

 Coconino Community College

YOUR COLLEGE

YOUR FUTURE

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**COMPREHENSIVE ANNUAL
FINANCIAL REPORT 2017-2018**

Fiscal Year Ended June 30th, 2018
Coconino County, Arizona | www.coconino.edu

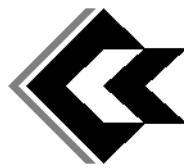


COCONINO COUNTY COMMUNITY COLLEGE DISTRICT

Comprehensive Annual Financial Report

Prepared by
District Business and Administrative Services Office

**Fiscal Year Ended June 30, 2018
(July 1, 2017 – June 30, 2018)**



**Coconino
Community
College**

Coconino County, Arizona

**Coconino County Community College District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2018**

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Introductory Section





November 30, 2018

To the Citizens of Coconino County:

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

Coconino Community College provides vital educational services to Coconino County residents. Some of the financial challenges faced by the College include a continuing trend of significant State funding reductions along with the lowest property tax rate for all Arizona community colleges. In July 2014, CCC implemented a Financial Austerity Plan which had a two pronged approach of generating revenue and cutting costs. Although the increased revenue and expenditure reductions in the Financial Austerity Plan have allowed CCC to continue operations, the College still needs to address the possibility of a future structural deficit with additional revenue options and/or continued program reductions. CCC did achieve the goals of the Financial Austerity Plan; however, the reduction or elimination of services and programs has impacted the residents of Coconino County. In order to continue to serve students, the College has also increased tuition to the point where Coconino Community College has the highest tuition rate of all Arizona Community Colleges.

Despite these challenges, Coconino Community College will continue to play a significant role in the lives of the individuals throughout the county who seek affordable training and higher education opportunities. It is important that the citizens of Coconino County realize that the educational services offered by the College are directly tied to limited funding sources, and the College is continually working to generate new revenue.

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

Sincerely,

Colleen A. Smith, PhD
President
Coconino Community College



November 30, 2018

To the Residents of Coconino County Community College District:

The Comprehensive Annual Financial Report (CAFR) of the Coconino County Community College District (the District) for the fiscal year ended June 30, 2018 is a detailed look at how Coconino Community College operates.

Arizona Revised Statutes (A.R.S.) §41-1279.07 requires community college districts of Arizona to prepare an annual budgeted expenditure limitation report and annual financial statements prepared in accordance with generally accepted accounting principles. The Auditor General or a certified public accountant or public accountant performing the annual audit shall attest to the expenditure limitation report and financial statements. This report is published to fulfill the requirements for the annual financial statements for the fiscal year ended June 30, 2018. The expenditure limitation report is published separately.

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

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

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

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

Reporting Entity

The District is an independent reporting entity within the criteria established by generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Although the District shares the same geographic boundaries of Coconino County, financial accountability for all activities related to public community college education in Coconino County is exercised solely by the District. In accordance with GASB Statement No. 61, the financial reporting entity consists of a primary government and a component unit. Coconino County Community College District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. The financial activity of the Coconino Community College Foundation is presented as a component unit of the District. The District is not included in any other governmental financial reporting entity.

Profile of Coconino County Community College District

As a political subdivision of the State of Arizona, the Coconino County Community College District is subject to the oversight of the District's Governing Board (the Board), which is comprised of five elected members, representing each of the five precincts of the County. These members are

elected for six-year terms on a staggered basis. The Board is granted full authority from the Arizona Revised Statutes to manage the business and educational needs of the District. The administrative staff is responsible for the daily operation of the District.

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

Coconino Community College faculty and staff help to promote an environment of excellence to support our students. The District has helped create the region's skilled workforce, with the goal of improving the lives of our residents through workforce development and higher education. The District, on average, serves approximately 7,500 students a year currently, and has served more than 75,000 students county-wide since opening the doors. The District provides affordable tuition and a wide variety of certificates and degrees including career/technical programs with nearly 50 certificate programs and two-year associate degrees in various fields including nursing, fire science, law enforcement and business. Many credit hours are delivered via alternative delivery methods including online, hybrid, and ITV, or at alternative times or places. The District offers Dual Enrollment, Programs of Study, CAVIAT and concurrent enrollment programs to jump start high schools student's higher education goals. The CCC2NAU and other university transfer programs offer a seamless transition to a four year institution.

The District is an accredited institution of the Higher Learning Commission (HLC). The HLC evaluation process assures quality by verifying an institution meets standards and is engaged in continuous improvement. It includes annual monitoring of both financial and non-financial indicators and ensures the organization adheres to HLC policies and practices on institutional change.

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

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

History

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

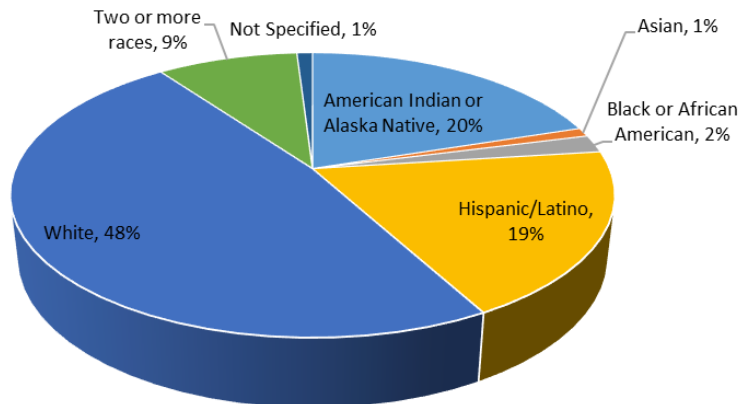
When the District first opened its doors, nearly 1,000 students enrolled at the Flagstaff campus in the first semester. Since then, the District has experienced an astounding growth rate and today serves more than 7,500 students per year.

In June of 1992 the District 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 the District received initial accreditation from the Commission on Institutions of Higher Education. The first commencement was held in 1993 with three graduates.

Student Population

Coconino Community College serves a diverse population of students each year. Most are seeking a degree or certificate, 53 percent are female, and more than 12 percent are high school students earning college credit.



Student Graduation Age

24 and under: 55%

25 and over: 45%

Attendance

Full-time: 28%

Part-time: 72%

Residency

In-State: 86%

Out of State: 14%

Geography/Population

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

With 18,661 square miles, Coconino County is the second largest county in the United States and the largest in Arizona, but is one of the most sparsely populated. It is characterized by rugged mountains, deep canyons and thick forests of pine, spruce, aspen and oak. Within its borders are many scenic sites – the most popular and impressive is Grand Canyon National Park. Other attractions are Oak Creek Canyon, Sunset Crater National Monument, prehistoric Indian ruins at Wupatki, Walnut Canyon, the Navajo National Monument, the San Francisco Peaks - Arizona's highest point at 12,633 feet, and Lake Powell with 1,960 miles of shoreline.

Tribal Lands comprise 39.1 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 32.3 percent of the land; the state of Arizona owns 9.4 percent; the National Park Services controls 6.9 percent; and the remaining 12.3 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 public lands in the county.

Coconino County and Arizona tend to have higher unemployment rates than the national average. The County unemployment rate as of August 2018 (5.6%) is above both state (5.3%)

and national levels (4.3%). The District must contend with the continued limited funding from the State due to a decline of over 30% in State aid in the past ten years. The District is committed to improving and offering additional services to meet the County needs. These efforts are achieved through careful monitoring of costs, innovative partnerships, cost saving opportunities, and seeking new revenue sources.

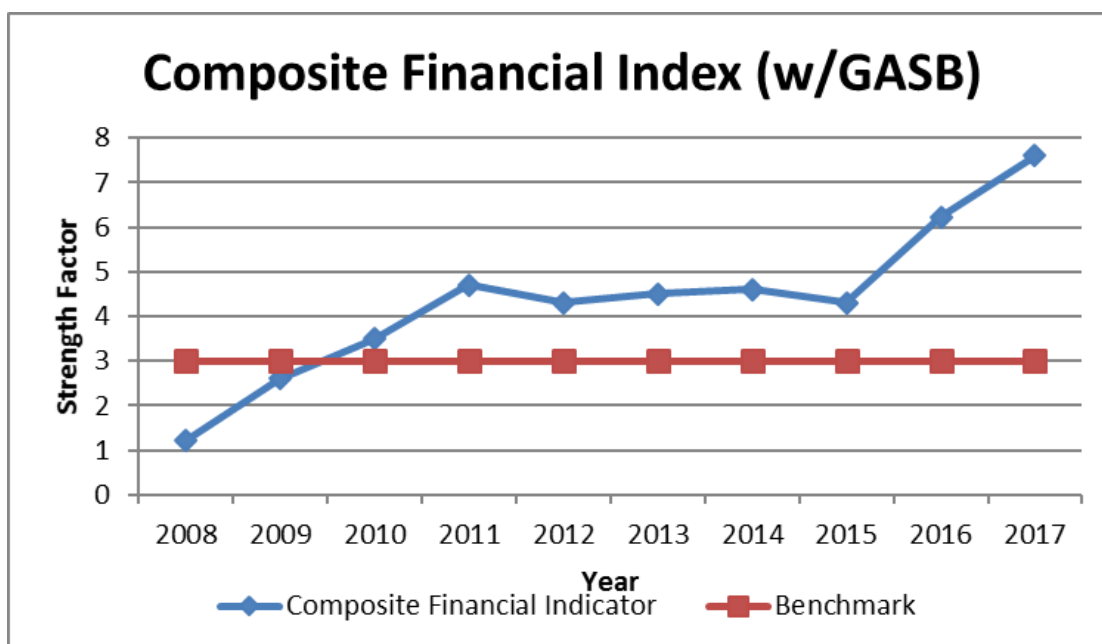
Long Term Strategic Financial and Operational Planning

Financial Reporting

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

Financial Indicators

Coconino Community College reports financial information with the Higher Learning Commission (HLC), the District's accrediting body. The HLC collects financial indicators to evaluate reserve strength, operating revenues, viability, and return on net assets. In addition, the HLC ratios lead to a composite financial index, which is a weighted average score to determine the overall financial health of the organization. The ratio shown here reflects the impact of the Government Accounting Standards Board (GASB) Statement 68, *Accounting & Financial Reporting for Pensions*. Through our strategic and financial planning efforts, the District has been able to improve our composite financial index score over the past ten years and for FY2017 we exceeded the 3.0 benchmark with a composite score of 7.6.



