</u> |
| Invested in capital assets, net of related debt | 14,062,318 | 13,113,220 | 7.2% |
| Restricted net assets | 524,737 | 509,025 | 3.1% |
| Unrestricted net assets | 13,299,467 | 11,915,923 | 11.6% |
| | <u>\$ 27,886,522</u> | <u>\$ 25,538,168</u> | <u>9.2%</u> |

Revenues, Expenses, and Changes in Net Assets

| | <i>For the Year</i> <i>Ended</i> <u>June 30, 2012</u> | <i>For the Year</i> <i>Ended</i> <u>June 30, 2011</u> | <i>Percent</i> <i>Change</i> |
|------------------------------------|---|---|---------------------------------|
| Operating revenues | \$ 6,906,700 | \$ 6,580,777 | 5.0% |
| Operating expenses: | | | |
| Educational and general | 20,662,155 | 19,776,521 | 4.5% |
| Auxiliary enterprises | 38,715 | 32,835 | 17.9% |
| Depreciation | 1,175,634 | 1,170,219 | 0.5% |
| Total operating expenses | <u>21,876,504</u> | <u>20,979,575</u> | 4.3% |
| Operating loss | (14,969,804) | (14,398,798) | 4.0% |
| Nonoperating revenues and expenses | <u>17,318,158</u> | <u>17,754,691</u> | -2.5% |
| Increase in net assets | 2,348,354 | 3,355,893 | -30.0% |
| Net assets, beginning of year | 25,538,168 | 22,182,275 | 15.1% |
| Net assets, end of year | <u>\$ 27,886,522</u> | <u>\$ 25,538,168</u> | <u>9.2%</u> |

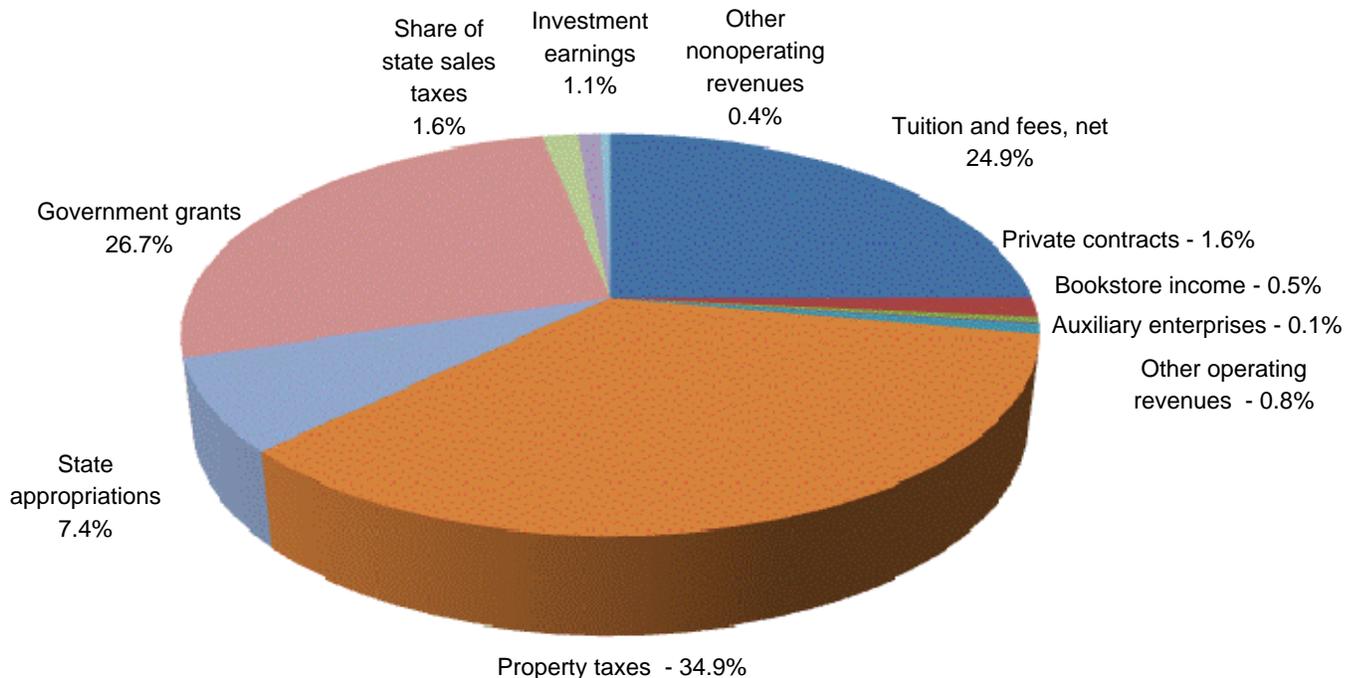
Coconino County Community College District Management's Discussion and Analysis Fiscal Year Ended June 30, 2012

The following schedule presents a summary of revenues for the fiscal year ended June 30, 2012 with comparative totals for June 30, 2011.

| <i>Revenues by Source</i> | FY 2012 | | FY2011 | | Increase/(Decrease) | |
|---|-----------------------------|----------------------|-----------------------------|----------------------|----------------------------|---------------------|
| | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent of Change |
| <u>Operating revenues</u> | | | | | | |
| Tuition and fees, net of scholarship allowances | \$ 6,163,152 | 24.9% | \$ 6,010,877 | 24.2% | \$ 152,275 | 2.5% |
| Private contracts | 404,497 | 1.6% | 248,070 | 1.0% | 156,427 | 63.1% |
| Bookstore income | 118,141 | 0.5% | 92,639 | 0.4% | 25,502 | 27.5% |
| Auxiliary enterprises | 27,959 | 0.1% | 31,711 | 0.1% | (3,752) | -11.8% |
| Other operating revenues | 192,951 | 0.8% | 197,480 | 0.8% | (4,529) | -2.3% |
| Total operating revenues | <u>6,906,700</u> | <u>27.9%</u> | <u>6,580,777</u> | <u>26.5%</u> | <u>325,923</u> | <u>5.0%</u> |
| <u>Nonoperating revenues</u> | | | | | | |
| Property taxes | 8,623,940 | 34.9% | 8,434,403 | 34.0% | 189,537 | 2.2% |
| State appropriations | 1,836,000 | 7.4% | 2,679,400 | 10.8% | (843,400) | -31.5% |
| Government grants | 6,595,409 | 26.7% | 6,271,584 | 25.3% | 323,825 | 5.2% |
| Share of state sales taxes | 385,512 | 1.6% | 382,936 | 1.5% | 2,576 | 0.7% |
| Investment earnings | 267,391 | 1.1% | 249,180 | 1.0% | 18,211 | 7.3% |
| Other nonoperating revenues | 98,974 | 0.4% | 229,946 | 0.9% | (130,972) | -57.0% |
| Total nonoperating revenues | <u>17,807,226</u> | <u>72.1%</u> | <u>18,247,449</u> | <u>73.5%</u> | <u>(440,223)</u> | <u>-2.4%</u> |
| Total revenues | <u>\$ 24,713,926</u> | <u>100.0%</u> | <u>\$ 24,828,226</u> | <u>100.0%</u> | <u>\$ (114,300)</u> | <u>-0.5%</u> |

Revenues by Source FY2012

(\$24,713,928 Total)



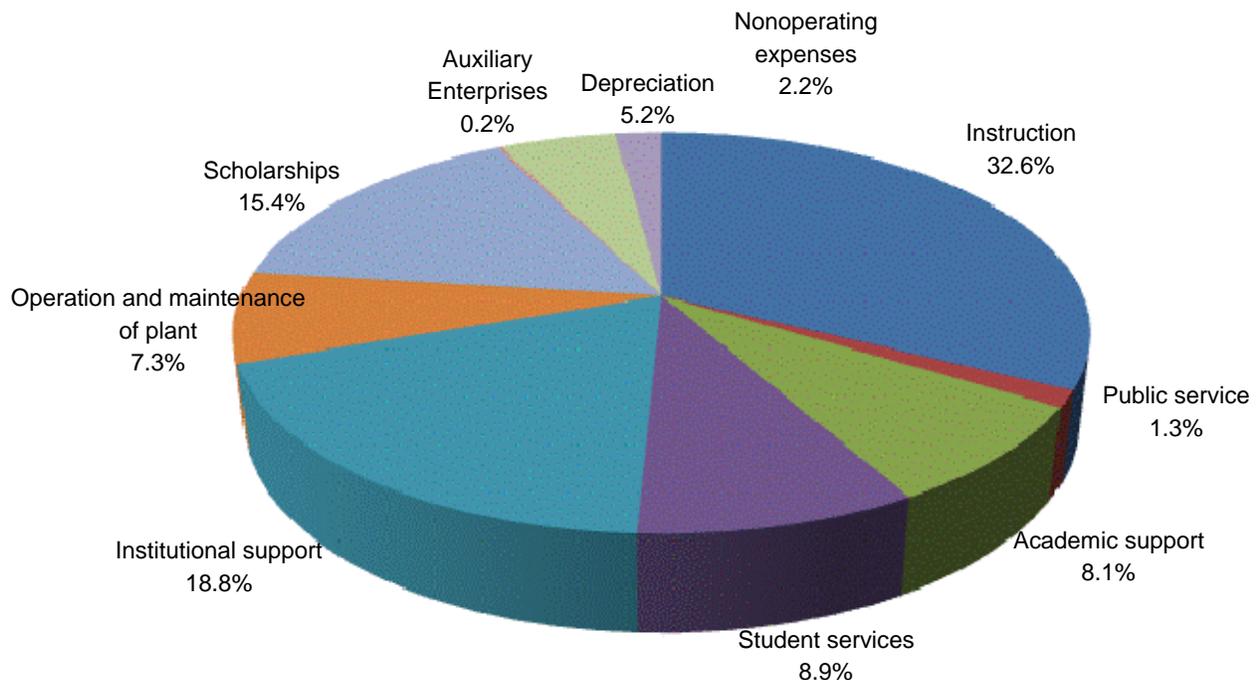
Coconino County Community College District Management's Discussion and Analysis Fiscal Year Ended June 30, 2012

The following schedule presents a summary of expenses for the fiscal year ended June 30, 2012, with comparative totals for June 30, 2011.

| <i>Expenses by Function</i> | FY 2012 | | FY2011 | | Increase/(Decrease) | |
|------------------------------------|----------------------|------------------|----------------------|------------------|---------------------|-------------------|
| | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent of Change |
| Operating expenses | | | | | | |
| Education and general: | | | | | | |
| Instruction | \$ 7,288,136 | 32.6% | \$ 6,658,070 | 31.0% | \$ 630,066 | 9.5% |
| Public service | 290,157 | 1.3% | 283,533 | 1.3% | 6,624 | 2.3% |
| Academic support | 1,806,664 | 8.1% | 1,582,041 | 7.4% | 224,623 | 14.2% |
| Student services | 1,997,462 | 8.9% | 1,771,471 | 8.3% | 225,991 | 12.8% |
| Institutional support | 4,199,373 | 18.8% | 3,939,892 | 18.3% | 259,481 | 6.6% |
| Operation and maintenance of plant | 1,626,559 | 7.3% | 1,553,319 | 7.2% | 73,240 | 4.7% |
| Scholarships | 3,453,804 | 15.4% | 3,988,195 | 18.6% | (534,391) | -13.4% |
| Auxiliary enterprises | 38,715 | 0.2% | 32,835 | 0.2% | 5,880 | 17.9% |
| Depreciation | 1,175,634 | 5.2% | 1,170,219 | 5.4% | 5,415 | 0.5% |
| Total operating expenses | 21,876,504 | 97.8% | 20,979,575 | 97.7% | 896,929 | 4.3% |
| Nonoperating expenses | | | | | | |
| Interest expense on debt | 462,038 | 2.1% | 492,758 | 2.3% | (30,720) | -6.2% |
| Loss on disposal of capital assets | 27,030 | 0.1% | - | 0.0% | 27,030 | 0.0% |
| Total nonoperating expenses | 489,068 | 2.2% | 492,758 | 2.3% | (3,690) | -0.7% |
| Total expenses | \$ 22,365,572 | 100.0% | \$ 21,472,333 | 100.0% | \$ 893,239 | 4.2% |

Expenses by Function FY2012

(\$22,365,572 Total)