*2018 data not yet available

Budget

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

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

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

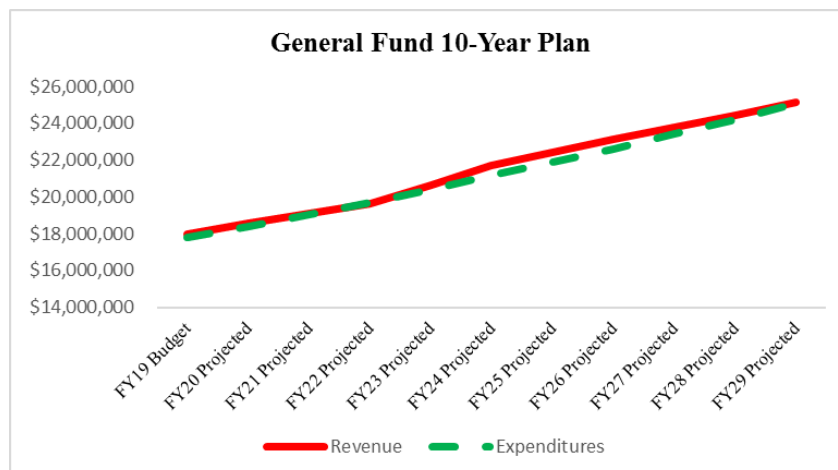
As part of the FY2018 budget development process, the District has begun to focus on increased financial literacy and transparency. Open meetings were implemented so that all employees could participate in the budget development process, from the budget kick-off through budget hearings where budget increment requests were presented for evaluation. The result is greater transparency for faculty, staff, and students on how resources are allocated to best support learning.

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 and the existing debt will be fully retired at the end of fiscal year 2019.

Long-term Financial Planning

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



Student Progress and Outcomes Reporting

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

The performance measures and baseline data were published in February 2011. The Arizona colleges have since reported on the metrics for 2012 through 2017 and now have six years of trend data. The District recently began to use performance measures to drive the development of the strategic plan and budget. The District has selected various measures to focus on for improvement, and has set target goals for annual improvement. The measures depicted below show the target goals the District has selected for improvement through the strategic plan and resource allocation process.

Access Measures

	variance of -2% or better
	variance between -3% to -10%
	variance of larger than -10%

Old Measure	New Measure	Description	CCC FY17	State Average
1	1	Full-time Student Enrollment (FTSE)	2,048	
new	2	Total Enrollment	5,461	
2a	5a	Minority	42%	43%
2b	5b	Age 25+	26%	35%
2c	5c	Pell Grant	23%	29%
3	6	Alternative Delivery	49%	64%
4	7	College-going	19%	32%
8	8	Cost	20%	14%

Retention Measures

Old Measure	New Measure	Description	CCC FY17	State Average
9	9	Developmental Course Success - Reading	96%	78%
	10	Developmental Course Success - Math	89%	64%
7	12	College Level Course Success - English/Reading	66%	48%
6	11	College Level Course Success - Math	38%	33%
10	13	College Level Course Success	94%	79%
12a	15	Full Time	43%	47%
12b	16	Part Time	49%	53%
13	17	FA-SP Retention	88%	90%
14	18	FA-FA Retention	65%	77%

Completion Measures

Old Measure	New Measure	Description	CCC FY17	State Average
16	19	Annual Degree/Certificate Completion	456	
19	23	Transfer Rate	283	
20	24	Transfer Rate after CCC Completion	57%	60%

Strategic Planning

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

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

Objectives:

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

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

Objectives:

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

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

Objectives:

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

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

Objectives:

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

Major Initiatives

CCC2NAU

In collaboration with Northern Arizona University (NAU), the District had developed a unique partnership known as the CCC2NAU program. This award winning program helps students earn their CCC associate degree and transition from CCC to NAU seamlessly to earn a bachelor's degree. Advisors are trained in academic offerings and degree requirements across both institutions, and over 75 degree plans have been created that quickly identify courses at the community college that articulate to a designated major at NAU.

Program features include:

- Waived NAU application fee (\$25) and an NAU ID card
- Automatic transfer of credits and seamless exchange of transcripts
- Personalized advising with tailored degree plans while at CCC
- Assistance in transitioning to the university
- Access to many services, such as the NAU library, computer lab, and campus events
- Dedicated scholarships for CCC2NAU students at both NAU and CCC
- Option to live on the NAU campus, purchase a meal plan and join the health and recreation center

The CCC2NAU program began with the Fall 2008 term with an initial cohort of 15 students. Since then 3,858 have participated in the program and 495 have graduated from NAU.

Workforce Development and STEM

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

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

Efficiency through Partnerships

As student population and required services continue to increase it is essential that the District maximize its efficiency. To this end, the District has established relationships with partners in education. Beginning in FY11, the District 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.

The District partners with the Coconino Association for Vocations, Industry, and Technology (CAVIAT) program to provide career and technical education (CTE) programs to high school students. This partnership allows students to step out of the classroom into the real world where they can gain a better understanding of the job skills required at the same time as graduating high school. The District also partners with seven school districts in Coconino County to provide Dual Enrollment (DE) courses in 10 high schools offering DE course credit for Arts and Science and CTE courses. DE allows high school students to earn college and high school credits simultaneously, save money on college tuition and text books, finish college faster and eliminate duplication of college coursework without leaving their high school campus.

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.

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, 2017. This was the twenty-third consecutive year that the Coconino County Community College District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgment

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

Respectfully submitted,

Jami Van Ess
Executive Vice President

Isabella Zagare
Executive Director of Accounting



Government Finance Officers Association

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

Presented to

**Coconino County
Community College District
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO

Coconino County Community College District

Principal Officers

District Governing Board

Dr. Nathaniel White, Member, District 1

Ms. Patricia Garcia, Chair, District 2

Dr. Marie Peoples, Member, District 3

Mr. Patrick Hurley, Member, District 4

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

Senior Administration

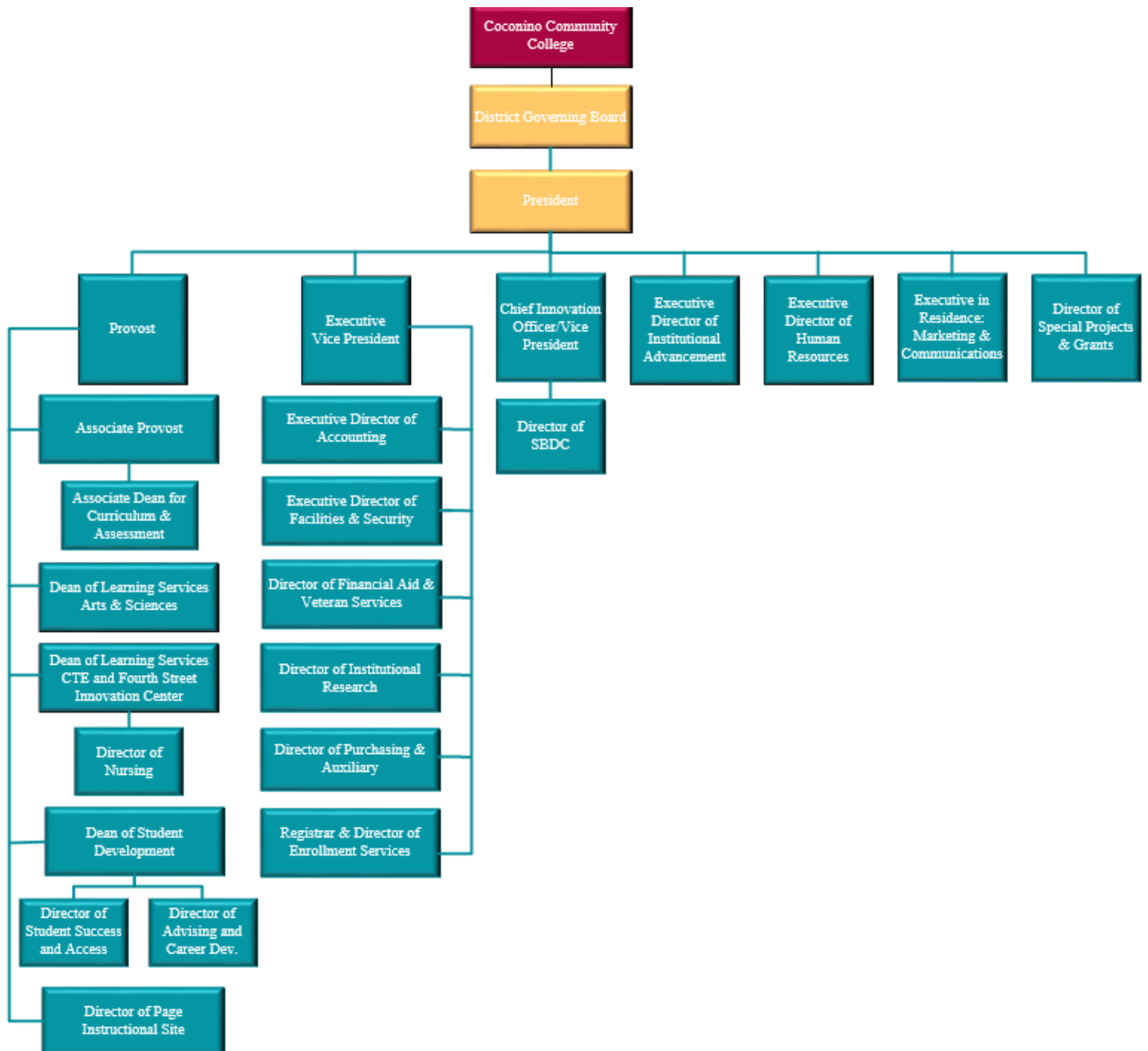
Dr. Colleen A. Smith, President

Ms. Jami Van Ess, Executive Vice President

Dr. Nathaniel Southerland, Provost

Coconino County Community College District

Organizational Chart





Vision, Mission, Purposes & Core Values

Vision

Leading our communities in lifelong learning.

Mission

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

Purposes

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

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

Core Values

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

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

Financial Section





MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
DEPUTY AUDITOR GENERAL

Independent auditors' report

Members of the Arizona State Legislature

The Governing Board of
Coconino County Community College District

Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Coconino County Community College District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the other auditors' report. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The other auditors did not audit the discretely presented component unit's financial statements in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Coconino County Community College District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of matter

As discussed in note 1 to the financial statements, for the year ended June 30, 2018, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other matters

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 20 through 29, schedule of the District's proportionate share of the net pension liability on page 57, schedule of the District's pension contributions on page 58, and schedule of District's changes in total OPEB liability on page 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

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

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lindsey Perry, CPA, CFE
Auditor General

November 30, 2018

Coconino County Community College District

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2018

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, 2018. Please read it in conjunction with the transmittal letter, which precedes this section, and the financial statements, which immediately follow.

Using This Annual Report

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

The *Statement of Net Position* reflects the financial position of the District at June 30, 2018. It shows the assets owned or controlled, deferred outflows of resources, related liabilities and other obligations, deferred inflows of resources, and the categories of net position. Net position is an accounting concept defined as total assets and deferred outflows of resources less total liabilities and deferred inflows of resources, and as such, represents the institutional equity or ownership in the total assets of the District.

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

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

The *Statement of Revenues, Expenses, and Changes in Net Position* reflects the results of operations and other changes for the year ended June 30, 2018. It shows the revenues and expenses, both operating and nonoperating, reconciling the beginning net position amount to the ending net position amount, which is shown on the Statement of Net Position described above.

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

The *Statement of Cash Flows* reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2018. It shows the cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the Statement of Net Position, described on the preceding page. In addition, this statement reconciles cash flows used for operating activities to the operating loss shown on the Statement of Revenues, Expenses, and Changes in Net Position, described on the preceding page.

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018**

Although the primary focus of this document is on the results and activity for fiscal year 2017-18 (FY2018) comparative data is presented for the previous fiscal year 2016-17 (FY2017). 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, 2018**

Condensed Financial Information

	<i>As of June 30, 2018</i>	<i>As of June 30, 2017 as restated*</i>	<i>Percent Change</i>
Current assets	\$ 28,365,054	\$ 26,714,555	6.2%
Capital assets, net	21,261,306	22,194,617	-4.2%
Total assets	49,626,360	48,909,172	1.5%
Deferred Outflows of Resources	2,377,819	2,257,948 *	5.3%
Other liabilities	1,786,346	1,672,204	6.8%
Long-term liabilities	15,805,662	16,994,098 *	-7.0%
Total liabilities	17,592,008	18,666,302	-5.8%
Deferred Inflows of Resources	1,016,496	2,028,897	-49.9%
Net investment in capital assets	19,124,542	18,041,182	6.0%
Unrestricted net position	14,271,133	12,430,739 *	14.8%
Total net position	\$ 33,395,675	\$ 30,471,921	9.6%

Note: The District implemented GASB Statement No. 75 in fiscal year 2018; this resulted in a restatement of the District's ending net position from fiscal year 2017, which is reflected in the comparative table shown above.

Revenues, Expenses, and Changes in Net Position

	<i>For the Year Ended June 30, 2018</i>	<i>For the Year Ended June 30, 2017</i>	<i>Percent Change</i>
Operating revenues	\$ 6,848,692	\$ 6,981,931	-1.9%
Operating expenses:			
Educational and general	20,410,596	19,064,282	7.1%
Auxiliary enterprises	21,070	43,559	-51.6%
Depreciation	1,141,776	1,186,030	-3.7%
Total operating expenses	21,573,442	20,293,871	6.3%
Operating loss	(14,724,750)	(13,311,940)	10.6%
Nonoperating revenues and expenses	17,648,504	17,136,952	3.0%
Increase in net position	2,923,754	3,825,012	-23.6%
Net position, beginning of year	30,471,921	26,733,503	14.0%
Restatement of prior year	-	(86,594)	100.0%
Net position, end of year	\$ 33,395,675	\$ 30,471,921	9.6%

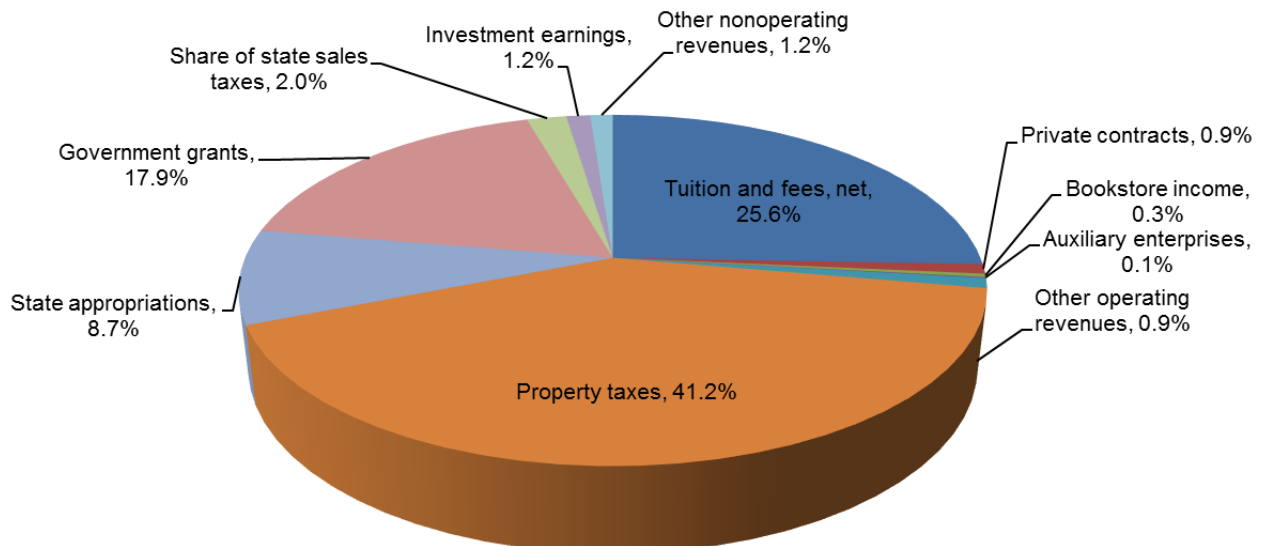
Coconino County Community College District Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

The following schedule presents a summary of revenues for the fiscal year ended June 30, 2018 with comparative totals for June 30, 2017.