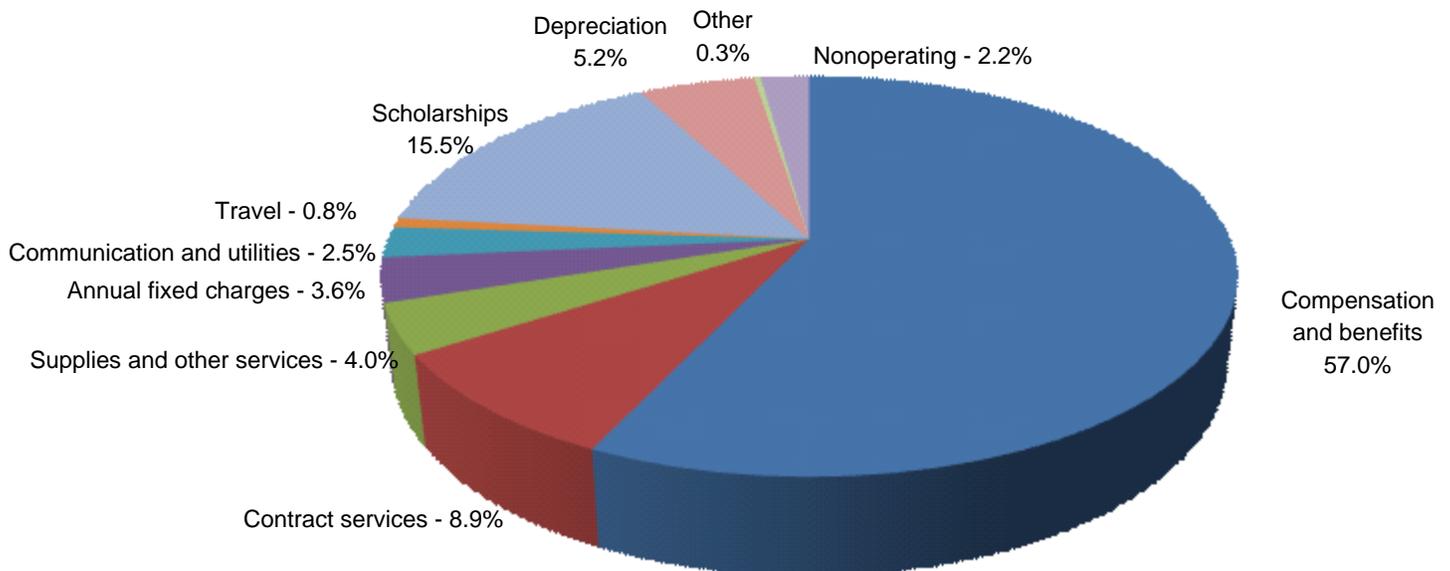
Coconino County Community College District Management's Discussion and Analysis Fiscal Year Ended June 30, 2012

The following schedule presents a summary of expenses by natural classification for the fiscal year ended June 30, 2012, with comparative totals for June 30, 2011.

| <i>Expenses by Natural Classification</i> | FY 2012 | | FY2011 | | Increase/(Decrease) | |
|---|----------------------|---------------|----------------------|---------------|---------------------|-------------|
| | Amount | Percent of | Amount | Percent of | Amount | Percent of |
| | | Total | | Total | | Change |
| <u>Operating expenses</u> | | | | | | |
| Compensation and benefits | \$ 12,758,430 | 57.0% | \$ 12,040,077 | 56.1% | \$ 718,353 | 6.0% |
| Contract services | 1,985,619 | 8.9% | 1,527,567 | 7.1% | 458,052 | 30.0% |
| Supplies and other services | 899,227 | 4.0% | 831,551 | 3.9% | 67,676 | 8.1% |
| Annual fixed charges | 799,964 | 3.6% | 650,342 | 3.0% | 149,622 | 23.0% |
| Communication and utilities | 552,591 | 2.5% | 516,883 | 2.4% | 35,708 | 6.9% |
| Travel | 172,865 | 0.8% | 159,804 | 0.7% | 13,061 | 8.2% |
| Scholarships | 3,467,383 | 15.5% | 3,988,195 | 18.7% | (520,812) | -13.1% |
| Depreciation | 1,175,634 | 5.2% | 1,170,219 | 5.4% | 5,415 | 0.5% |
| Other | 64,791 | 0.3% | 94,937 | 0.4% | (30,146) | -31.8% |
| Total operating expenses | \$ 21,876,504 | 97.8% | \$ 20,979,575 | 97.7% | \$ 896,929 | 4.3% |
| <u>Nonoperating expenses</u> | | | | | | |
| Interest expense on debt | 462,038 | 2.1% | 492,758 | 2.3% | (30,720) | -6.2% |
| Loss on disposal of capital assets | 27,030 | 0.1% | - | 0.0% | 27,030 | 0.0% |
| Total nonoperating expenses | 489,068 | 2.2% | 492,758 | 2.3% | (3,690) | -0.7% |
| Total expenses | \$ 22,365,572 | 100.0% | \$ 21,472,333 | 100.0% | \$ 893,239 | 4.2% |

Expenses by Natural Classification FY2012

(\$22,365,572 Total)



**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2012**

Financial Highlights and Analysis

Statement of Net Assets

The District's overall financial position continues to improve in fiscal year 2012. Total net assets for the District increased by \$2,348,354, or 9.2%, from fiscal year 2011 to fiscal year 2012. The main explanation for this increase is that the District was 2% under their operating budget resulting in a fund balance increase. The District budgeted a \$1.5 million General Fund contingency, which was not expended.

Current assets increased by 14.3% with the largest increase in cash and investments. Receivables also increased 13% due to an increase in student receivables. The net value of non-current assets decreased 2.3% due to depreciation expense with very little new capital added during the fiscal year. Current liabilities increased 20%, with the majority of the increase being in deferred revenues. Due to a change in procedure that requires arrangement for payment at the time of registration, the College was able to collect more Fall revenue by the end of the fiscal year. These revenues will be recognized in Fiscal Year 2013. More detail on FY12 assets and liabilities can be found on the Statement of Net Assets.

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

Statement of Revenues, Expenses, and Changes in Net Assets

The District has four major revenue sources that account for 94% of revenues. These are tuition and fees, property taxes, state appropriations, and government grants and contracts. Total revenue for the District decreased \$114,300, or 0.5%, in fiscal year 2012 from the fiscal year 2011 total. The largest factor for this decline was a drop in State appropriations of 31.5%. Aside from the loss of State appropriations, district revenues increased 3% over FY 2011. Changes in each revenue source are described below:

- Tuition and fees (net of scholarship allowances) increased \$152 thousand, or 2.5%. The District Governing Board adopted a \$3 per credit hour resident tuition rate increase (3.75% rate increase). This tuition rate increase was slightly offset by a 1.8% decrease in total FTSE.
- Private contracts increased \$156 thousand, or 63.1%. Community enrichment contracts for training increased over \$200 thousand. Other private contract revenue decreased due to a one-time contract from the Coconino Community College Foundation to fund a capital facility for the donated telescope. The majority of construction occurred during FY11 for this project.
- Bookstore income increased \$25 thousand, or 27.5%. The College collects a percentage of sales from the Bookstore. With the recent implementation of the "Book Now" program, students are able to reserve their books at the time of registration resulting in greater convenience to students and increased Bookstore commissions.

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2012**

- Auxiliary enterprises revenue decreased \$3,752 or 11.8% from FY 2011. The majority of this revenue is commission received from vending sales, which were down in FY 2012.
- Property taxes increased \$190 thousand, or 2.2%. 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 and was essentially unchanged.
- State appropriations decreased \$843 thousand, or 31.5%. With the State budget crisis resulting from the recession this has been a trend over the last five fiscal years.
- Government grants increased \$324 thousand, or 5.2%. Grants for career and technical education increased about \$100 thousand and academic support and student services related grants increased by about \$385 thousand. This is offset by a decrease in scholarship related funding including PELL which is pass-through funding to students.
- Coconino Community College receives workforce development funding from State sales taxes. This is based on a percentage of sales in this revenue increased less than 1% from FY 2011.
- Investment earnings increased \$18 thousand, or 7.3%, due to an increased fund balance available for investment.
- Other nonoperating revenue decreased \$131 thousand, or 57%, due to a decrease in in-lieu taxes.

Total operating expenses increased by \$897 thousand, or 4.3%, from fiscal year 2011 to fiscal year 2012. The expense classifications primarily responsible for the increase are as follows:

- Instruction expenses increased \$630 thousand, or 9.5%. An increase for Community Enrichment expenses for the SESP grant and contract trainings account for the largest increase, with additional expense increases for Math, English, and Language programs.
- Public service expenses did not change significantly. They increased less than \$7 thousand, or 2.3%.
- Academic support expenses increased \$225 thousand, or 14.2%. This is due to a new distance learning grant.
- Student services expenses increased \$226 thousand, or 12.8%. Most areas of student services including Financial Aid, Registration, Counseling and Testing, and Disability Resources had expense increases compared to FY 2011.

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2012**

- Institutional support expenses increased \$259 thousand, or 6.6% over FY 2011. There was end of year funding for IT related non-capital projects, and Human Resources and Employee Development expenses were also increased over last year.
- Operation and maintenance of plant expenses increased \$73 thousand, or 4.7% due to an increase in maintenance costs.
- As discussed in the revenue section, scholarship expenses decreased between FY 2012 and FY 2011.
- Auxiliary enterprises expenses increased \$6 thousand, or 17.9%, for expenses related to student activities. These expenses are funded by a portion of vending revenue.

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, 2012, these funds amounted to approximately \$4.2 million.

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

| | Capital Assets | | Percent |
|-----------------------------------|-----------------------|----------------------|----------------|
| | FY 2012 | FY 2011 | Change |
| Land | \$ 1,089,000 | \$ 1,089,000 | 0.0% |
| Buildings | 24,227,240 | 25,049,921 | -3.3% |
| Improvements other than buildings | 819,108 | 786,729 | 4.1% |
| Equipment | 716,682 | 556,415 | 28.8% |
| Vehicles | 46,925 | 54,143 | -13.3% |
| Construction in progress | 11,221 | - | |
| Total capital assets | \$ 26,910,176 | \$ 27,536,208 | -2.3% |

Total long-term liabilities decreased by a net amount of \$1,514,325 or 9.9% from fiscal year 2011. At June 30, 2012, 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, 2012, is \$12,630,000.

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.

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2012**

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 twelve fiscal years, due to declining state revenues, 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 2012 state aid funding of \$1,836,000 only represents 7.4% of total revenues. State aid funding for fiscal year 2013 is appropriated at \$1,847,900, a slight increase from FY2012 due to FTSE growth. Due to this historical funding trend, it is anticipated this trend may continue. CCC has incorporated state aid funding loss projections into their 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 \$88 per credit hour (including the technology fee) in fiscal year 2012, a 167% increase over this twelve-year period. For fiscal year 2013, a \$2 tuition increase was approved, bringing the current tuition rate to \$90 per credit hour (including the technology fee). A tuition increase for fiscal year 2014 is being considered.

Community colleges across the nation experienced higher than average enrollment growth due to the poor economic conditions over the past several years. National trends indicate enrollment is beginning to fall as the job market has improved and the unemployment rate has dropped. CCC is beginning to see this trend and have projected that they will be impacted by additional slight enrollment drops in the near term. Long-term financial planning scenarios address this decline.

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 Director of Accounting and Finance, Coconino County Community College District, 2800 S. Lone Tree Road, Flagstaff, AZ 86001.

Coconino County Community College District
Statement of Net Assets - Primary Government
June 30, 2012

| | Business-Type Activities |
|---|-----------------------------|
| Assets | |
| Current assets: | |
| Cash in bank and on hand | \$ 1,434,186 |
| Cash and investments held by the County Treasurer | 13,906,119 |
| Investments | 581,805 |
| Receivables: | |
| Property taxes (net of allowances of \$47,822) | 252,084 |
| Government grants and contracts | 280,611 |
| Other (net of allowances of \$136,252) | 789,447 |
| Inventories | 12,681 |
| Prepaid items | 18,135 |
| Total current assets | 17,275,068 |
| Noncurrent assets: | |
| Capital assets, not being depreciated | 1,100,221 |
| Capital assets, being depreciated, net | 25,809,955 |
| Total noncurrent assets | 26,910,176 |
| Total assets | 44,185,244 |
| Liabilities | |
| Current liabilities: | |
| Accounts payable | 577,713 |
| Accrued payroll and employee benefits | 967,745 |
| Deferred revenues | 925,935 |
| Deposits held in custody for others | 116,420 |
| Current portion of compensated absences payable | 91,461 |
| Current portion of long-term debt | 1,545,000 |
| Total current liabilities | 4,224,274 |
| Noncurrent liabilities: | |
| Compensated absences payable | 482,121 |
| Long-term debt | 11,592,327 |
| Total noncurrent liabilities | 12,074,448 |
| Total liabilities | 16,298,722 |
| Net Assets | |
| Invested in capital assets, net of related debt | 14,062,318 |
| Restricted: | |
| Expendable: | |
| Debt service | 524,737 |
| Unrestricted | 13,299,467 |
| Total net assets | \$ 27,886,522 |

See accompanying notes to financial statements.

Coconino County Community College District
Statement of Financial Position - Component Unit
June 30, 2012

| | | Coconino Community College Foundation |
|----------------------------------|----|--|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ | 142,628 |
| Unconditional promises to give | | - |
| Investments, at market | | 624,470 |
| Total Current Assets | | <u>767,098</u> |
| Total Assets | \$ | <u><u>767,098</u></u> |
| Liabilities | | |
| Current liabilities: | | |
| Accrued expenses | \$ | - |
| Total Current Liabilities | | <u>-</u> |
| Net Assets | | |
| Unrestricted | | 161,727 |
| Temporarily restricted | | 283,146 |
| Permanently restricted | | 322,225 |
| Total Net Assets | | <u>767,098</u> |
| Total Liabilities and Net Assets | \$ | <u><u>767,098</u></u> |

See accompanying notes to financial statements.