Revenues by Source	FY2018		FY2017		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
<u>Operating revenues</u>						
Tuition and fees, net of scholarship allowances	\$ 6,309,943	25.6%	\$ 6,500,392	26.7%	\$ (190,449)	-2.9%
Private contracts	217,717	0.9%	175,134	0.7%	42,583	24.3%
Bookstore income	75,804	0.3%	84,177	0.3%	(8,373)	-9.9%
Auxiliary enterprises	21,092	0.1%	24,489	0.1%	(3,397)	-13.9%
Other operating revenues	224,136	0.9%	197,739	0.8%	26,397	13.3%
Total operating revenues	6,848,692	27.8%	6,981,931	28.7%	(133,239)	-1.9%
<u>Nonoperating revenues</u>						
Property taxes	10,159,636	41.2%	9,872,075	40.6%	287,561	2.9%
State appropriations	2,140,100	8.7%	2,174,400	8.9%	(34,300)	-1.6%
Government grants	4,421,003	17.9%	4,334,254	17.8%	86,749	2.0%
Share of state sales taxes	505,259	2.0%	476,534	2.0%	28,725	6.0%
Investment earnings	304,273	1.2%	217,916	0.8%	86,357	39.6%
Other nonoperating revenues	286,812	1.2%	287,949	1.2%	(1,137)	-0.4%
Total nonoperating revenues	17,817,083	72.2%	17,363,128	71.3%	453,955	2.6%
Total revenues	\$ 24,665,775	100.0%	\$ 24,345,059	100.0%	\$ 320,716	1.3%

Revenues by Source FY2018

(\$24,665,775 Total)

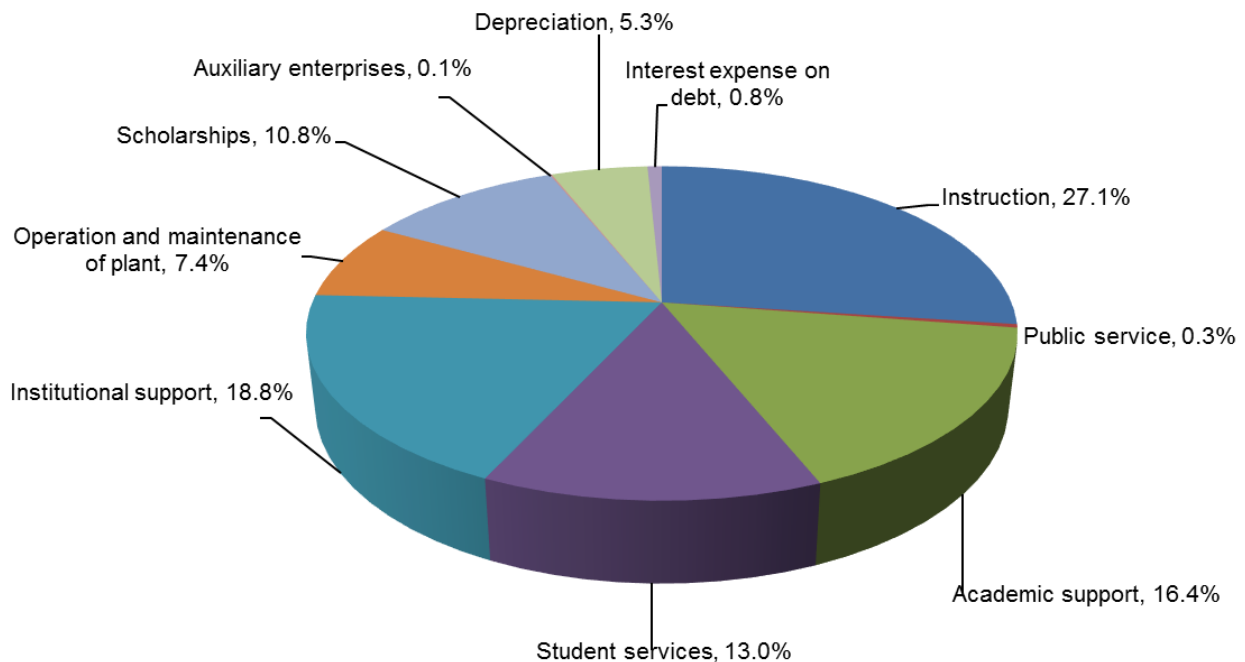


**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018**

Expenses by Function	FY2018		FY2017		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
<u>Operating expenses</u>						
Educational and general:						
Instruction	\$ 5,891,961	27.1%	\$ 5,244,077	25.6%	\$ 647,884	12.4%
Public service	73,408	0.3%	-	0.0%	73,408	100.0%
Academic support	3,574,560	16.4%	2,979,503	14.5%	595,057	20.0%
Student services	2,832,685	13.0%	2,641,834	12.9%	190,851	7.2%
Institutional support	4,091,557	18.8%	4,230,225	20.7%	(138,668)	-3.3%
Operation and maintenance of plant	1,609,979	7.4%	1,666,202	8.1%	(56,223)	-3.4%
Scholarships	2,336,446	10.8%	2,302,441	11.2%	34,005	1.5%
Auxiliary enterprises	21,070	0.1%	43,559	0.2%	(22,489)	-51.6%
Depreciation	1,141,776	5.3%	1,186,030	5.8%	(44,254)	-3.7%
Total operating expenses	<u>21,573,442</u>	<u>99.2%</u>	<u>20,293,871</u>	<u>98.9%</u>	<u>1,279,571</u>	<u>6.3%</u>
<u>Nonoperating expenses</u>						
Interest expense on debt	168,579	0.8%	224,120	1.1%	(55,541)	-24.8%
Loss on disposal of capital assets	-	0.0%	2,056	0.0%	(2,056)	100.0%
Total nonoperating expenses	<u>168,579</u>	<u>0.8%</u>	<u>226,176</u>	<u>1.1%</u>	<u>(57,597)</u>	<u>-25.5%</u>
Total expenses	<u>\$ 21,742,021</u>	<u>100.0%</u>	<u>\$ 20,520,047</u>	<u>100.0%</u>	<u>\$ 1,221,974</u>	<u>6.0%</u>

Expenses by Function FY2018

(\$21,742,021 Total)



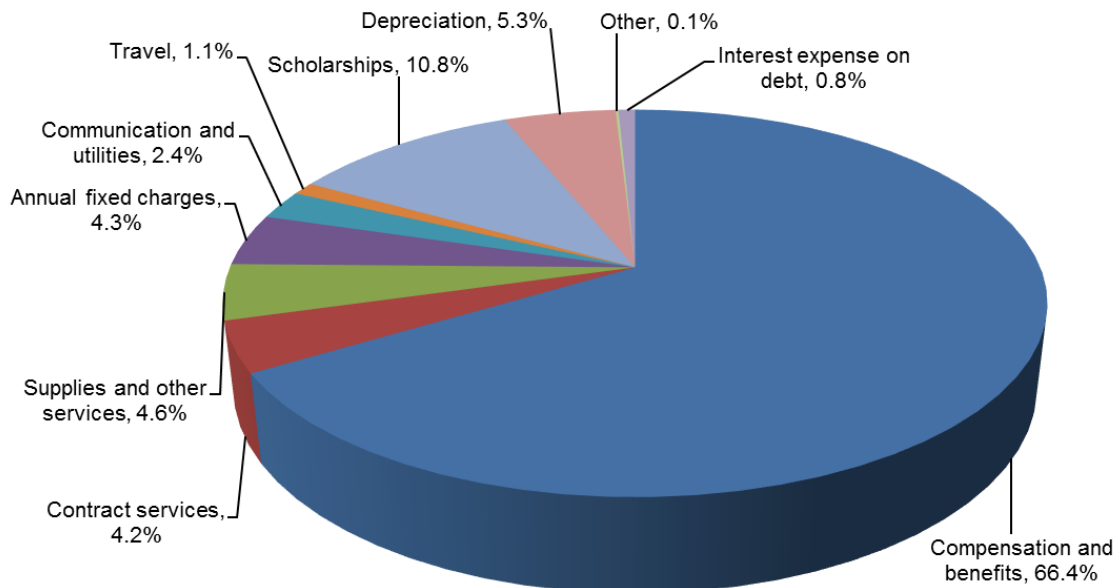
Coconino County Community College District Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

The following schedule presents a summary of expenses by natural classification for the fiscal year ended June 30, 2018, with a comparative total for June 30, 2017.

Expenses by Natural Classification	FY2018		FY2017		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Operating expenses						
Compensation and benefits	\$ 14,441,922	66.4%	\$ 12,391,225	60.4%	\$ 2,050,697	16.5%
Contract services	917,605	4.2%	1,495,970	7.3%	(578,365)	-38.7%
Supplies and other services	1,009,843	4.6%	1,223,358	6.0%	(213,515)	-17.5%
Annual fixed charges	937,012	4.3%	876,030	4.3%	60,982	7.0%
Communication and utilities	526,390	2.4%	532,677	2.6%	(6,287)	-1.2%
Travel	232,280	1.1%	228,693	1.1%	3,587	1.6%
Scholarships	2,335,943	10.8%	2,319,171	11.3%	16,772	0.7%
Depreciation	1,141,776	5.3%	1,186,030	5.8%	(44,254)	-3.7%
Other	30,671	0.1%	40,717	0.2%	(10,046)	-24.7%
Total operating expenses	21,573,442	99.2%	20,293,871	98.9%	1,279,571	6.3%
Nonoperating expenses						
Interest expense on debt	168,579	0.8%	224,120	1.1%	(55,541)	-24.8%
Loss on disposal of capital assets	-	0.0%	2,056	0.0%	(2,056)	100.0%
Total nonoperating expenses	168,579	0.8%	226,176	1.1%	(57,597)	-25.5%
Total expenses	\$ 21,742,021	100.0%	\$ 20,520,047	100.0%	\$ 1,221,974	6.0%

Expenses by Natural Classification FY2018

(\$21,742,021 Total)



Coconino County Community College District Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

Financial Highlights and Analysis

Statement of Net Position

Total net position for the Coconino County Community College District increased by \$2,923,754, or 9.6%, from fiscal year 2017 to fiscal year 2018. This increase was primarily a result of increased property tax receipts, more government grants and higher investment income. The debt service liability was decreased by an additional \$2.0 million, and that annual obligation is paid for by a voter-approved secondary property tax levy. General fund revenues were under budget by 1.0%, due to a decline in enrollment. This change led to a corresponding decrease in expenditures in comparison to budget, and all general fund expenditures were under budget by 5.2% (excluding contingencies).

Current assets increased by 6.2% with the largest increase in cash and investments. The increase in net position created a net cash inflow that is being invested until the best use of these one-time funds can be determined. Capital assets decreased by 4.2% due to depreciation expense in excess of new capital additions. Deferred outflows of resources increased by 5.3% over the previous year's restated balance, a result of the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The increase in the current year is due to an increase in pension contributions offset by a decrease in the District's net difference in projected and actual earnings, as well as the recognition with the implementation of GASB 75 and the associated addition of deferred outflows from our postemployment benefit plans (OPEB).

Other liabilities increased 6.8% due to increases in pre-paid fall tuition revenue and accrued compensation at year-end. Long-term liabilities decreased 7.0% due to debt reduction. Deferred inflows of resources decreased 49.9% due to the change in accounting for OPEB as prescribed by GASB 75 as well as lower levels of projected and actual earnings on the pension plan investments and the expected and actual experience. More detail on FY2018 assets, deferred outflows of resources, liabilities, and deferred inflows of resources can be found on the Statement of Net Position.

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

Statement of Revenues, Expenses, and Changes in Net Position

The District has four major revenue sources that account for 93% of revenues. These are tuition and fees, property taxes, state appropriations, and government grants and contracts. Total revenue for the District increased \$321 thousand, or 1.3%, in fiscal year 2018 from the fiscal year 2017 total. Operating revenues decreased 1.9% due to a decline in enrollment. Nonoperating revenues increased 2.6% due to an increase in government grants overall, state property and sales taxes, and increased investment income. Changes in each revenue source are described below:

- Tuition and fees (net of scholarship allowances) decreased \$190 thousand, or 2.9%. The decrease is due to an overall decline in enrollment due to programmatic changes as well as the lack of housing opportunities for CCC2NAU students.
- Private contracts increased \$43 thousand, or 24.3%. There was additional funding in FY2018 for the apartment and maintenance technician certification program and for the nursing program. Also in 2018, a new small business development center (SBDC) program began, which incorporates government and private funding.

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018**

- The College collects a percentage of sales from the Bookstore through a contract with a third party vendor. Bookstore income decreased \$8 thousand, or 9.9%, for FY2018. This trend has been ongoing for several years due to a continued rise in competition from online retailers.
- Auxiliary enterprises revenue decreased \$3 thousand or 13.9% from FY2017. Calculator rentals and vending commissions were both down, causing this decline.
- Other operating revenue increased \$26 thousand, or 13.3% from FY2017. The College had increased facility rental income in FY2018 and higher than typical miscellaneous revenue as well.
- Property taxes increased \$288 thousand, or 2.9% in total. Coconino Community College is allowed 2% primary levy growth each year, plus growth for new construction. The voter approved secondary levy funds the annual debt service requirements.
- State appropriations decreased \$34 thousand, or 1.6% as a result of the formula for a prior loss of FTSE.
- Government grants increased \$87 thousand, or 2.0%. As previously noted, this is partially due to new funding for the SBDC program, as well as an increase in funding for adult education. Pell awards also increased slightly.
- Workforce development funding from State sales taxes increased \$29 thousand, or 6% from 2017 and is based on a percentage of taxable sales.
- Investment earnings increased \$86 thousand, or 39.6%, due to an increase in the average balance invested.
- Other nonoperating revenue decreased \$1 thousand, or 0.4%, due to a decrease in payments in lieu of property taxes

Total operating expenses increased by \$1.3 million, or 6.3%, from fiscal year 2017 to fiscal year 2018. The primary reasons for the increase relate to adjustments in FY2018 to record other post employment benefit costs and compensation. The changes by expense classification are as follows:

- Instruction expenses increased \$648 thousand, or 12.4%. This was primarily due to an increase in full-time faculty costs due to new positions being added to the FY2018 budget as well as overall increases in compensation expense due to the addition of part-time sick leave and implementation of the new OPEB related GASB. The additional of 10 new students to the nursing cohort also contributed to the increase in expense.
- Public service expenses increased by \$73 thousand as the program in this area was reinstated during FY2018 under the auspices of the SBDC.
- Academic support expenses increased \$595 thousand, or 20.0%. The majority of this increase is related to higher compensation costs as noted under Instruction as well as the addition of staff.

Coconino County Community College District

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2018

- Student services expenses increased \$191 thousand, or 7.2%. This increase is the result of compensation increases noted above.
- Institutional support expenses decreased \$139 thousand, or 3.32% from FY2017. The prior year had election costs that were not incurred in FY2018.
- Operation and maintenance of plant expenses decreased \$56 thousand, or 3.4% due to efficiencies and savings in contracted services.
- Scholarship expense increased, net of scholarship allowances, \$33 thousand, or 1% due to the increase in the Pell award amount.
- Auxiliary enterprises expenses decreased \$22 thousand, or 51.6%, due to reduced expenses for discontinued dictionary rentals and reduced demand overall for calculator rentals and vending.

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, 2018, these funds amounted to approximately \$4.4 million.

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

	FY 2018	FY 2017	Percent Change
Land	\$ 1,089,000	\$ 1,089,000	0.0%
Buildings	18,706,090	19,503,922	-4.1%
Improvements other than buildings	935,919	1,027,820	-8.9%
Equipment	462,735	443,845	4.3%
Intangibles	67,562	130,030	-48.0%
Total capital assets	\$ 21,261,306	\$ 22,194,617	-4.2%

At June 30, 2018, the District had one bond issue outstanding, consisting of a general obligation refunding bond issue with an original amount of \$17,135,000. Total current bonded debt outstanding at June 30, 2018, is \$2,120,000. Since the final bond payment will take place in 2019, there is no noncurrent long-term bond debt at June 30, 2018.

Additional information on the District's capital assets and long-term debt can be found in Notes 5 and 6, respectively, to the basic financial statements.

Current Factors Having Probable Future Financial Significance

The community college system-wide appropriation for state aid is provided by A.R.S. §15-1466. The formula is based on the current base and enrollment growth. During the past decade state aid to community colleges was cut drastically. Although state aid funding of \$3,130,800 represented 45.8% of total revenues in fiscal year 2001, fiscal year 2018 state aid operational funding, which excludes state STEM allocations, of \$1,731,000 only represents

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018**

6.7% of total revenues. State aid operational funding for fiscal year 2019 is appropriated at \$1,749,200, a slight increase from FY2018. In addition, urban community colleges were eliminated from the FY2016 State budget. Due to this historical funding trend, and the recent elimination of urban funding, it is anticipated the trend of declining aid may continue. The District has incorporated state aid funding loss projections into its long-term planning scenarios and has developed a plan to balance the budget with future funding reductions. To accommodate the decline in state aid, tuition has increased from \$33 per credit hour in fiscal year 2001 to \$105 per credit hour in fiscal year 2018, a 318% increase over this eighteen-year period.

Coconino Community College also has the lowest property tax rate in the State of Arizona. Property tax revenue growth is capped, but the District has the ability to ask voters for an override to the primary rate. In 2018, the District put forth Proposition 417 which would continue the secondary tax levy beyond the term of the general obligation bond by an additional seven years, allowing opportunities for the District to add and enhance programs. Unfortunately, during the November 2018 election, the Proposition did not pass. CCC will continue to monitor long-term forecasts and adjust tuition and program levels as needed for long-term financial stability.

Recent changes to both the Arizona and Flagstaff minimum wage rates will continue to impact the hours the College can pay for student wage positions. Future increases will also create pressure on the College's salary structure, leading to higher compensation costs.

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 Executive Director of Accounting, Coconino County Community College District, 2800 S. Lone Tree Road, Flagstaff, AZ 86005.

Coconino County Community College District
Statement of Net Position - Primary Government
June 30, 2018

	Business-Type Activities
Assets	
Current assets:	
Cash in bank and on hand	\$ 2,785,185
Cash and investments held by the County Treasurer	24,691,057
Investments	83,179
Receivables (net of allowances for uncollectibles):	
Property taxes	181,272
Government grants and contracts	184,839
Other	344,426
Prepaid items	43,148
Inventories	51,948
Total current assets	<u>28,365,054</u>
Noncurrent assets:	
Capital assets, not being depreciated	1,089,000
Capital assets, net of depreciation	20,172,306
Total noncurrent assets	<u>21,261,306</u>
Total assets	<u>49,626,360</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	2,285,199
Deferred outflows related to OPEB	92,620
Total deferred outflows of resources	<u>2,377,819</u>
Liabilities	
Current liabilities:	
Accounts payable	192,693
Accrued payroll and employee benefits	855,397
Deposits held in custody for others	60,437
Unearned revenues	677,819
Current portion of compensated absences payable	102,772
Current portion of long-term debt	2,120,000
Total current liabilities	<u>4,009,118</u>
Noncurrent liabilities:	
Compensated absences payable	683,671
OPEB liability	631,504
Net pension liability	12,267,715
Total noncurrent liabilities	<u>13,582,890</u>
Total liabilities	<u>17,592,008</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	923,040
Deferred inflows related to OPEB	76,692
Deferred credit on debt refunding	16,764
Total deferred inflows of resources	<u>1,016,496</u>
Net Position	
Net investment in capital assets	19,124,542
Unrestricted	14,271,133
Total net position	<u>\$ 33,395,675</u>

See accompanying notes to financial statements.