Coconino County Community College District
Statement of Revenues, Expenses, and Changes in Net Assets - Primary Government
Year Ended June 30, 2012

| | Business-Type Activities |
|---|-----------------------------|
| Operating revenues: | |
| Tuition and fees (net of scholarship allowances of \$1,806,165) | \$ 6,163,152 |
| Private contracts | 404,497 |
| Bookstore income | 118,141 |
| Auxiliary enterprises | 27,959 |
| Other | 192,951 |
| Total operating revenues | 6,906,700 |
| Operating expenses: | |
| Educational and general: | |
| Instruction | 7,288,136 |
| Public service | 290,157 |
| Academic support | 1,806,664 |
| Student services | 1,997,462 |
| Institutional support | 4,199,373 |
| Operation and maintenance of plant | 1,626,559 |
| Scholarships | 3,453,804 |
| Auxiliary enterprises | 38,715 |
| Depreciation | 1,175,634 |
| Total operating expenses | 21,876,504 |
| Operating loss | (14,969,804) |
| Nonoperating revenues (expenses): | |
| Property taxes | 8,623,940 |
| State appropriations | 1,836,000 |
| Government grants | 6,595,409 |
| Share of state sales taxes | 385,512 |
| Investment earnings | 267,391 |
| Other nonoperating revenue | 98,974 |
| Interest expense on debt | (462,038) |
| Gain (Loss) on disposal of capital assets | (27,030) |
| Total nonoperating revenues (expenses) | 17,318,158 |
| Income before other revenues, expenses, gains, or losses | 2,348,354 |
| Increase in net assets | 2,348,354 |
| Total net assets, July 1, 2011 | 25,538,168 |
| Total net assets, June 30, 2012 | \$ 27,886,522 |

See accompanying notes to financial statements.

Coconino County Community College District
Statement of Activities - Component Unit
Year Ended June 30, 2012

| | Coconino Community College Foundation | | | |
|---|---------------------------------------|-----------------------------------|-----------------------------------|-----------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>TOTAL</u> |
| Revenue, Gains and Other Support | | | | |
| Public contributions | \$ 231,842 | \$ 167,419 | \$ 23,351 | \$ 422,612 |
| Revenues | 4,783 | 25,067 | - | 29,850 |
| Investment earnings | 11,645 | 8,812 | - | 20,457 |
| Realized gain on investments | - | 2,847 | - | 2,847 |
| Net assets released from restrictions | <u>240,351</u> | <u>(240,351)</u> | <u>-</u> | <u>-</u> |
| Total Revenue, Gains and Other Support | <u>488,621</u> | <u>(36,206)</u> | <u>23,351</u> | <u>475,766</u> |
| Expenses and Losses | | | | |
| Program services | 456,691 | - | - | 456,691 |
| Supporting services | 40,651 | - | - | 40,651 |
| Unrealized loss on investments | <u>10,287</u> | <u>-</u> | <u>-</u> | <u>10,287</u> |
| Total Expenses and Losses | <u>507,629</u> | <u>-</u> | <u>-</u> | <u>507,629</u> |
| Increase (Decrease) in Net Assets | (19,008) | (36,206) | 23,351 | (31,863) |
| Net Assets, beginning of year | <u>180,735</u> | <u>319,352</u> | <u>298,874</u> | <u>798,961</u> |
| Net Assets, end of year | <u>\$ 161,727</u> | <u>\$ 283,146</u> | <u>\$ 322,225</u> | <u>\$ 767,098</u> |

See accompanying notes to financial statements.

**Coconino County Community College District
Statement of Cash Flows - Primary Government
Year Ended June 30, 2012**

| | <u>Business-Type Activities</u> |
|--|-------------------------------------|
| Cash flows from operating activities: | |
| Tuition and fees | \$ 8,089,967 |
| Private contracts | 431,951 |
| Bookstore receipts | 118,877 |
| Auxiliary enterprises | 28,368 |
| Other receipts | 195,351 |
| Payments to employees for salaries and benefits | (12,537,105) |
| Payments to suppliers and providers of goods and services | (4,170,364) |
| Payments to students for scholarships | (5,273,548) |
| Net cash used for operating activities | <u>(13,116,503)</u> |
| Cash flows from noncapital financing activities: | |
| Property taxes - primary | 6,712,842 |
| State appropriations | 1,836,000 |
| Government grants | 6,458,509 |
| Share of state sales taxes | 385,512 |
| Other nonoperating receipts | 80,860 |
| Federal direct lending receipts | 4,747,878 |
| Federal direct lending disbursements | (4,747,878) |
| Deposits held in custody for others received | 1,487,352 |
| Deposits held in custody for others disbursed | (1,486,220) |
| Net cash provided by noncapital financing activities | <u>15,474,855</u> |
| Cash flows from capital and related financing activities: | |
| Property taxes - secondary | 2,029,144 |
| Other nonoperating receipts | 18,113 |
| Purchases of capital assets | (576,632) |
| Principal paid on capital debt | (1,524,892) |
| Interest paid on capital debt | (512,276) |
| Net cash used for capital and related financing activities | <u>(566,543)</u> |
| Cash flows from investing activities: | |
| Interest received on investments | <u>267,391</u> |
| Net cash provided by investing activities | <u>267,391</u> |
| Net increase in cash and cash equivalents | 2,059,200 |
| Cash and cash equivalents, July 1, 2011 | 13,862,910 |
| Cash and cash equivalents, June 30, 2012 | <u>\$ 15,922,110</u> |

See accompanying notes to financial statements.

(continued)

**Coconino County Community College District
Statement of Cash Flows - Primary Government
Year Ended June 30, 2012
(continued)**

| | Business-Type Activities |
|--|-----------------------------|
| Reconciliation of operating loss to net cash used for operating activities: | |
| Operating loss | \$ (14,969,804) |
| Adjustments to reconcile operating loss to net cash used for operating activities: | |
| Depreciation | 1,175,634 |
| Increase in OPEB obligation | 87,462 |
| Changes in assets and liabilities: | |
| Increase in: | |
| Accrued payroll and employee benefits | 155,104 |
| Compensated absences payable | (26,657) |
| Deferred revenues | 328,203 |
| Private grants receivable | 59,424 |
| Inventories | 13,158 |
| Other receivables | (233,623) |
| Decrease in: | |
| Prepaid items | 33,969 |
| Accounts payable | 260,627 |
| Net cash used for operating activities | \$ (13,116,503) |

| | |
|--|---------------|
| Reconciliation of cash and cash equivalents to the Statement of Net Assets: | |
| Cash in bank and on hand | \$ 1,434,186 |
| Cash and investments held by the County Treasurer | 13,906,119 |
| Investments | 581,805 |
| Cash and cash equivalents | \$ 15,922,110 |

Noncash transactions:

Amortization of premium on bonds.

The District amortized \$80,802 of premium on general obligation refunding bonds.

Amortization of bond issuance costs.

The District amortized \$30,564 of prepaid bond issuance costs.

See accompanying notes to financial statements.

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

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).

A. Reporting Entity

The District is a special-purpose government that is governed by a separately elected governing body. 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 only be used 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, 2012, the Foundation distributed \$154,601 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 86001.

B. Basis of Presentation and Accounting

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

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

A statement of net assets provides information about the assets, liabilities, and net assets of the District at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net assets are classified according to external donor restrictions or availability of assets to satisfy District obligations. Invested in capital assets, net of related debt represents the value of capital assets, net of accumulated depreciation, less any outstanding debt incurred to acquire or construct the assets. Expendable restricted net assets represent grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net assets includes all other net assets, 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 assets 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 assets are reported, including capital contributions. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues such as tuition and bookstore are considered to be operating revenues. Other revenues, such as property taxes, state appropriations, and government grants, are not generated from exchange transactions and are considered to be nonoperating revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense on debt, are considered to be 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 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 imposed by the provider 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 assets are available.

The District follows Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The District has chosen the option not to follow FASB Statements and Interpretations issued after November 30, 1989.

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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 estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the financial statements are as follows:

| | Capitalization Threshold | Depreciation Method | Estimated Useful Life |
|-----------------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Land | \$ 5,000 | | |
| 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 |

F. Investment Earnings

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

G. 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 earned by grandfathered employees based on services already rendered.

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (concluded)

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. Any unused PTO in excess of two times the annual accrual rate is forfeited. Upon termination or if an employee becomes ineligible for benefits, the employee will be paid, 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.

H. Scholarship Allowances

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

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. The statutes do 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. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the District's investments.

Deposits—At June 30, 2012, the carrying amount of the District's deposits was \$1,415,425 and the bank balance was \$1,622,437. The District does not have a formal policy with respect to custodial credit risk.

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

Note 2 - Deposits and Investments (concluded)

Investments—The District’s investments at June 30, 2012, were as follows:

| Investment Type | Amount |
|-------------------------------------|----------------------|
| County Treasurer's investment pool | \$ 13,906,119 |
| State Treasurer's investment pool 5 | 581,805 |
| | <u>\$ 14,487,924</u> |

The State Board of Investment provides oversight for the State Treasurer’s pools. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares and the participant’s shares are not identified with specific investments. No comparable oversight is provided for the County Treasurer’s investment pool, and that pool’s structure does not provide for shares.

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, 2012 was as follows:

| Investment Type | Rating | Rating Agency | Amount |
|-------------------------------------|---------------|----------------------|----------------------|
| County Treasurer's investment pool | Unrated | Not applicable | \$ 13,906,119 |
| State Treasurer's investment pool 5 | AAAf/S1+ | Standard & Poor's | 581,805 |
| | | | <u>\$ 14,487,924</u> |

Interest rate risk-The District does not have a formal policy with respect to interest rate risk. At June 30, 2012, the District had the following investments in debt securities:

| Investment Type | Amount | Weighted Average Maturity in Years |
|-------------------------------------|----------------------|---|
| County Treasurer's investment pool | \$ 13,906,119 | 1.53 |
| State Treasurer's investment pool 5 | 581,805 | 0.07 |
| | <u>\$ 14,487,924</u> | |

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

| Cash, deposits and investments: | | Statement of net Assets: | |
|--|----------------------|---------------------------------|----------------------|
| Cash on hand | \$ 18,761 | Cash in bank and on hand | \$ 1,434,186 |
| | | Cash and investments held | |
| Amount of deposits | 1,415,425 | by the County Treasurer | 13,906,119 |
| Amount of investments | 14,487,924 | Investments | 581,805 |
| | <u>\$ 15,922,110</u> | | <u>\$ 15,922,110</u> |

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

Note 3 - Other Receivables

Other receivables are shown net of related allowances for uncollectibles. A summary for other receivables at June 30, 2012, follows:

| | Receivable | Allowance | Net Receivable |
|----------|-------------------|-------------------|-------------------|
| Vendor | \$ 78,394 | | \$ 78,394 |
| Student | 846,928 | 136,252 | 710,676 |
| Employee | 377 | | 377 |
| | <u>\$ 925,699</u> | <u>\$ 136,252</u> | <u>\$ 789,447</u> |

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

| | Balance July 1, 2011 | Increases | Decreases | Balance June 30, 2012 |
|---|-------------------------|---------------------|------------------|--------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,089,000 | | | \$ 1,089,000 |
| Construction in progress | - | 11,221 | | 11,221 |
| Total capital assets not being depreciated | <u>1,089,000</u> | <u>11,221</u> | <u>-</u> | <u>1,100,221</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 32,907,254 | | | 32,907,254 |
| Improvements other than buildings | 1,072,148 | 107,241 | | 1,179,389 |
| Equipment | 3,094,499 | 448,427 | 782,285 | 2,760,641 |
| Vehicles | 257,203 | 9,743 | | 266,946 |
| Total capital assets being depreciated | <u>37,331,104</u> | <u>565,411</u> | <u>782,285</u> | <u>37,114,230</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 7,857,333 | 822,681 | | 8,680,014 |
| Improvements other than buildings | 285,419 | 74,861 | | 360,280 |
| Equipment | 2,538,084 | 261,131 | 755,255 | 2,043,960 |
| Vehicles | 203,060 | 16,961 | | 220,021 |
| Total accumulated depreciation | <u>10,883,896</u> | <u>1,175,634</u> | <u>755,255</u> | <u>11,304,275</u> |
| Total capital assets being depreciated, net | <u>26,447,208</u> | <u>(610,223)</u> | <u>27,030</u> | <u>25,809,955</u> |
| Capital assets, net | <u>\$ 27,536,208</u> | <u>\$ (599,002)</u> | <u>\$ 27,030</u> | <u>\$ 26,910,176</u> |

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

Note 5 - Long-Term Liabilities

The following schedule details the District's long-term liability and obligation activity for the year ended June 30, 2012:

| | Balance July 1, 2011 | Additions | Reductions | Balance June 30, 2012 | Due within 1 year |
|---|---------------------------------|-------------------|---------------------|----------------------------------|------------------------------|
| Bonds payable: | | | | | |
| General obligation refunding bonds | \$ 14,115,000 | \$ - | \$ 1,485,000 | 12,630,000 | \$ 1,545,000 |
| Premium on general obligation refunding bonds | 431,203 | | 80,802 | 350,401 | - |
| Prepaid bond issuance costs | (163,107) | | (30,564) | (132,543) | - |
| Capital leases payable | 39,892 | | 39,892 | - | - |
| OPEB obligation | 202,007 | 87,462 | - | 289,469 | - |
| Compensated absences payable | 600,239 | 296,453 | 323,110 | 573,582 | 91,461 |
| | <u>\$ 15,225,234</u> | <u>\$ 383,915</u> | <u>\$ 1,898,240</u> | <u>\$ 13,710,909</u> | <u>\$ 1,636,461</u> |

Bonds - The District's bonded debt consists of general obligation refunding bonds that are generally callable with interest payable semiannually. 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, 2012, the following outstanding bonds were considered defeased:

| <u>Description</u> | <u>Amount</u> |
|---|---------------|
| General Obligation Bonds, Series A (1999) | \$14,520,000 |

Bonds outstanding at June 30, 2012, were as follows:

| Description | Original Amount | Maturities | Interest Rates | Outstanding Principal |
|--|----------------------------|------------------------------|---------------------------|----------------------------------|
| General obligation refunding bonds, Series 2009 | \$ 17,135,000 | annually through 7/1/2019 | 2.00% - 5.00% | \$ 12,630,000 |

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.

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

Note 5 - Long-Term Liabilities (concluded)

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2012:

| Year Ending June 30 | General Obligation Refunding Bonds | |
|---------------------|------------------------------------|---------------------|
| | Principal | Interest |
| 2013 | \$ 1,545,000 | \$ 477,488 |
| 2014 | 1,620,000 | 438,863 |
| 2015 | 1,690,000 | 394,313 |
| 2016 | 1,785,000 | 332,413 |
| 2017 | 1,885,000 | 266,225 |
| 2018-2020 | 4,105,000 | 306,250 |
| Total | <u>\$ 12,630,000</u> | <u>\$ 2,215,552</u> |

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 and accident 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, 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 \$41,681 for the year ended June 30, 2012.

The operating lease has a remaining noncancelable term of 12 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 future minimum rental payments required under the operating lease at June 30, 2012, were as follows:

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

Note 7 - Operating Leases (concluded)

| Year ending June 30 | | |
|------------------------------|----|---------|
| 2013 | \$ | 41,681 |
| 2014 | | 41,681 |
| 2015 | | 41,681 |
| 2016 | | 41,681 |
| 2017 | | 41,681 |
| 2018 - 22 | | 208,405 |
| 2023 - 24 | | 83,362 |
| Total minimum lease payments | \$ | 500,172 |

Note 8 - Pension and Other Postemployment Benefits

A. Pension Benefits

Arizona State Retirement System

Plan description—The District contributes to a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan, all of which are administered by the Arizona State Retirement System. The Arizona State Retirement System (through its Retirement Fund) provides retirement (i.e., pension), death, and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., monthly subsidy); and the Long-Term Disability Fund provides long-term disability benefits. Benefits are established by state statute. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the Arizona State Retirement System, 3300 N. Central Ave., P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling 602-240-2000 or 800-621-3778.

Funding policy—The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2012, active plan members were required by statute to contribute at the actuarially determined rate of 10.74 percent (10.5 percent retirement and 0.24 percent long-term disability) of the members' annual covered payroll and the District was required by statute to contribute at the actuarially determined rate of 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll.

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

Note 8 - Pension and Other Postemployment Benefits (continued)

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

| | Retirement Fund | Health Benefit Supplement Fund | Long-Term Disability Fund |
|--------------------|----------------------------|---|--------------------------------------|
| Year ended June 30 | | | |
| 2012 | \$ 676,181 | \$ 43,161 | \$ 16,444 |
| 2011 | \$ 575,840 | \$ 37,707 | \$ 15,978 |
| 2010 | \$ 565,219 | \$ 44,455 | \$ 25,403 |

Optional Retirement Plan

Plan description—In September 2001, the District implemented an Optional Retirement Plan (ORP), allowing the employee to opt out of the Arizona State Retirement System and establish a defined contribution account with one of three independent providers: ING Life Insurance and Annuity Company; Variable Annuity Life Insurance Company (VALIC); or Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA-CREF). The ORP generally provides retirement, death, long-term disability, and survivor benefits. The ORP is intended to constitute a qualified plan within the meaning of Section 401(a) of the Internal Revenue Code of 1986 (the Code), as amended, and to constitute a qualified pick-up plan within the meaning of Section 414 (h)(2) of the Code, and is authorized by A.R.S. Title 15, Chapter 12, Article 3. Plan contributions are invested, at the direction of each participant, in one or more funding vehicles available to participants under the ORP. ORP contributions are held for the exclusive benefit of the participants.

Funding policy—The District Governing Board establishes and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2012, active participants were required to contribute 10.93 percent (10.50 percent retirement and 0.43 percent long-term disability) of the members' annual covered payroll. The District was required to contribute 10.93 percent (10.50 percent retirement and 0.43 percent long-term disability) of the members' annual covered payroll.

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

| | Retirement Fund | Long-Term Disability Fund |
|--------------------|----------------------------|--------------------------------------|
| Year ended June 30 | | |
| 2012 | \$ 90,802 | \$ 3,754 |
| 2011 | 68,791 | 4,378 |
| 2010 | 77,600 | 3,509 |

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

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 \$742,389 as of July 1, 2012, 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 a 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 ten years of service as a benefit eligible employee and apply for and receive retirement benefits from either the Arizona State Retirement System or the Optional Retirement Plan. 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 2011-12 fiscal year, two retirees received postemployment healthcare benefits.

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

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

Note 8 - Pension and Other Postemployment Benefits (continued)

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 |
|---|-------------------|
| Normal cost (service cost for one year) | \$ 62,726 |
| Amortization of the unfunded actuarial: | |
| Accrued liability | 34,727 |
| Adjustment for timing to end of fiscal year | 4,385 |
| Interest on normal cost and amortization | <u>-</u> |
| Annual required contribution (ARC) | 101,838 |
| Interest on net OPEB obligation | 9,090 |
| Adjustment to annual required contribution | <u>(12,402)</u> |
| Annual OPEB Cost | 98,526 |
| Contribution toward the OPEB cost | 11,064 |
| Increase in net OPEB obligation | 87,462 |
| Net OPEB obligation, beginning of year | 202,007 |
| Net OPEB obligation, end of year | <u>\$ 289,469</u> |

Funded Status and Fund Progress – As of June 30, 2012, the actuarial accrued liability for benefits was \$742,389 and is unfunded. The covered payroll (annual payroll of active participating employees as of the actuarial valuation date) was \$6,383,803 while the ratio of the unfunded actuarial accrued liability to the covered payroll was 11.63%.

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, 2012

Note 8 - Pension and Other Postemployment Benefits (concluded)

| <u>Method/Assumption</u> | |
|--|------------------|
| Valuation date | July 1, 2012 |
| Actuarial cost method | Entry Age Normal |
| Initial amortization period, level dollar amortization method, open period | 30 years |
| Remaining amortization period as of July 1, 2012 | 30 years |
| Investment rate of return | 4.50% |
| Medicare coverage age | 65 |
| Retirement and disability age | ASRS assumptions |
| Health care cost trend range | 5% - 9% |
| Participation assumption | 75% |
| Active members | 127 |
| Retirees currently receiving benefits | 2 |

Note 9 - Operating Expenses

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

| | |
|-----------------------------|----------------------|
| Compensation and benefits | \$ 12,758,430 |
| Contract services | 1,985,619 |
| Supplies and other services | 899,227 |
| Annual fixed charges | 799,964 |
| Communication and utilities | 552,591 |
| Travel | 172,865 |
| Scholarships | 3,467,383 |
| Depreciation | 1,175,634 |
| Other | 64,791 |
| Total | <u>\$ 21,876,504</u> |

Note 10 - Discretely Presented Component Unit Disclosures

Coconino Community College Foundation

1. 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

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

Note 10 - Discretely Presented Component Unit Disclosures (continued)

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 financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally 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. In addition, the Foundation is required to present a statement of cash flows.

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).

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 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.

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

Note 10 - Discretely Presented Component Unit Disclosures (continued)

Donated Goods and Services

The Foundation values donated goods and services at their fair market value as of the date of the donation. Donated professional audit and accounting services for the fiscal year ended June 30, 2012 was \$5,830.

Cash and Cash Equivalents

The Foundation considers all short-term investments with an original maturity of three months or less to be cash equivalents. Reinvested investment earnings reported on the Statement of Cash Flows represent reinvested interest and dividends.

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. 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 Managements Review

Management has reviewed events subsequent to June 30, 2012 up through the financial statements report date, September 7, 2012, to evaluate their effect on the fair presentation of the financial statements. As of the report date, there have been no events subsequent to June 30, 2012 that are required to be disclosed in order to present fairly the financial position and changes in net assets of the Foundation.

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, 2012:

| | |
|-----------------------|--------------------------|
| Checking | \$ 85,318 |
| Petty cash | 300 |
| Fidelity cash account | <u>57,010</u> |
| | <u><u>\$ 142,628</u></u> |

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

Note 10 - Discretely Presented Component Unit Disclosures (continued)

The Federal Deposit Insurance Corporation insured accounts up to \$250,000 per institution. As of June 30, 2012 the Foundation did not maintain cash balances in excess of this amount in their checking account. Cash deposited with Fidelity Investments is insured by the SIPC up to \$500,000. 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 as discussed in the next footnote is measured on a recurring basis at June 30, 2012 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, 2012. 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 is as follows:

| | 2012 | |
|-----------------|-----------------|------------|
| | Market Value | Cost |
| Common stock | \$ 348,052 | \$ 248,221 |
| Corporate bonds | 256,452 | 244,023 |
| Mutual funds | 19,966 | 20,035 |
| | \$ 624,470 | \$ 512,279 |

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

| | 2012 | | |
|---|--------------|---------------------------|-----------|
| | Unrestricted | Temporarily Restricted | Total |
| Investment earnings | \$ 11,645 | \$ 8,812 | \$ 20,457 |
| Net realized and unrealized gains (losses) | (10,287) | 2,847 | (7,440) |
| Total investment return | \$ 1,358 | \$ 11,659 | \$ 13,017 |

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

Note 10 - Discretely Presented Component Unit Disclosures (continued)

6. Unconditional Promises to Give

The Foundation did not have any unconditional promises to give as of June 30, 2012.

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 amounts are included in unrestricted public contributions for these services were \$179,364 for the year ended June 30, 2012. In the opinion of management, such transactions were on substantially the same terms as those that would prevail with other unrelated persons and entities.

9. Cash Flow Information

There were no non-cash investing transactions during the years ended June 30, 2012 and 2011.

The Foundation paid interest of \$0 as of June 30, 2012. There were no income taxes paid during the year ended June 30, 2012.

10. Concentration Risk

During the year ending June 30, 2012, one donor's gift comprised 22.1% of total support and revenue.

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

Note 10 - Discretely Presented Component Unit Disclosures (cotinued)

11. Schedule of Functional Expenses

The Foundation's functional expenses as of June 30, 2012 are as follows:

| | 2012 | | |
|----------------------------------|---------------------|---------------------|------------|
| | Program Expenses | Support Services | Total |
| Development staff expense | \$ 188,478 | \$ - | \$ 188,478 |
| Grants, scholarships, and awards | 265,723 | - | 265,723 |
| Investment fees | - | 6,175 | 6,175 |
| Marketing | 2,490 | - | 2,490 |
| Meeting expenses | - | 2,926 | 2,926 |
| Miscellaneous expenses | - | 3,384 | 3,384 |
| Postage | - | 1,053 | 1,053 |
| Printing and copying | - | 3,063 | 3,063 |
| Professional fees | - | 19,851 | 19,851 |
| Supplies | - | 4,199 | 4,199 |
| Total | \$ 456,691 | \$ 40,651 | \$ 497,342 |

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 the Uniform Prudent Management of Institutional Funds Act (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 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.

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

Note 10 - Discretely Presented Component Unit Disclosures (continued)

12. Endowment Funds (continued)

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 | 100% |

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.

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.

Coconino County Community College District
Notes to Financial Statements
June 30, 2012

Note 10 - Discretely Presented Component Unit Disclosures (continued)

12. Endowment Funds (concluded)

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, 2012:

| | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|-----------------------------|-----------------------------------|-----------------------------------|-------------------|
| Balance, June 30, 2011 | \$ 41,797 | \$ 298,874 | \$ 340,671 |
| Contributions received | 2,221 | 23,351 | 25,572 |
| Interest & dividends earned | 8,812 | - | 8,812 |
| Scholarships awarded | (31,480) | - | (31,480) |
| Administrative fees | (6,444) | - | (6,444) |
| Balance, June 30, 2012 | <u>\$ 14,906</u> | <u>\$ 322,225</u> | <u>\$ 337,131</u> |

It is not the policy of the Coconino Community College Foundation Board of Directors to adjust the principal balance of its Endowment Funds for investment account market fluctuations. Therefore, the balances stated above have had investment earnings added to them but no adjustments made for market value changes.