Coconino County Community College District
Statement of Financial Position - Component Unit
June 30, 2018

	Coconino Community College Foundation
Assets	
Current assets:	
Cash and cash equivalents	\$ 439,678
Contributions receivable	1,000
Investments, at market	<u>1,224,249</u>
Total Current Assets	<u>1,664,927</u>
 Total Assets	 <u><u>\$ 1,664,927</u></u>
 Liabilities	
Current Liabilities	
Accrued expenses	\$ 96,140
CC College payable	<u>56,553</u>
Total Current Liabilities	<u>152,693</u>
 Net Assets	
Unrestricted	410,988
Temporarily restricted	555,338
Permanently restricted	<u>545,908</u>
Total Net Assets	<u>1,512,234</u>
 Total Liabilities and Net Assets	 <u><u>\$ 1,664,927</u></u>

See accompanying notes to financial statements

Coconino County Community College District
Statement of Revenues, Expenses, and Changes in Net Position-Primary Government
Year Ended June 30, 2018

	<u>Business-Type Activities</u>
Operating revenues:	
Tuition and fees (net of scholarship allowances of \$1,272,952)	\$ 6,309,943
Private contracts	217,717
Bookstore income	75,804
Auxiliary enterprises	21,092
Other	224,136
Total operating revenues	<u>6,848,692</u>
Operating expenses:	
Educational and general:	
Instruction	5,891,961
Public service	73,408
Academic support	3,574,560
Student services	2,832,685
Institutional support	4,091,557
Operation and maintenance of plant	1,609,979
Scholarships	2,336,446
Auxiliary enterprises	21,070
Depreciation	1,141,776
Total operating expenses	<u>21,573,442</u>
Operating loss	<u>(14,724,750)</u>
Nonoperating revenues (expenses):	
Property taxes	10,159,636
State appropriations	2,140,100
Government grants	4,421,003
Share of state sales taxes	505,259
Investment earnings	304,273
Other nonoperating revenue	286,812
Interest expense on debt	(168,579)
Total nonoperating revenues (expenses)	<u>17,648,504</u>
Increase in net position	2,923,754
Net position, as restated, July 1, 2017	<u>30,471,921</u>
Net position, June 30, 2018	<u>\$ 33,395,675</u>

See accompanying notes to financial statements.

Coconino County Community College District
Statement of Activities - Component Unit
Year Ended June 30, 2018

	Coconino Community College Foundation			
	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL
Revenue, Gains and Other Support				
Public contributions	\$ 295,553	\$ 450,577	\$ 69,320	\$ 815,450
Revenues	61,731	-	-	61,731
Investment earnings	9,859	13,305	-	23,164
Realized gain on investments	8,650	11,952	-	20,602
Unrealized gain on investments	25,386	35,077	-	60,463
Net assets released from restrictions	419,944	(419,944)	-	-
Total Revenue, Gains and Other Support	<u>821,123</u>	<u>90,967</u>	<u>69,320</u>	<u>981,410</u>
Expenses and Losses				
Program services	680,555	-	-	680,555
Supporting services	74,495	-	-	74,495
Total Expenses and Losses	<u>755,050</u>	<u>-</u>	<u>-</u>	<u>755,050</u>
Increase in Net Assets	66,073	90,967	69,320	226,360
Net Assets, beginning of year	<u>344,915</u>	<u>464,371</u>	<u>476,588</u>	<u>1,285,874</u>
Net Assets, end of year	<u>\$ 410,988</u>	<u>\$ 555,338</u>	<u>\$ 545,908</u>	<u>\$ 1,512,234</u>

See accompanying notes to financial statements.

**Coconino County Community College District
Statement of Cash Flows - Primary Government
Year Ended June 30, 2018**

	Business-Type Activities
Cash flows from operating activities:	
Tuition and fees	\$ 6,335,861
Private contracts	206,128
Bookstore receipts	76,141
Auxiliary enterprises	13,024
Other receipts	224,136
Payments to suppliers and providers of goods and services	(3,693,414)
Payments for employee wages and benefits	(14,644,843)
Payments to students for scholarships	(2,336,446)
Net cash used for operating activities	<u>(13,819,413)</u>
Cash flows from noncapital financing activities:	
Property taxes - primary	7,984,861
State appropriations	2,140,100
Government grants	4,357,382
Share of state sales taxes	505,259
Other noncapital financing	240,707
Federal direct lending receipts	2,321,926
Federal direct lending disbursements	(2,321,926)
Deposits held in custody for others received	1,419,223
Deposits held in custody for others disbursed	(1,412,061)
Net cash provided by noncapital financing activities	<u>15,235,471</u>
Cash flows from capital and related financing activities:	
Property taxes - secondary	2,197,007
Other capital financing	46,105
Principal paid on capital debt	(1,985,000)
Interest paid on capital debt	(200,250)
Purchases of capital assets	(208,465)
Net cash used by capital and related financing activities	<u>(150,603)</u>
Cash flows from investing activities:	
Interest received on investments	<u>304,273</u>
Net cash provided by investing activities	<u>304,273</u>
Net increase in cash and cash equivalents	1,569,728
Cash and cash equivalents, July 1, 2017	25,989,693
Cash and cash equivalents, June 30, 2018	<u>\$ 27,559,421</u>

See accompanying notes to financial statements.

(continued)

**Coconino County Community College District
Statement of Cash Flows - Primary Government
Year Ended June 30, 2018**

	Business-Type Activities
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (14,724,750)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	1,141,776
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Net pension liability	554,188
OPEB liability	(44,764)
Deferred outflows of resources related to pensions and OPEB	(119,871)
Deferred inflows of resources related to pensions and OPEB	(980,730)
Prepaid items	(6,461)
Other receivables	(6,897)
Inventories	(25,905)
Accounts payable	(21,557)
Accrued payroll and employee benefits	101,116
Unearned revenues	27,302
Compensated absences payable	287,140
Net cash used for operating activities	<u><u>\$ (13,819,413)</u></u>
 Reconciliation of cash and cash equivalents to the Statement of Net Position:	
Cash in bank and on hand	\$ 2,785,185
Cash and investments held by the County Treasurer	24,691,057
Investments	83,179
Cash and cash equivalents	<u><u>\$ 27,559,421</u></u>
 Noncash investing, capital, and noncapital financing activities:	
Amortization of deferred credit on debt refunding	<u><u>\$ 31,671</u></u>

See accompanying notes to financial statements.

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 1 - Summary of Significant Accounting Policies

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

For the year ended June 30, 2018, the District implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*. GASB Statement No. 75 established standards for measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to other postemployment benefits (OPEB) provided through defined benefit OPEB plans. In addition, Statement No. 75 requires disclosure of information related to OPEB.

A. Reporting Entity

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

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

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

During the year ended June 30, 2018, the Foundation distributed \$279,904 to the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Advancement Office, Coconino County Community College District, 2800 S. Lone Tree Road, Flagstaff, AZ 86005.

B. Basis of Presentation and Accounting

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

A statement of net position provides information about the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

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

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

C. Cash and Investments

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

D. Inventories

The supplies inventory is stated at cost by specific identification.

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

E. Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at acquisition value.

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

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

F. Deferred Outflows and Inflows of Resources

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

G. Postemployment benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

H. Investment Earnings

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

I. Scholarship Allowances

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

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 1 - Summary of Significant Accounting Policies (concluded)

J. Compensated Absences

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

With the passage of Arizona Proposition 206, effective July 1, 2017, sick leave was extended to part-time and seasonal employees. The law mandates that at least 24 hours of paid sick leave be granted annually. Compensated absences now include part-time sick leave as it can be paid out as part of the PTO policy of the District.

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

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

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

Note 2 - Change in Accounting Principle

Net position as of July 1, 2017, has been restated as follows for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (OPEB), as amended by GASB 85, *Omnibus 2017*.

	Primary Government
Net Position as previously reported at June 30, 2017	<u>\$ 30,558,515</u>
Implementation of GASB 75:	
OPEB liability (measurement date as of June 30, 2016)	(676,268)
Deferred outflows – district contributions made during FY 2017	89,961
Eliminate prior year OPEB obligation:	
Net OPEB obligation	499,713
Total prior period adjustment	<u>(86,594)</u>
Net position as restated, July 1, 2017	<u><u>\$ 30,471,921</u></u>

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 3 - Deposits and Investments

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

Deposits - At June 30, 2018, the carrying amount of the District's deposits was \$2,783,610 and the bank balance was \$2,906,388. The District does not have a formal policy with respect to custodial credit risk.