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
Required Supplementary Information
Postemployment Health Care Benefits
Schedule of Funding Progress
June 30, 2012

| Actuarial Valuation Date (5) | 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 |
|------------------------------------|------------------------------------|---|--|---|---------------------|--------------------|---|
| 7/1/2009 | 2010 | \$ - | \$ 591,120 (4) | \$ 591,120 | 0.00 % | \$ 6,506,901 (4) | 9.08 % |
| 7/1/2009 | 2011 | - | 614,734 | 614,734 | 0.00 | \$ 6,506,901 | 9.45 |
| 7/1/2012 | 2012 | - | 742,389 | 742,389 | 0.00 | 6,383,803 | 11.63 |

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 June 30, 2012, dated August 24, 2012.
- (5) For the purposes of GASB Statement 45, the District performs actuarial valuations once every three 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 Assets by Component
Last Ten Fiscal Years**

(dollars in thousands)

| | <u>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> | <u>2008-09</u> | <u>2007-08</u> | <u>2006-07</u> | <u>2005-06</u> | <u>2004-05</u> | <u>2003-04</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Invested in capital assets, net of related debt | \$ 14,062 | \$ 13,113 | \$ 12,310 | \$ 10,996 | \$ 10,597 | \$ 10,372 | \$ 9,841 | \$ 9,164 | \$ 8,850 |
| Restricted - expendable | 525 | 509 | 1,960 | 2,780 | 3,056 | 2,739 | 2,500 | 2,838 | 3,025 |
| Unrestricted | 13,300 | 11,916 | 7,912 | 5,932 | 4,626 | 4,442 | 3,780 | 3,576 | 3,701 |
| Total primary government net assets | <u>\$ 27,887</u> | <u>\$ 25,538</u> | <u>\$ 22,182</u> | <u>\$ 19,708</u> | <u>\$ 18,279</u> | <u>\$ 17,553</u> | <u>\$ 16,121</u> | <u>\$ 15,578</u> | <u>\$ 15,576</u> |

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

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

(dollars in thousands)

| | <u>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> | <u>2008-09</u> | <u>2007-08</u> | <u>2006-07</u> | <u>2005-06</u> | <u>2004-05</u> | <u>2003-04</u> | <u>2002-03</u> |
|------------------------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Instruction | \$ 7,288 | \$ 6,658 | \$ 6,765 | \$ 6,981 | \$ 6,916 | \$ 6,564 | \$ 6,393 | \$ 5,631 | \$ 4,837 | \$ 4,539 |
| Public service | 290 | 284 | 182 | 139 | 143 | 113 | 133 | 180 | 214 | 150 |
| Adademic support | 1,807 | 1,582 | 1,807 | 2,289 | 2,367 | 2,118 | 2,113 | 1,957 | 1,693 | 1,634 |
| Student services | 1,997 | 1,771 | 1,685 | 1,696 | 1,610 | 1,540 | 1,412 | 1,380 | 1,372 | 1,329 |
| Institutional support | 4,199 | 3,940 | 3,791 | 4,129 | 3,838 | 3,614 | 3,175 | 3,135 | 2,901 | 2,785 |
| Operation and maintenance of plant | 1,627 | 1,553 | 1,521 | 1,590 | 1,495 | 1,280 | 1,280 | 1,212 | 1,195 | 1,035 |
| Scholarships | 3,454 | 3,988 | 3,690 | 1,701 | 1,376 | 1,321 | 1,249 | 1,388 | 1,282 | 1,095 |
| Auxiliary enterprises | 39 | 33 | 25 | 20 | 33 | 28 | 19 | 19 | 19 | 27 |
| Depreciation | 1,176 | 1,170 | 1,104 | 1,080 | 1,041 | 1,061 | 1,129 | 1,127 | 1,130 | 1,096 |
| Total operating expenses | <u>21,877</u> | <u>20,979</u> | <u>20,570</u> | <u>19,625</u> | <u>18,819</u> | <u>17,639</u> | <u>16,903</u> | <u>16,029</u> | <u>14,643</u> | <u>13,690</u> |
| Interest expense on debt | 462 | 493 | 519 | 996 | 905 | 958 | 1,013 | 1,064 | 1,128 | 1,182 |
| Loss on disposal of capital assets | 27 | - | - | - | - | - | - | - | - | - |
| Total nonoperating expenses | <u>489</u> | <u>493</u> | <u>519</u> | <u>996</u> | <u>905</u> | <u>958</u> | <u>1,013</u> | <u>1,064</u> | <u>1,128</u> | <u>1,182</u> |
| Total expenses | <u>\$22,366</u> | <u>\$21,472</u> | <u>\$ 21,089</u> | <u>\$ 20,621</u> | <u>\$ 19,724</u> | <u>\$ 18,597</u> | <u>\$ 17,916</u> | <u>\$ 17,093</u> | <u>\$ 15,771</u> | <u>\$ 14,872</u> |

(percent of total expenses)

| | <u>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> | <u>2008-09</u> | <u>2007-08</u> | <u>2006-07</u> | <u>2005-06</u> | <u>2004-05</u> | <u>2003-04</u> | <u>2002-03</u> |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Instruction | 32.6 % | 31.0 % | 32.0 % | 34.0 % | 35.0 % | 35.2 % | 35.7 % | 32.9 % | 30.6 % | 30.5 % |
| Public service | 1.3 | 1.3 | 0.9 | 0.7 | 0.7 | 0.6 | 0.7 | 1.1 | 1.4 | 1.0 |
| Adademic support | 8.1 | 7.4 | 8.6 | 11.1 | 12.0 | 11.4 | 11.8 | 11.5 | 10.7 | 11.0 |
| Student services | 8.9 | 8.2 | 8.0 | 8.2 | 8.2 | 8.3 | 7.9 | 8.1 | 8.7 | 8.9 |
| Institutional support | 18.8 | 18.4 | 18.0 | 20.0 | 19.4 | 19.4 | 17.7 | 18.3 | 18.4 | 18.7 |
| Operation and maintenance of plant | 7.3 | 7.2 | 7.2 | 7.7 | 7.6 | 6.9 | 7.1 | 7.1 | 7.6 | 7.0 |
| Scholarships | 15.4 | 18.6 | 17.5 | 8.2 | 7.0 | 7.1 | 7.0 | 8.1 | 8.1 | 7.4 |
| Auxiliary enterprises | 0.2 | 0.2 | 0.1 | 0.1 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.2 |
| Depreciation | 5.2 | 5.4 | 5.2 | 5.2 | 5.3 | 5.7 | 6.3 | 6.6 | 7.2 | 7.4 |
| Total operating expenses | <u>97.8</u> | <u>97.7</u> | <u>97.5</u> | <u>95.2</u> | <u>95.4</u> | <u>94.8</u> | <u>94.3</u> | <u>93.8</u> | <u>92.8</u> | <u>92.1</u> |
| Interest expense on debt | 2.1 | 2.3 | 2.5 | 4.8 | 4.6 | 5.2 | 5.7 | 6.2 | 7.2 | 7.9 |
| Loss on disposal of capital assets | 0.1 | - | - | - | - | - | - | - | - | - |
| Total nonoperating expenses | <u>2.2</u> | <u>2.3</u> | <u>2.5</u> | <u>4.8</u> | <u>4.6</u> | <u>5.2</u> | <u>5.7</u> | <u>6.2</u> | <u>7.2</u> | <u>7.9</u> |
| Total expenses | <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>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> | <u>2008-09</u> | <u>2007-08</u> | <u>2006-07</u> | <u>2005-06</u> | <u>2004-05</u> | <u>2003-04</u> | <u>2002-03</u> |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Compensation and benefits | \$ 12,758 | \$ 12,040 | \$ 11,931 | \$ 12,443 | \$ 12,207 | \$ 11,776 | \$ 11,161 | \$ 10,247 | \$ 9,251 | \$ 8,727 |
| Contract services | 1,986 | 1,528 | 1,627 | 1,800 | 1,473 | 1,086 | 920 | 932 | 843 | 685 |
| Supplies and other services | 899 | 831 | 808 | 960 | 1,126 | 785 | 884 | 981 | 800 | 919 |
| Annual fixed charges | 800 | 650 | 654 | 769 | 644 | 697 | 710 | 561 | 476 | 407 |
| Communication and utilities | 553 | 517 | 565 | 664 | 659 | 628 | 563 | 542 | 528 | 494 |
| Travel | 173 | 160 | 130 | 131 | 234 | 195 | 190 | 145 | 202 | 169 |
| Scholarships | 3,467 | 3,988 | 3,690 | 1,703 | 1,376 | 1,321 | 1,251 | 1,390 | 1,304 | 1,121 |
| Depreciation | 1,176 | 1,170 | 1,104 | 1,080 | 1,040 | 1,061 | 1,129 | 1,127 | 1,129 | 1,096 |
| Other | 65 | 95 | 61 | 75 | 60 | 90 | 95 | 104 | 110 | 72 |
| Total operating expenses | <u>21,877</u> | <u>20,979</u> | <u>20,570</u> | <u>19,625</u> | <u>18,819</u> | <u>17,639</u> | <u>16,903</u> | <u>16,029</u> | <u>14,643</u> | <u>13,690</u> |
| Interest expense on debt | 462 | 493 | 519 | 996 | 905 | 958 | 1,013 | 1,064 | 1,128 | 1,182 |
| Loss on disposal of capital assets | 27 | - | - | - | - | - | - | - | - | - |
| Total nonoperating expenses | <u>489</u> | <u>493</u> | <u>519</u> | <u>996</u> | <u>905</u> | <u>958</u> | <u>1,013</u> | <u>1,064</u> | <u>1,128</u> | <u>1,182</u> |
| Total expenses | <u>\$ 22,366</u> | <u>\$ 21,472</u> | <u>\$ 21,089</u> | <u>\$ 20,621</u> | <u>\$ 19,724</u> | <u>\$ 18,597</u> | <u>\$ 17,916</u> | <u>\$ 17,093</u> | <u>\$ 15,771</u> | <u>\$ 14,872</u> |

(percent of total expenses)

| | <u>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> | <u>2008-09</u> | <u>2007-08</u> | <u>2006-07</u> | <u>2005-06</u> | <u>2004-05</u> | <u>2003-04</u> | <u>2002-03</u> |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Compensation and benefits | 57.0 % | 56.1 % | 56.6 % | 60.4 % | 61.8 % | 63.4 % | 62.3 % | 60.0 % | 58.6 % | 58.8 % |
| Contract services | 8.9 | 7.1 | 7.7 | 8.7 | 7.5 | 5.8 | 5.1 | 5.5 | 5.3 | 4.6 |
| Supplies and other services | 4.0 | 3.9 | 3.8 | 4.7 | 5.7 | 4.2 | 4.9 | 5.7 | 5.1 | 6.2 |
| Annual fixed charges | 3.6 | 3.0 | 3.1 | 3.7 | 3.3 | 3.7 | 4.0 | 3.3 | 3.0 | 2.7 |
| Communication and utilities | 2.5 | 2.4 | 2.7 | 3.2 | 3.3 | 3.4 | 3.1 | 3.2 | 3.3 | 3.3 |
| Travel | 0.8 | 0.8 | 0.6 | 0.6 | 1.2 | 1.0 | 1.1 | 0.8 | 1.3 | 1.1 |
| Scholarships | 15.5 | 18.6 | 17.5 | 8.3 | 7.0 | 7.1 | 7.0 | 8.1 | 8.3 | 7.5 |
| Depreciation | 5.2 | 5.4 | 5.2 | 5.2 | 5.3 | 5.7 | 6.3 | 6.6 | 7.2 | 7.4 |
| Other | 0.3 | 0.4 | 0.3 | 0.4 | 0.3 | 0.5 | 0.5 | 0.6 | 0.7 | 0.5 |
| Total operating expenses | <u>97.8</u> | <u>97.7</u> | <u>97.5</u> | <u>95.2</u> | <u>95.4</u> | <u>94.8</u> | <u>94.3</u> | <u>93.8</u> | <u>92.8</u> | <u>92.1</u> |
| Interest expense on debt | 2.1 | 2.3 | 2.5 | 4.8 | 4.6 | 5.2 | 5.7 | 6.2 | 7.2 | 7.9 |
| Loss on disposal of capital assets | 0.1 | - | - | - | - | - | - | - | - | - |
| Total nonoperating expenses | <u>2.2</u> | <u>2.3</u> | <u>2.5</u> | <u>4.8</u> | <u>4.6</u> | <u>5.2</u> | <u>5.7</u> | <u>6.2</u> | <u>7.2</u> | <u>7.9</u> |
| Total expenses | <u>100.0 %</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>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> | <u>2008-09</u> | <u>2007-08</u> | <u>2006-07</u> | <u>2005-06</u> | <u>2004-05</u> | <u>2003-04</u> | <u>2002-03</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Tuition and fees (net of scholarship allowance) | \$ 6,163 | \$ 6,011 | \$ 5,181 | \$ 4,970 | \$ 4,340 | \$ 4,286 | \$ 3,700 | \$ 3,144 | \$ 2,618 | \$ 2,215 |
| Private contracts | 405 | 248 | 188 | 154 | 195 | 212 | 131 | 241 | 276 | 235 |
| Bookstore income | 118 | 93 | 86 | 76 | 76 | 56 | 45 | 42 | 38 | 37 |
| Auxiliary enterprises | 28 | 32 | 26 | 24 | 31 | 22 | 23 | 22 | 21 | 33 |
| Other operating revenues | 193 | 197 | 195 | 142 | 148 | 139 | 146 (3) | 125 (3) | 108 (3) | 88 (3) |
| Total operating revenues | <u>6,907</u> | <u>6,581</u> | <u>5,676</u> | <u>5,366</u> | <u>4,790</u> | <u>4,715</u> | <u>4,045</u> | <u>3,574</u> | <u>3,061</u> | <u>2,608</u> |
| Property taxes | 8,624 | 8,434 | 8,341 | 8,241 | 7,787 | 7,620 | 7,274 | 7,033 | 6,685 | 6,200 |
| State appropriations | 1,836 | 2,679 | 2,679 | 2,994 | 3,335 | 3,322 | 3,148 | 3,025 | 2,905 | 2,905 |
| Government grants and contracts | 6,595 | 6,272 | 6,212 | 4,480 | 3,152 | 3,080 (4) | 2,841 (4) | 2,552 (4) | 2,466 (4) | 2,175 (4) |
| Share of state sales taxes | 386 | 383 | 377 | 404 | 454 | 456 | 425 | 370 | 1,348 (1) | 330 |
| Investment earnings | 267 | 249 | 278 | 411 | 508 | 414 | 318 | 185 | 170 | (72) (2) |
| Other nonoperating revenues | 99 | 230 (6) | | 14 (5) | | | | | | |
| Total nonoperating revenues | <u>17,807</u> | <u>18,247</u> | <u>17,887</u> | <u>16,544</u> | <u>15,236</u> | <u>14,892</u> | <u>14,006</u> | <u>13,165</u> | <u>13,574</u> | <u>11,538</u> |
| Total revenues before other revenues and gains | <u>\$ 24,714</u> | <u>\$ 24,828</u> | <u>\$ 23,563</u> | <u>\$ 21,910</u> | <u>\$ 20,026</u> | <u>\$ 19,607</u> | <u>\$ 18,051</u> | <u>\$ 16,739</u> | <u>\$ 16,635</u> | <u>\$ 14,146</u> |

(percent of total revenues)

| | <u>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> | <u>2008-09</u> | <u>2007-08</u> | <u>2006-07</u> | <u>2005-06</u> | <u>2004-05</u> | <u>2003-04</u> | <u>2002-03</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Tuition and fees (net of scholarship allowance) | 24.9 % | 24.2 % | 22.0 % | 22.7 % | 21.7 % | 21.9 % | 20.5 % | 18.8 % | 15.7 % | 15.6 % |
| Private contracts | 1.6 | 1.0 | 0.8 | 0.7 | 0.9 | 1.0 | 0.7 | 1.5 | 1.8 | 1.7 |
| Bookstore income | 0.5 | 0.4 | 0.4 | 0.3 | 0.4 | 0.3 | 0.3 | 0.3 | 0.2 | 0.3 |
| Auxiliary enterprises | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 |
| Other operating revenues | 0.8 | 0.8 | 0.8 | 0.6 | 0.7 | 0.7 | 0.8 | 0.7 | 0.6 | 0.6 |
| Total operating revenues | <u>27.9</u> | <u>26.5</u> | <u>24.1</u> | <u>24.4</u> | <u>23.9</u> | <u>24.0</u> | <u>22.4</u> | <u>21.4</u> | <u>18.4</u> | <u>18.4</u> |
| Property taxes | 34.9 | 34.0 | 35.4 | 37.6 | 38.9 | 38.9 | 40.3 | 42.0 | 40.2 | 43.9 |
| State appropriations | 7.4 (7) | 10.8 | 11.4 | 13.7 | 16.7 | 16.9 | 17.4 | 18.1 | 17.5 | 20.5 |
| Government grants and contracts | 26.7 | 25.3 | 26.3 | 20.5 | 15.7 | 15.8 | 15.7 | 15.2 | 14.8 | 15.4 |
| Share of state sales taxes | 1.6 | 1.5 | 1.6 | 1.8 | 2.3 | 2.3 | 2.4 | 2.2 | 8.1 | 2.3 |
| Investment earnings | 1.1 | 1.0 | 1.2 | 1.9 | 2.5 | 2.1 | 1.8 | 1.1 | 1.0 | (0.5) |
| Other nonoperating revenues | 0.4 | 0.9 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total nonoperating revenues | <u>72.1</u> | <u>73.5</u> | <u>75.9</u> | <u>75.6</u> | <u>76.1</u> | <u>76.0</u> | <u>77.6</u> | <u>78.6</u> | <u>81.6</u> | <u>81.6</u> |
| Total revenues | <u>100.0 %</u> |

Source: Comprehensive Annual Financial Report for the fiscal years presented, as reclassified in (4) and (5).

- (1) The District received \$1,000,000 from share of state sales taxes for deferred maintenance in fiscal year 2003-04.
- (2) The Local Government Investment Pool (LGIP) and the County Treasurer investments experienced a loss due to the NCFE bankruptcy in fiscal year 2002-03.
- (3) Nonoperating revenues were properly reclassified to operating revenues in fiscal year 2006-07. For comparability purposes, prior years have been reclassified.
- (4) Government grants and contracts were reclassified to nonoperating revenues in fiscal year 2007-08. For comparability purposes, prior years have been reclassified.
- (5) General obligation bonds were refunded in fiscal year 2008-2009.
- (6) Other nonoperating revenues resulted from a reclassification of in-lieu and property excise tax from "property taxes" to "other nonoperating revenues."
- (7) State budget reductions have resulted in a significant drop in State Appropriations as a percentage of total revenues.

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

(dollars in thousands)

| | <u>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> | <u>2008-09</u> | <u>2007-08</u> | <u>2006-07</u> | <u>2005-06</u> | <u>2004-05</u> | <u>2003-04</u> | <u>2002-03</u> |
|--|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|----------------|----------------|-----------------|-----------------|
| Income (loss) before other changes in net assets | \$ 2,348 | \$ 3,356 | \$ 2,474 | \$ 1,289 | \$ 302 | \$ 1,010 | \$ 135 | \$ (353) | \$ 864 | \$ (727) |
| Capital appropriations | - | - | - | - | 424 | 421 | 383 | 356 | 319 | 319 |
| Capital gifts | - | - | - | 140 | - | - | 25 | - | - | - |
| Total change in net assets | <u>\$ 2,348</u> | <u>\$ 3,356</u> | <u>\$ 2,474</u> | <u>\$ 1,429</u> | <u>\$ 726</u> | <u>\$ 1,431</u> | <u>\$ 543</u> | <u>\$ 3</u> | <u>\$ 1,183</u> | <u>\$ (408)</u> |

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

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

| Fiscal Year | Statutory Expenditure Limitation (1) | Budgeted Expenditures Subject to the Limitation (2) | Unused Legal Limit |
|------------------------|---|--|-----------------------------------|
| 2003 | 9,843,252 | 9,843,251 | 1 |
| 2004 | 10,723,076 | 10,723,075 | 1 |
| 2005 | 11,075,088 | 11,075,087 | 1 |
| 2006 | 12,566,670 | 12,566,669 | 1 |
| 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 |

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**

| <u>Fiscal Year</u> | <u>Total Tax Levy (1)</u> | <u>Collected within the Fiscal Year of the Levy</u> | | <u>Collections in Subsequent Years</u> | <u>Total Collections to Date</u> | |
|--------------------|---------------------------|---|---------------------------|--|----------------------------------|---------------------------|
| | | <u>Amount</u> | <u>Percentage of Levy</u> | | <u>Amount</u> | <u>Percentage of Levy</u> |
| 2003 | \$ 6,113,161 | \$ 5,900,703 | 96.52 % | 212,520 | \$ 6,113,223 | 100.00 % |
| 2004 | 6,504,040 | 6,459,745 | 99.32 | 43,561 | 6,503,306 | 99.99 |
| 2005 | 6,714,598 | 6,570,730 | 97.86 | 142,869 | 6,713,599 | 99.99 |
| 2006 | 7,049,570 | 6,938,140 | 98.42 | 109,802 | 7,047,942 | 99.98 |
| 2007 | 7,358,011 | 7,240,945 | 98.41 | 114,700 | 7,355,645 | 99.97 |
| 2008 | 7,620,713 | 7,450,465 | 97.77 | 167,169 | 7,617,634 | 99.96 |
| 2009 | 8,199,374 | 7,942,306 | 96.86 | 251,175 | 8,193,481 | 99.93 |
| 2010 | 8,147,389 | 7,926,032 | 97.28 | 215,387 | 8,141,419 | 99.93 |
| 2011 | 8,424,133 | 8,073,310 | 95.84 | 329,554 | 8,402,864 | 99.75 |
| 2012 | 8,573,088 | 8,314,386 | 96.98 | - | 8,314,386 | 96.98 |

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, 2012.

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

**Coconino 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 |
|----------|-----------|----------------|------------|------------------------|-------------|-----------|----------|--------|-----------------|
| | | Utilities | Commercial | Vacant/ Agriculture | Residential | Railroads | Historic | | |
| 2002 | Primary | \$ 212,960 | \$ 301,132 | \$ 161,426 | \$ 439,809 | \$ 16,436 | \$ 2,327 | \$ 200 | |
| 2002 | Secondary | 212,960 | 310,901 | 177,491 | 451,657 | 17,350 | 2,385 | 201 | |
| 2003 | Primary | 255,187 | 297,565 | 174,423 | 481,484 | 15,857 | 2,314 | 200 | |
| 2003 | Secondary | 255,187 | 302,990 | 189,384 | 495,712 | 17,065 | 2,327 | 998 | |
| 2004 | Primary | 240,410 | 310,610 | 186,317 | 534,776 | 16,846 | 1,007 | 375 | |
| 2004 | Secondary | 240,410 | 318,520 | 201,576 | 558,559 | 18,786 | 1,044 | 1,876 | |
| 2005 | Primary | 238,464 | 326,562 | 207,823 | 590,946 | 17,941 | 1,054 | 608 | |
| 2005 | Secondary | 238,464 | 333,713 | 225,164 | 617,419 | 19,467 | 1,070 | 3,037 | |
| 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 | |

| | | 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 | | | |
| 2002 | Primary | \$ 615 | \$ - | \$ 1,134,905 | \$ 86,404 | \$ 1,048,501 | \$ 0.4083 | \$ 7,597,238 | 13.80 % |
| 2002 | Secondary | 616 | - | 1,173,561 | 88,685 | 1,084,876 | 0.1726 | 7,860,165 | 13.80 |
| | | Total weighted direct tax rate | | | | | 0.2884 | | |
| 2003 | Primary | 766 | 103 | 1,227,899 | 111,231 | 1,116,668 | 0.4098 | 8,260,359 | 13.52 |
| 2003 | Secondary | 766 | 127 | 1,264,556 | 113,074 | 1,151,482 | 0.1677 | 8,526,470 | 13.50 |
| | | Total weighted direct tax rate | | | | | 0.2869 | | |
| 2004 | Primary | 1,906 | 110 | 1,292,357 | 118,240 | 1,174,117 | 0.4065 | 8,862,299 | 13.25 |
| 2004 | Secondary | 1,913 | 127 | 1,342,811 | 120,585 | 1,222,226 | 0.1595 | 9,238,836 | 13.23 |
| | | Total weighted direct tax rate | | | | | 0.2805 | | |
| 2005 | Primary | 1,811 | 116 | 1,385,325 | 121,545 | 1,263,780 | 0.4031 | 9,623,676 | 13.13 |
| 2005 | Secondary | 1,817 | 127 | 1,440,278 | 123,301 | 1,316,977 | 0.1494 | 10,034,155 | 13.12 |
| | | Total weighted direct tax rate | | | | | 0.2736 | | |
| 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 | | |

**Direct and Overlapping Governments
Last Ten Tax Years
(Per \$100 Assessed Valuation)**

| Coconino County Community College District | | | | | | | | | |
|---|-------------------------|---------------------------|--------------|--------------------------------|---|---|-----------------------------|---|--|
| Tax Year | Primary Levy | Secondary Levy | Total | Coconino County (1) | State Education Equalization | Cities or Fire Districts | School Districts | Joint Technology Districts | |
| 2002 | \$ 0.4083 | \$ 0.1726 | \$ 0.5809 | \$ 0.7052 | \$ 0.4889 | \$0.15 - \$3.00 | \$2.03 - \$8.31 | \$ 0.05 | |
| 2003 | 0.4098 | 0.1677 | 0.5775 | 0.7652 | 0.4717 | 0.15 - 3.00 | 1.96 - 2.58 | 0.05 | |
| 2004 | 0.4065 | 0.1595 | 0.5660 | 0.7652 | 0.4560 | 0.65 - 3.00 | 1.89 - 8.23 | 0.05 | |
| 2005 | 0.4031 | 0.1494 | 0.5525 | 0.7652 | 0.4358 | 0.65 - 3.00 | 1.81 - 10.42 | 0.05 | |
| 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 | |

2011 Tax Rates (Special Districts) (2)

| | |
|------------------------------|-----------------|
| Hospital Districts | \$0.97 - \$0.99 |
| Domestic Water Districts | 1.40 - 1.56 |
| Flood Control (3) | 0.4 |
| Williams Facilities District | 0.42 |

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 Nine Years Ago**

| Taxpayer | Type of Business | 2012 | | | | 2003 | | | |
|---|------------------|-------------------------|--|------|---|-------------------------|--|------|---|
| | | Secondary Assessed | | Rank | Percentage of District's Total Secondary Assessed | Secondary Assessed | | Rank | Percentage of District's Total Secondary Assessed |
| | | Value | | | | Value | | | |
| Arizona Public Service Company | Utility | \$ 74,141,215 | | 1 | 4.03% | \$ 64,576,231 | | 1 | 5.95% |
| Transwestern Pipeline Co | Utility | 38,105,312 | | 2 | 2.07% | 20,207,177 | | 4 | 1.86% |
| W.L. Gore & Associates Inc | Manufacturing | 18,558,228 | | 3 | 1.01% | 9,196,610 | | 10 | 0.85% |
| El Paso Natural Gas Co | Utility | 17,927,358 | | 4 | 0.97% | 20,647,087 | | 3 | 1.90% |
| Unisource Energy Corporation | Utility | 17,903,028 | | 5 | 0.97% | * | | | |
| City of Los Angeles Department of Water & Power | Utility | 17,054,644 | | 6 | 0.93% | 22,004,742 | | 2 | 2.03% |
| BNSF Railway Company | Railroad | 16,506,384 | | 7 | 0.90% | 16,464,350 | | 6 | 1.52% |
| Nevada Power Company (T&D) | Utility | 9,695,758 | | 8 | 0.53% | 13,911,886 | | 7 | 1.28% |
| Qwest Corporation | Utility | 9,270,370 | | 9 | 0.50% | 18,037,617 | | 5 | 1.66% |
| Fidelity National Title Insurance | Commercial | 6,061,403 | | 10 | 0.33% | * | | | |
| Citizens Communications Co | Utility | * | | | | 13,329,624 | | 9 | 1.23% |
| Tuscon Electric Power | Utility | * | | | | 13,628,016 | | 8 | 1.26% |
| Total Principal Taxpayers | | \$ 225,223,700 | | | 12.24% | \$ 212,003,340 | | | 19.54% |
| Secondary Assessed Value | | \$ 1,840,139,122 | | | 100.00% | \$ 1,084,875,819 | | | 100.00% |

Source: Coconino County Assessor (2011) & Arizona Department of Revenue (2002).