Investments - The District's investments at June 30, 2018, were as follows:

External investment pools	
measured at fair value	Amount
County Treasurer's investment pool	\$ 24,691,057
State Treasurer's investment pool 5	83,179
Total external investment pools	
measured at fair value	<u>\$ 24,774,236</u>

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

Credit risk-The District does not have a formal policy with respect to credit risk. Credit risk for the District's investments at June 30, 2018 was as follows:

Investment Type	Rating	Rating Agency	Amount
County Treasurer's investment pool	Unrated	Not applicable	\$ 24,691,057
State Treasurer's investment pool 5	AAA f/S1+	Standard & Poor's	83,179
			<u>\$ 24,774,236</u>

Interest rate risk-The District does not have a formal policy with respect to interest rate risk. At June 30, 2018, the District had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity in Years
County Treasurer's investment pool	\$ 24,691,057	1.67
State Treasurer's investment pool 5	83,179	0.08
	<u>\$ 24,774,236</u>	

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 3 - Deposits and Investments (concluded)

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

Cash, deposits and investments:		Statement of Net Position:	
Cash on hand	\$ 1,575	Cash in bank and on hand	\$ 2,785,185
		Cash and investments held by the County	
Amount of deposits	2,783,610	Treasurer	24,691,057
Amount of investments	24,774,236	Investments	83,179
	<u>\$ 27,559,421</u>		<u>\$ 27,559,421</u>

Note 4 - Receivables

Other receivables are shown net of related allowances for uncollectibles. A summary for other receivables at June 30, 2018, follows:

	Receivable	Allowance	Net Receivable
Vendor	\$ 72,099	\$ -	\$ 72,099
Student	388,881	118,379	270,502
Employee	1,825	-	1,825
	<u>\$ 462,804</u>	<u>\$ 118,379</u>	<u>\$ 344,426</u>

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 1,089,000	\$ -	\$ -	\$ 1,089,000
Total capital assets not being depreciated	<u>1,089,000</u>	<u>-</u>	<u>-</u>	<u>1,089,000</u>
Capital assets being depreciated:				
Buildings	31,913,294	-	-	31,913,294
Improvements other than buildings	1,857,437	22,423	-	1,879,860
Equipment	1,706,499	186,042	22,106	1,870,435
Intangibles	1,039,422	-	-	1,039,422
Vehicles	260,521	-	-	260,521
Total capital assets being depreciated	<u>36,777,173</u>	<u>208,465</u>	<u>22,106</u>	<u>36,963,532</u>
Less accumulated depreciation for:				
Buildings	12,409,372	797,832		13,207,204
Improvements other than buildings	829,617	114,324		943,941
Equipment	1,262,655	167,151	22,106	1,407,700
Intangibles	909,391	62,469		971,860
Vehicles	260,521			260,521
Total accumulated depreciation	<u>15,671,556</u>	<u>1,141,776</u>	<u>22,106</u>	<u>16,791,226</u>
Total capital assets being depreciated, net	<u>21,105,617</u>	<u>(933,311)</u>	<u>-</u>	<u>20,172,306</u>
Capital assets, net	<u>\$ 22,194,617</u>	<u>\$ (933,311)</u>	<u>\$ -</u>	<u>\$ 21,261,306</u>

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 6 - Long-Term Liabilities

The following schedule details the District's long-term liability and obligation activity for the year ended June 30, 2018:

	July 1, 2017 as Restated	Additions	Reductions	Balance June 30, 2018	Due within 1 year
Bonds payable:					
General obligation refunding bonds	\$ 4,105,000		\$ 1,985,000	\$ 2,120,000	\$2,120,000
Net Pension Liability	11,713,527	\$ 554,188	-	12,267,715	-
OPEB liability	676,268	21,187	65,951	631,504	-
Compensated absences payable	499,303	667,851	380,711	786,443	102,772
	<u>\$16,994,098</u>	<u>\$1,243,226</u>	<u>\$2,431,662</u>	<u>\$ 15,805,662</u>	<u>\$2,222,772</u>

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

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the District's financial statements. At June 30, 2018, the following outstanding bonds were considered defeased:

Description	Amount
General Obligation Bonds, Series A (1999)	\$ 2,240,000

The following bonds were outstanding at June 30, 2018:

Description	Original Amount Authorized	Amount Issued	Maturity Ranges	Interest Rates	Outstanding Principal
General obligation refunding bonds, Series 2009	\$ 17,135,000	\$ 17,135,000	annually through 7/1/2019	2.00% - 5.00%	\$ 2,120,000

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.

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2018:

	General Obligation Refunding Bonds	
	Principal	Interest
Year Ending June 30, 2019	\$ 2,120,000	\$ 106,000
Total	<u>\$ 2,120,000</u>	<u>\$ 106,000</u>

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 7 - Risk Management

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

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

Note 8 - Operating Leases

The District leases the land on which the Fourth Street campus resides. The lease agreement is classified as an operating lease for accounting purposes. Rental expenses under the terms of the operating lease were \$45,733 for the year ended June 30, 2018.

The operating lease has a remaining non-cancelable term of 6 years, and allows four renewal options for eleven years each. Rental payments may be adjusted every five years based on changes in the Consumer Price Index (CPI). The following future minimum payments were required under the operating lease at June 30, 2018:

Year ending June 30	
2019	\$ 45,733
2020	45,733
2021	45,733
2022	45,733
2023	45,733
2024	45,733
Total minimum lease payments	<u>\$ 274,398</u>

Note 9 - Pension Benefits

Plan description - District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 2. The ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 9 - Pension Benefits (continued)

Benefits provided - The ASRS provides retirement and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

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

*With actuarially reduced benefits.

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

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of the benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2018, statute required active ASRS members to contribute at the actuarially determined rate of 11.34 percent for retirement of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 10.90 percent for retirement of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 9.26 percent for retirement of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District's contributions to the pension plan for the year ended June 30, 2018, were \$974,512.

Pension liability - At June 30, 2018, the District reported a liability of \$12,267,715 for its proportionate share of the ASRS' net pension liability.

The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The total pension liability as of June 30, 2017,

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 9 - Pension Benefits (continued)

reflects a change in actuarial assumption related to changes in loads for future potential permanent benefit increases.

The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employer's contributions for the year ended June 30, 2017. The District's proportion measured as of June 30, 2017, was 0.07875%, down 0.00618 from its proportion measured as of June 30, 2016.

The net pension liability measured as of June 30, 2018, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the District's net pension liability as a result of these changes is not known.

Pension expense and deferred outflows/inflows of resources - For the year ended June 30, 2018, the District recognized the pension expense of \$354,066.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 367,854
Changes of assumptions or other inputs	532,815	366,827
Net difference between projected and actual earnings on pension plan investments	88,074	-
Changes in proportion and differences between district contributions and proportionate share of contributions	689,798	188,359
proportionate share of contributions		
District contributions subsequent to the measurement date	974,512	-
Total	<u>\$ 2,285,199</u>	<u>\$ 923,040</u>

The \$974,512 reported as deferred outflows of resources related to the ASRS pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the ASRS pension will be recognized as expenses as follows:

Year ending June 30:

2019	\$ (343,709)
2020	800,518
2021	213,031
2022	(282,194)

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

Actuarial valuation date	June 30, 2016
Actuarial roll forward date	June 30, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3 - 6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 9 - Pension Benefits (concluded)

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.7 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	58%	6.73%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Multi-asset	5%	3.41%
Commodities	2%	3.84%
Total	100%	

Discount rate - The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
District's proportionate share of the:			
Net pension liability	\$15,745,825	\$ 12,267,715	\$ 9,361,456

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

Pension plan contributions payable - The District's accrued payroll and employee benefits included \$68,224 of outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2018.

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 10 - Other Postemployment Benefits (OPEB)

The District follows Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB Statement No. 75), for certain postemployment health care benefits provided by the Northern Arizona Public Employee Benefit Trust (NAPEBT) and ASRS. This Statement replaces the requirements of GASB Statement No. 45. As a result of the implementation of GASB Statement No. 75, a restatement of net position as of July 1, 2017 is required. See Note 2 - Change in Accounting Principle. Although an ASRS OPEB liability has been recorded at June 30, 2018, its plans have not been further disclosed due to the relative insignificance to the District's financial statements.

Plan descriptions - The District, as part of the NAPEBT, has a single-employer plan for postemployment health care benefits. The District subsidizes the premium rates paid by retirees by allowing them to participate in the District's health care plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit rate subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

The District does not cover any explicit subsidies.

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

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

At June 30, 2017, plan membership consisted of the following:

Retired employees currently receiving health benefits	8
Active employees*	116
Total	<u>124</u>

* Excludes 11 active employees currently waiving medical coverage

Funding policy – Benefit provisions for the District's OPEB plan under NAPEBT are pursuant to the District's policy and can be amended by the District Governing Board. The current funding policy is pay-as-you-go for OPEB benefits. There are no dedicated assets at this time to offset the OPEB liability.

OPEB liability - At June 30, 2018, the District reported an OPEB liability for the NAPEBT plan of \$646,050. The plan's total OPEB liability was measured as of June 30, 2017, and was determined by an actuarial valuation as July 1, 2016. The total OPEB liability as of June 30, 2017, reflects the following changes of actuarial assumptions and benefit terms for the NAPEBT plan:

- Trend rates on per capita costs and contributions were updated.
- Assumed turnover rates, disability incidence rates and mortality rates for healthy and disabled lives were updated to be the same as those used in the Arizona State Retirement System Annual Actuarial Valuation as of June 30, 2017.
- No benefit changes were included since the prior valuation.

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 10 - Other Postemployment Benefits (OPEB) (continued)

The following table shows changes in the District's OPEB liability, the District's annual OPEB cost for the year, and the amount actually contributed to the NAPEBT plan.