* 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)

| <u>Fiscal Year</u> | <u>General Tuition Per Credit Hour (2)</u> | <u>Annual Cost Per Full-time Student</u> | <u>Increase (Decrease)</u> | |
|--------------------|--|--|----------------------------|----------------|
| | | | <u>Dollars</u> | <u>Percent</u> |
| 2002-03 | \$ 37.00 | \$ 1,110.00 | \$ 90.00 | 8.8 % |
| 2003-04 (3) | 44.00 | 1,056.00 | (54.00) | (4.9) |
| 2004-05 | 48.00 | 1,152.00 | 96.00 | 9.1 |
| 2005-06 | 56.00 | 1,344.00 | 192.00 | 16.7 |
| 2006-07 | 61.00 | 1,464.00 | 120.00 | 8.9 |
| 2007-08 (4) | 65.00 | 1,690.00 | 226.00 | 15.4 |
| 2008-09 (5) | 70.00 | 2,100.00 | 410.00 | 24.3 |
| 2009-10 | 70.00 | 2,100.00 | - | - |
| 2010-11 | 80.00 | 2,400.00 | 300.00 | 14.3 |
| 2011-12 | 83.00 | 2,490.00 | 90.00 | 3.8 |

**National and Statewide Comparisons
(Based on Full-time Enrollment for the Academic Year)**

| <u>Fiscal Year</u> | <u>Arizona Public 2-year Institution Average (6)</u> | | <u>National Public 2-year Institution Average (6)</u> | | <u>Arizona Universities Average (6)</u> | |
|--------------------|--|-----------------------|---|-----------------------|---|-----------------------|
| | <u>Annual Cost</u> | <u>Percent Change</u> | <u>Annual Cost</u> | <u>Percent Change</u> | <u>Annual Cost</u> | <u>Percent Change</u> |
| 2002-03 | \$ 1,029 | 6.9 % | \$ 1,483 | 7.5 % | \$ 2,583 | 3.9 % |
| 2003-04 | 1,141 | 10.9 | 1,702 | 14.8 | 3,593 | 39.1 |
| 2004-05 | 1,226 | 7.4 | 1,847 | 8.5 | 4,074 | 13.4 |
| 2005-06 | 1,344 | 9.6 | 1,935 | 4.8 | 4,428 | 8.7 |
| 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 |

(1) District records.

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

(3) In fiscal year 2003-04, the District implemented a tuition plateau at 12 to 18 credit hours.

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

(5) In fiscal year 2008-09, the District raised the low end of the tuition plateau from 13 to 15 credit hours.

(6) U.S.Department of Education, National Center for Education Statistics-Higher Education Statistics.

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

| | <u>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> | <u>2008-09</u> | <u>2007-08</u> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Secondary Assessed Value of Real and Personal Property | <u>\$ 1,840,139,122</u> | <u>\$ 2,083,915,983</u> | <u>\$ 2,155,851,009</u> | <u>\$ 2,057,478,154</u> | <u>\$ 1,744,822,563</u> |
| Debt Limit, 15% of Secondary Assessed Value | <u>\$ 276,020,868</u> | <u>\$ 312,587,397</u> | <u>\$ 323,377,651</u> | <u>\$ 308,621,723</u> | <u>\$ 261,723,384</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>\$ 261,905,868</u> | <u>\$ 297,052,397</u> | <u>\$ 306,477,651</u> | <u>\$ 290,301,723</u> | <u>\$ 242,298,384</u> |
| | | | | | |
| | <u>2006-07</u> | <u>2005-06</u> | <u>2004-05</u> | <u>2003-04</u> | <u>2002-03</u> |
| Secondary Assessed Value of Real and Personal Property | <u>\$ 1,473,342,694</u> | <u>\$ 1,316,977,311</u> | <u>\$ 1,222,225,551</u> | <u>\$ 1,151,482,204</u> | <u>\$ 1,084,875,819</u> |
| Debt Limit, 15% of Secondary Assessed Value | <u>\$ 221,001,404</u> | <u>\$ 197,546,597</u> | <u>\$ 183,333,833</u> | <u>\$ 172,722,331</u> | <u>\$ 162,731,373</u> |
| Amount of Debt Applicable to Debt Limit: | | | | | |
| General Obligation Bonded Debt | <u>20,455,000</u> | <u>21,410,000</u> | <u>22,295,000</u> | <u>23,115,000</u> | <u>23,835,000</u> |
| Total Debt Applicable to the Limit | <u>20,455,000</u> | <u>21,410,000</u> | <u>22,295,000</u> | <u>23,115,000</u> | <u>23,835,000</u> |
| Legal Debt Margin | <u>\$ 200,546,404</u> | <u>\$ 176,136,597</u> | <u>\$ 161,038,833</u> | <u>\$ 149,607,331</u> | <u>\$ 138,896,373</u> |

Source: District records.

**Coconino County Community College District
 Computation of Direct and Overlapping Bonded Debt
 General Obligation Bonds
 June 30, 2012**

Direct Debt:

| | | |
|--|----|------------|
| Coconino County Community College District | \$ | 12,630,000 |
| Net general obligation debt | | 12,630,000 |

Overlapping Debt:

| | | |
|--|----|-------------|
| City of Flagstaff | | 41,780,000 |
| Flagstaff Unified School District #1 | | 36,750,000 |
| Grand Canyon Unified School District #4 | | 420,000 |
| Sedona-Oak Creek Unified School District #9 | | 61,100,000 |
| Overlapping debt | | 140,050,000 |
| Total direct general obligation and overlapping debt | \$ | 152,680,000 |

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**

| Fiscal Year | Secondary Property Tax Revenues (cash basis) | Debt Service Requirements | | | Coverage Ratio |
|------------------------|---|----------------------------------|-----------------|--------------|---------------------------|
| | | Principal | Interest | Total | |
| 2002-03 | \$ 1,860,893 | \$ 720,000 | \$ 1,152,405 | \$ 1,872,405 | 0.99 % |
| 2003-04 | 1,931,365 | 820,000 | 1,111,005 | 1,931,005 | 1.00 |
| 2004-05 | 1,944,298 | 885,000 | 1,063,855 | 1,948,855 | 1.00 |
| 2005-06 | 1,963,702 | 955,000 | 1,012,968 | 1,967,968 | 1.00 |
| 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 | 598,014 (1) | 2,018,014 | 1.00 |
| 2009-10 | 1,985,791 | 1,365,000 | 570,150 | 1,935,150 | 1.03 |
| 2010-11 | 1,938,720 | 1,420,000 | 542,850 | 1,962,850 | 0.99 |
| 2011-12 | 1,928,151 | 1,485,000 | 510,900 | 1,995,900 | 0.97 |

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>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> | <u>2008-09</u> | <u>2007-08</u> | <u>2006-07</u> | <u>2005-06</u> | <u>2004-05</u> | <u>2003-04</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| General Bonded Debt | | | | | | | | | |
| General obligation bonds | \$ 12,630 | \$ 14,115 | \$ 15,535 | \$ 16,900 | \$ 18,320 | \$ 19,425 | \$ 20,455 | \$ 21,410 | \$ 22,295 |
| Total general bonded debt | <u>12,630</u> | <u>14,115</u> | <u>15,535</u> | <u>16,900</u> | <u>18,320</u> | <u>19,425</u> | <u>20,455</u> | <u>21,410</u> | <u>22,295</u> |
| Per capita | \$ 93.83 | \$ 105.01 | \$ 119.64 | \$ 131.46 | \$ 143.86 | \$ 154.21 | \$ 164.10 | \$ 173.73 | \$ 183.56 |
| Per student | \$ 5,361.92 | \$ 5,885.17 | \$ 6,579.84 | \$ 7,947.33 | \$ 9,214.36 | \$ 9,465.45 | \$ 10,136.27 | \$ 10,671.92 | \$ 12,223.14 |
| As a percentage of personal income | (5) | 0.30% | 0.35% | 0.38% | 0.45% | 0.51% | 0.58% | 0.66% | 0.74% |
| As a percentage of secondary net assessed valuation | 0.69% | 0.68% | 0.72% | 0.82% | 1.05% | 1.32% | 1.55% | 1.75% | 1.94% |
| Other Debt | | | | | | | | | |
| Installment purchase contract | - | - | - | - | 197 | - | - | - | - |
| Capital lease | - | 41 | 72 | 102 | 131 | - | - | - | - |
| Certificates of participation | - | - | - | - | - | - | - | - | - |
| Total other debt | <u>-</u> | <u>41</u> | <u>72</u> | <u>102</u> | <u>328</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total outstanding debt | <u>\$ 12,630</u> | <u>\$ 14,156</u> | <u>\$ 15,607</u> | <u>\$ 17,002</u> | <u>\$ 18,648</u> | <u>\$ 19,425</u> | <u>\$ 20,455</u> | <u>\$ 21,410</u> | <u>\$ 22,295</u> |
| Per capita | \$ 93.83 | \$ 105.31 | \$ 120.19 | \$ 132.25 | \$ 146.43 | \$ 154.21 | \$ 164.10 | \$ 173.73 | \$ 183.56 |
| Per student | \$ 5,361.92 | \$ 5,902.27 | \$ 6,610.33 | \$ 7,995.30 | \$ 9,379.34 | \$ 9,465.45 | \$ 10,136.27 | \$ 10,671.92 | \$ 12,223.14 |
| As a percentage of personal income | (5) | 0.30% | 0.35% | 0.39% | 0.46% | 0.51% | 0.58% | 0.66% | 0.74% |
| As a percentage of secondary net assessed valuation | 0.69% | 0.68% | 0.72% | 0.83% | 1.07% | 1.32% | 1.55% | 1.75% | 1.94% |
| Estimated County population (1) | 134,606 | 134,421 | 129,849 | 128,558 | 127,350 | 125,966 | 124,653 | 123,235 | 121,460 |
| Full Time Student Equivalent (2) | 2,355.5 | 2,398.4 | 2,361.0 | 2,126.5 | 1,988.2 | 2,052.2 | 2,018.0 | 2,006.2 | 1,824.0 |
| Personal Income (3) | (5) | \$ 4,725,407 | \$ 4,481,137 | \$ 4,408,897 | \$ 4,056,682 | \$ 3,797,409 | \$ 3,511,729 | \$ 3,258,728 | \$ 2,999,350 |
| Secondary Net Assessed Valuation (4) | \$ 1,840,139 | \$ 2,083,915 | \$ 2,155,851 | \$ 2,057,478 | \$ 1,744,823 | \$ 1,473,343 | \$ 1,316,977 | \$ 1,222,226 | \$ 1,151,482 |

- (1) U.S.Census Bureau and District records.
- (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**

| <u>Calendar Year</u> | <u>Population (1)</u> | <u>Personal Income (1) (dollars in thousands)</u> | <u>Personal Income per Capita (1)</u> | <u>Unemployment Rate (2)</u> |
|----------------------|-----------------------|---|---------------------------------------|------------------------------|
| 2002 | 120,333 | \$ 2,908,992 | \$ 24,175 | 5.4% |
| 2003 | 121,460 | 2,999,350 | 24,694 | 5.7 |
| 2004 | 123,235 | 3,258,728 | 26,443 | 5.3 |
| 2005 | 124,653 | 3,511,729 | 28,172 | 4.9 |
| 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 | 35,105 | 9.7 |
| 2011 | 134,421 | (3) | (3) | 9.2 |

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

(2) Arizona Workforce Informer.

(3) Not yet available.

**Coconino County Community College District
Principal Employers - Coconino County
Current Year**

| <u>Employer (1)</u> | <u>Employees</u> | | <u>Rank</u> | <u>Percentage of Total County Employment</u> |
|-----------------------------------|------------------|-----|-------------|--|
| Northern Arizona University | 3,560 | (2) | 1 | 5.8 % |
| Flagstaff Medical Center | 2,200 | (1) | 2 | 3.6 |
| W.L. Gore & Associates | 1,950 | (1) | 4 | 3.2 |
| Flagstaff Unified School District | 1,375 | (1) | 3 | 2.3 |
| Coconino County | 1,075 | (3) | 5 | 1.8 |
| City of Flagstaff | 809 | (4) | 6 | 1.3 |
| Wal-Mart | 630 | (1) | 7 | 1.0 |
| Walgreen's Distribution Center | 407 | (1) | 9 | 0.7 |
| SCA Tissue | 255 | (1) | 8 | 0.4 |
| Dell Systems | 250 | (1) | 10 | 0.4 |
| Total County Employment (5) | 60,900 | | | 100.0 % |

Source: (1) Flagstaff Chamber of Commerce.
(2) Northern Arizona University
(3) Coconino County Finance Department
(4) City of Flagstaff Finance Department
(5) Arizona Workforce Informer.

Note: Current year information is displayed since the implementation of GASB#44 in FY 2005-06; trended comparisons will be displayed as information becomes available.

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

Fall Historic Headcount (1)

| <u>College/Center</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------------------|---------------------|---------------------|
| Flagstaff | 3,236 | 3,370 | 4,139 | 3,866 | 3,656 | 3,754 | 3,722 | 3,540 | 3,165 | 3,108 |
| Page | 176 | 245 | 213 | 212 | 263 | 222 | 249 | 330 | 280 | 331 |
| Tuba City | 53 | 37 | 146 | 119 | 77 | 218 | 50 | 87 | 8 | 8 |
| Williams | 43 | 35 | 47 | 44 | 27 | 36 | 37 | 62 | 39 | 39 |
| Fredonia | 12 | 5 | - | - | 7 | 8 | 6 | Reported with Page headcount. | | |
| Grand Canyon | - | 5 | 23 | 2 | - | 8 | 9 | 2 | 15 | 15 |
| NAU | 839 | 555 | 393 | 372 | 314 | 315 | 320 | 359 | 260 | 284 |
| Total | <u>4,359</u> | <u>4,252</u> | <u>4,961</u> | <u>4,615</u> | <u>4,344</u> | <u>4,561</u> | <u>4,393</u> | <u>4,380</u> | <u>3,767</u> | <u>3,785</u> |

Historic FTSE (2)

| <u>Semester</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> | <u>2005-06</u> | <u>2004-05</u> | <u>2003-04</u> | <u>2002-03</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Fall/Spring Average | 2,071.4 | 2,067.4 | 2,051.0 | 1,842.8 | 1,718.5 | 1,774.2 | 1,717.0 | 1,691.7 | 1,538.1 | 1,439.8 |
| Summer | 196.6 | 220.0 | 202.0 | 171.2 | 161.2 | 173.0 | 192.0 | 187.7 | 181.7 | 160.8 |
| Short | 67.8 | 93.5 | 87.0 | 90.0 | 85.7 | 85.0 | 84.0 | 89.5 | 104.2 | 93.1 |
| Adult Basic Education | 19.7 | 17.5 | 21.0 | 22.5 | 22.8 | 20.0 | 25.0 | 37.3 | - | - |
| Total | <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> | <u>2,018.0</u> | <u>2,006.2</u> | <u>1,824.0</u> | <u>1,693.7</u> |

Source: District records.

- (1) Headcount is unduplicated for the 45th day of Fall semesters.
- (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 |
| 2002 | 20 % | 80 % | 93 % | 6 % | 1 % | 41 % | 59 % |
| 2003 | 20 | 80 | 94 | 5 | 1 | 41 | 59 |
| 2004 | 20 | 80 | 93 | 6 | 1 | 44 | 56 |
| 2005 | 24 | 76 | 93 | 6 | 1 | 44 | 56 |
| 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 | 79 | 11 | 8 | 42 | 58 |
| 2011 | 31 | 69 | 76 | 8 | 16 | 33 | 67 |

Ethnic Background

| Fall Semester | Mean Age | Native American | Asian | African American | Hispanic | Anglo | Other |
|----------------------|-----------------|------------------------|--------------|-------------------------|-----------------|--------------|--------------|
| 2002 | 29 | 19 % | 2 % | 2 % | 8 % | 67 % | 2 % |
| 2003 | 28 | 18 | 2 | 1 | 9 | 68 | 2 |
| 2004 | 27 | 20 | 2 | 1 | 8 | 67 | 2 |
| 2005 | 27 | 21 | 1 | 1 | 9 | 66 | 2 |
| 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 |

Source: District records.

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

| | 2011-12 | | 2010-11 | | 2009-10 | | 2008-09 | | 2007-08 | | 2006-07 | | 2005-06 | |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Count | Percent |
| Ethnicity | | | | | | | | | | | | | | |
| Asian Pacific Islander | 7 | 1.4 % | 3 | 1.1 % | 5 | 2.3 % | 2 | 1.0 % | 3 | 1.4 % | 3 | 1.6 % | 3 | 1.7 % |
| African American | 4 | 0.8 | 2 | 0.7 | 2 | 0.9 | 0 | - | 4 | 1.8 | 4 | 2.2 | 2 | 1.1 |
| Hispanic | 33 | 6.8 | 20 | 7.1 | 20 | 9.4 | 26 | 12.6 | 19 | 8.5 | 8 | 4.3 | 9 | 5.1 |
| Native American | 99 | 20.5 | 53 | 18.9 | 40 | 18.8 | 44 | 21.3 | 42 | 18.8 | 35 | 19.0 | 26 | 14.6 |
| White | 320 | 66.3 | 187 | 66.5 | 146 | 68.5 | 130 | 62.7 | 151 | 67.7 | 132 | 71.8 | 133 | 74.7 |
| Other | 20 | 4.1 | 16 | 5.7 | 0 | - | 5 | 2.4 | 4 | 1.8 | 2 | 1.1 | 5 | 2.8 |
| Age | | | | | | | | | | | | | | |
| <20 | 9 | 1.9 | 5 | 1.8 | 5 | 2.3 | 2 | 1.0 | 6 | 2.7 | - | - | - | - |
| 20-24 | 177 | 36.6 | 105 | 37.4 | 77 | 36.2 | 79 | 38.2 | 71 | 31.8 | 50 | 27.2 | 63 | 35.3 |
| 25-29 | 111 | 23.0 | 63 | 22.4 | 43 | 20.2 | 56 | 27.1 | 51 | 22.9 | 65 | 35.3 | 43 | 24.2 |
| 30-39 | 109 | 22.6 | 63 | 22.4 | 47 | 22.1 | 40 | 19.3 | 54 | 24.2 | 38 | 20.7 | 40 | 22.5 |
| 40-49 | 50 | 10.4 | 28 | 10.0 | 20 | 9.4 | 16 | 7.7 | 18 | 8.1 | 21 | 11.4 | 20 | 11.2 |
| 50-59 | 22 | 4.6 | 16 | 5.7 | 17 | 8.0 | 11 | 5.3 | 17 | 7.6 | 7 | 3.8 | 9 | 5.1 |
| >60 | 5 | 1.0 | 1 | 0.4 | 4 | 1.9 | 3 | 1.4 | 6 | 2.7 | 3 | 1.6 | 3 | 1.7 |
| Average age | 29.7 | 6.1 | 28.1 | | 30.8 | | 29.3 | | 31.6 | | 30.5 | | 30.9 | |
| High School Graduation Dates | | | | | | | | | | | | | | |
| September 2008 - Current | 16 | 3.3 | 20 | 7.1 | | | | | | | | | | |
| September 2008 - August 2009 | 22 | 4.6 | | | | | | | | | | | | |
| September 2007 - August 2008 | 34 | 7.0 | 19 | 6.8 | 12 | 5.6 | 5 | 2.4 | | | | | | |
| September 2006 - August 2007 | 24 | 5.0 | 25 | 8.9 | 18 | 8.5 | 8 | 3.9 | 2 | 0.9 | - | - | - | - |
| September 2005 - August 2006 | 35 | 7.2 | 27 | 9.6 | 18 | 8.5 | 19 | 9.2 | 32 | 14.3 | - | - | - | - |
| September 2004 - August 2005 | 18 | 3.7 | 23 | 8.2 | 26 | 12.2 | 22 | 10.6 | 111 | 49.8 | 2 | 1.1 | - | - |
| September 2003 - August 2004 | 37 | 7.7 | 29 | 10.3 | 14 | 6.6 | 22 | 10.6 | 4 | 1.8 | 14 | 7.6 | 7 | 3.9 |
| September 2002 - August 2003 | 17 | 3.5 | 10 | 3.6 | 4 | 1.9 | 16 | 7.7 | 10 | 4.5 | 14 | 7.6 | 13 | 7.3 |
| Prior to September 2002 | 262 | 54.2 | 128 | 45.6 | 109 | 51.2 | 115 | 55.6 | 63 | 28.3 | 152 | 82.6 | 155 | 87.1 |
| Not Given | 18 | 3.7 | 0 | - | 12 | 5.6 | 0 | - | 1 | 0.4 | 2 | 1.1 | 3 | 1.7 |
| Sex | | | | | | | | | | | | | | |
| Female | 315 | 65.2 | 176 | 62.6 | 116 | 54.5 | 134 | 64.7 | 135 | 60.5 | 111 | 60.3 | 112 | 62.9 |
| Male | 168 | 34.8 | 105 | 37.4 | 97 | 45.5 | 73 | 35.3 | 88 | 39.5 | 73 | 39.7 | 66 | 37.1 |
| Degree Type | | | | | | | | | | | | | | |
| Advanced Certificate | 1 | 0.2 | 1 | 0.4 | 3 | 1.5 | 12 | 5.3 | | - | 2 | 1.1 | 4 | 2.1 |
| Associate of Applied Science | 110 | 22.8 | 66 | 23.5 | 55 | 26.7 | 48 | 21.1 | 65 | 25.8 | 48 | 25.4 | 48 | 25.5 |
| Associate of Arts | 246 | 50.9 | 133 | 47.3 | 76 | 36.9 | 94 | 41.2 | 98 | 38.8 | 80 | 42.3 | 74 | 39.4 |
| Associate of Business | 19 | 3.9 | 7 | 2.5 | 8 | 3.9 | 8 | 3.5 | 14 | 5.6 | 11 | 5.8 | 14 | 7.4 |
| Associate of General Studies | 21 | 4.3 | 17 | 6.0 | 22 | 10.7 | 19 | 8.3 | 24 | 9.5 | 19 | 10.1 | 9 | 4.8 |
| Associate of Science | 14 | 2.9 | 13 | 4.6 | 11 | 5.3 | 14 | 6.1 | 14 | 5.6 | 7 | 3.7 | 3 | 1.6 |
| Basic Certificate | 5 | 1.0 | 12 | 4.3 | 2 | 1.0 | 4 | 1.8 | 2 | 0.8 | 4 | 2.1 | 9 | 4.8 |
| Certificate of Completion | 36 | 7.5 | 27 | 9.6 | 27 | 13.1 | 24 | 10.5 | 34 | 13.5 | 17 | 9.0 | 18 | 9.6 |
| Intermediate Certificate | 5 | 1.0 | 5 | 1.8 | 2 | 1.0 | 5 | 2.2 | 1 | 0.4 | 1 | 0.5 | 9 | 4.8 |

Source: District records.

Note: Information is displayed since the implementation of GASB 44 in FY 2005-06.
Additional information for future years will be displayed as it becomes available.

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

| | <u>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> | <u>2008-09</u> | <u>2007-08</u> | <u>2006-07</u> | <u>2005-06</u> | <u>2004-05</u> | <u>2003-04</u> | <u>2002-03</u> | <u>2001-02</u> |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Faculty | | | | | | | | | | | |
| Full-time faculty | 40.0 | 39.0 | 42.3 | 43.0 | 44.0 | 40.0 | 40.0 | 36.0 | 32.0 | 30.0 | 28.0 |
| Part-time faculty FTE | <u>74.7</u> | <u>86.7</u> | <u>100.5</u> | <u>71.7</u> | <u>90.4</u> | <u>97.0</u> | <u>98.0</u> | <u>100.3</u> | <u>82.1</u> | <u>83.0</u> | <u>87.0</u> |
| Total faculty FTE | <u>114.7</u> | <u>125.7</u> | <u>142.8</u> | <u>114.7</u> | <u>134.4</u> | <u>137.0</u> | <u>138.0</u> | <u>136.3</u> | <u>114.1</u> | <u>113.0</u> | <u>115.0</u> |
| Administrative and support staff | 128.2 | 109.9 | 101.5 | 124.5 | 124.5 | 124.8 | 119.6 | 117.4 | 111.0 | 108.0 | 104.0 |
| Total employees | <u>242.9</u> | <u>235.6</u> | <u>244.3</u> | <u>239.2</u> | <u>258.9</u> | <u>261.8</u> | <u>257.6</u> | <u>253.7</u> | <u>225.1</u> | <u>221.0</u> | <u>219.0</u> |
| Average class size | 14.1 | 18.1 | 17.6 | 14.8 | 15.4 | 14.6 | 14.1 | 14.1 | 12.9 | 14.2 | 16.5 |

Source: District records.

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

| Square Footage: | <u>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> | <u>2008-09</u> | <u>2007-08</u> | <u>2006-07</u> | <u>2005-06</u> |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Academic areas: | | | | | | | |
| Laboratories - Lone Tree Campus | 6,840 | 6,840 | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 |
| Instructional - Lone Tree Campus | 97,607 | 97,607 | 96,369 | 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 |
| Instructional - Williams Campus | 4,108 | 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 |
| Administrative areas: | | | | | | | |
| Lone Tree Campus | 20,600 | 20,600 | 20,600 | 20,600 | 20,600 | 20,600 | 20,600 |
| 4th Street Campus | 700 | 700 | 700 | 700 | 700 | 700 | 700 |
| Williams Campus | 240 | 240 | 240 | 240 | 240 | 240 | 240 |
| Page Campus | 1,080 | 1,080 | 1,080 | 1,080 | 1,080 | 1,080 | 1,080 |
| Library | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| Dining | 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 |
| Childcare | - | - | 2,678 | 2,678 | 2,678 | 2,678 | 2,678 |
| Total square footage | <u>203,670</u> |
| Library - number of volumes | 511 | 511 | 1,775 | 1,775 | 1,775 | 1,775 | 1,775 |
| Dining - seating capacity | 40 | 40 | 40 | 40 | 40 | 40 | 40 |
| Dining - average daily customers | 175 | 175 | 175 | 175 | 175 | 175 | 175 |
| Number of Vehicles: | | | | | | | |
| Street vehicles | 5 | 5 | 5 | 5 | 5 | 4 | 4 |
| Forklift | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Bobcat loader | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tractor | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Dump truck | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Backhoe | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Trailer | 2 | 2 | 1 | 1 | 1 | 1 | 1 |
| Snow plow | - | - | 1 | 1 | 1 | 1 | 1 |
| Parking Capacity: | | | | | | | |
| Lone Tree Campus | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| 4th Street Campus | 235 | 235 | 235 | 235 | 235 | 235 | 235 |
| Williams Campus | 24 | 24 | 24 | 24 | 24 | 24 | 24 |
| Page Campus | 78 | 78 | 78 | 78 | 78 | 78 | 78 |
| Total parking capacity | <u>837</u> |

Source: District records.

Note: Information is displayed since the implementation of GASB 44 in FY 2005-06.
Additional information for future years will be displayed as it becomes available.