	Total OPEB liability
Balance at June 30, 2017	<u>\$ 625,108</u>
Service cost	59,900
Interest	19,000
Change in benefit terms	-
Differences between expected and actual experience	5,931
Changes in assumptions	(27,223)
Expected benefit payments	<u>(36,666)</u>
Net change in total OPEB Liability	<u>20,942</u>
Balance at June 30, 2018	<u><u>\$ 646,050</u></u>

OPEB Expense and Deferred outflows and inflows of resources – For the year ended June 30, 2018, the District recognized OPEB expense of \$76,277. The following chart reflects the deferred outflows and inflows of resources related to the OPEB single-employer plan.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in OPEB liability	\$ 5,201	\$ -
Changes of assumptions or other inputs	-	23,870
District contributions subsequent to the measurement date	<u>34,222</u>	<u>-</u>
Total	<u><u>\$ 39,423</u></u>	<u><u>\$ 23,870</u></u>

The \$34,222 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	OPEB Expense Amount
2019	\$ (2,623)
2020	(2,623)
2021	(2,623)
2022	(2,623)
2023	(2,623)
Thereafter	(5,554)

Actuarial methods and assumptions – 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

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 10 - Other Postemployment Benefits (OPEB) (concluded)

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.

The District's actuarial methods and significant assumptions for the NAPEBT single-employer postemployment plan for the most recent actuarial valuation are as follows:

Method/Assumption	
Actuarial valuation date	July 1, 2016
Actuarial cost method	Entry Age, Level Percent of Salary
Salary increases	Wage inflation rate of 2.7% plus a merit component
Discount rate	3.58%
Health care cost trend range	4.5% - 7%
Contribution trend rates	4.5% - 7%
Mortality rates	<i>Pre-Retirement</i> RP-2014 Employee mortality table projected generationally from 2014 in accordance with Ultimate MP 2017 <i>Post-Retirement</i> 2017 State of Arizona mortality table projected generationally from 2017 in accordance with Ultimate MP 2017 <i>Disabled Retirees</i> RP-2014 Disabled Retiree mortality table projected generationally from 2014 in accordance with Ultimate MP 2017

Benefit projections assume the specified premium amount will follow the current practice of being paid for entirely by the retiree or on behalf of the retiree. The specified premium amounts are projected to increase at the contribution trend rates noted above. Actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

Discount rate – The discount rate for OPEB funded entirely on a pay-as-you-go basis is the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher (or equivalent quality on another rating scale). For this purpose, the Bond Buyer 20-Bond General Obligation Municipal Bond Index was used.

Sensitivity analysis - The following shows the net impact of the OPEB liability calculated using the discount rate of 3.58%, as well as what the District's liability would be if the discount rate is 1% less than and 1% greater than the current rate:

	1% Decrease	Current	1% Increase
	(2.58%)	(3.58%)	(4.58%)
NAPEBT OPEB Liability	\$669,973	\$646,050	\$597,569

The following table presents the OPEB liability calculated using the healthcare cost trend rate, as well as what the OPEB liability would be if it were calculated using healthcare cost trend rate that are 1% less than and 1% greater than the current rate:

	1% Decrease	Current	1% Increase
	Trend Rate	Trend Rate	Trend Rate
NAPEBT OPEB Liability	\$582,003	\$646,050	\$721,593

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 11 - Operating Expenses

The District's operating expenses are presented by functional classification in the statement of revenues, expenses, and changes in net position – primary government. The operating expenses can also be classified into the following:

Compensation and benefits	\$ 14,441,922
Contract services	917,605
Supplies and other services	1,009,843
Annual fixed charges	937,012
Communication and utilities	526,390
Travel	232,280
Scholarships	2,335,943
Depreciation	1,141,776
Other	30,671
Total	<u>\$ 21,573,442</u>

The District uses credit cards to pay certain vendors for goods and services. The District received \$2,278 in rebates resulting from credit card payments for the year ended June 30, 2018.

Note 12 - Discretely Presented Component Unit Disclosures

1. Nature of 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 (College), thereby enhancing the opportunities of Coconino residents. It is the fundraising organization for the solicitation, receipt and management of all private gifts, donations, and contributions, including gifts-in-kind. Funds are disbursed exclusively for charitable and educational purposes within the meaning of the Internal Revenue Code Section 501(c)(3), including providing scholarships and financial aid, to fulfill the research, teaching and service functions of the College, and to make or receive grants and loans of corporate property for the purposes of the College.

Basis of Accounting

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

Financial Statement Presentation

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

Functional Expense Reporting

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

Income Taxes

The Foundation is a public foundation and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 43-1201 of the Arizona Revised Statutes. Therefore, the accompanying financial statements contain no provision or

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 12 - Discretely Presented Component Unit Disclosures (continued)

liability for income taxes. Donations to the Foundation qualify for the charitable deduction under Internal Revenue Section 170(b)(1)(A).

The Foundation files information tax returns with the US federal and Arizona state governments. With few exceptions, the Foundation is no longer subject to US federal and state income tax examinations by tax authorities for years before 2014 (federal) and 2013 (Arizona) as of the year ended June 30, 2018.

Contributions and Life Annuity Gifts

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

Promises to Give

Contributions are recognized at their fair values when the donor makes a promise in writing to give to the Foundation that is, in substance, unconditional. Restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Foundation had \$1,000 unconditional promises to give as of June 30, 2018.

Donated Goods and Services

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

Cash and Cash Equivalents

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

Investments

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

Date of Management's Review

Management has reviewed events subsequent to June 30, 2018 up through the date the financial statements were available to be issued, September 29, 2018, to evaluate their effect on the fair presentation of the financial statements. As of the date the financial statements were available to be issued, there have been no events subsequent to June 30, 2018 that are required to be disclosed in order to present fairly the financial position and changes in net assets of the Foundation.

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 12 - Discretely Presented Component Unit Disclosures (continued)

2. Use of Estimates

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

3. Cash and Cash Equivalents

The following were included in cash and cash equivalents as of June 30, 2018:

	<u>2018</u>
Checking	\$ 268,980
Money Market	104,593
Petty cash	182
Fidelity cash account	65,923
	<u>\$ 439,678</u>

The Federal Deposit Insurance Corporation insures accounts up to \$250,000 per institution. As of June 30, 2018, the Foundation did not maintain cash balances in excess of this amount in their accounts. Funds deposited with Fidelity Investments are protected by the SIPC up to a ceiling of \$500,000 including a maximum of \$250,000 for cash claims. Management is aware of the risks involved and monitors these accounts regularly to keep potential risk of loss to a minimum.

4. Fair Value Measurements

The fair value of the investments is measured on a recurring basis at June 30, 2018 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, 2018. 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, 2018 are as follows:

	<u>2018</u>	
	Level 1	
	Market Value	Cost
Common Stock	\$ 543,820	\$ 243,823
Corporate bonds	455,625	461,332
Mutual funds	224,804	158,725
	<u>\$ 1,224,249</u>	<u>\$ 863,880</u>

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 12 - Discretely Presented Component Unit Disclosures (continued)

The following schedule summarizes investment returns and their classification in the statement of activities for the year ended June 30, 2018:

	Unrestricted	2018 Temporarily Restricted	Total
Investments earnings	\$ 9,859	\$ 13,305	\$ 23,164
Net realized and unrealized gains	34,036	47,029	81,065
	<u>\$ 43,895</u>	<u>\$ 60,334</u>	<u>\$ 104,229</u>

6. Donated Materials and Services

During the year ended June 30, 2018 the Foundation received the following materials and services that were donated to assist the Foundation. The value of donated materials and services is readily quantifiable and accordingly, these amounts have been recorded as revenues and expenses in the accompanying financial statements.

	2018
Audit & accounting fees	\$ 2,295
Payroll in kind	276,013
Operating costs	2,037
Facilities in kind	11,175
Palette 2 Palette	365
	<u>\$ 291,885</u>

For the year ended June 30, 2018, the Foundation received a few hundred hours of volunteer time to assist with its program. These hours are not recorded in the financial statements because they are not for specific professional services and are not readily quantifiable.

7. Restrictions on Net Assets

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

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

8. Related Party Transactions

Coconino Community College contributes to the Foundation certain supporting services per a written contract. Employees of the college perform the Foundation accounting and administrative duties. The amounts included in unrestricted public contributions for these services were \$276,013 for the year ended June 30, 2018. 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 year ended June 30, 2018.

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 12 - Discretely Presented Component Unit Disclosures (continued)

There were no income taxes paid during the year ended June 30, 2018, and no interest expense was incurred for the year ended June 30, 2018.

10. Concentration Risk

During the year ending June 30, 2018, five donors' gifts comprised 41% of total support and revenue.

11. Schedule of Functional Expenses

The Foundation's functional expenses as of June 30, 2018 are as follows:

	2018		
	Program Expenses	Support Services	Total
Development Staff Expense	\$ 280,470	\$ -	\$ 280,470
Facilities Expense	-	11,175	11,175
Grants, Scholarships, and Awards	395,487	-	395,487
Investment Fees	-	10,367	10,367
Marketing	4,598	-	4,598
Meeting Expenses	-	5,451	5,451
Miscellaneous Expense	-	16,926	16,926
Postage	-	1,110	1,110
Printing and Copying	-	5,043	5,043
Professional Fees	-	22,207	22,207
Supplies	-	2,216	2,216
Total	<u>\$ 680,555</u>	<u>\$ 74,495</u>	<u>\$ 755,050</u>

12. Contingent Liability

For the year ended June 30, 2018, the Foundation had scholarships that have been awarded but not paid in the amount of \$191,925. These scholarships are awarded in two payments, with the first payment given upon enrollment for the fall semester; the second payment is made conditionally upon enrollment for the spring semester. As the scholarships are contingent upon enrollment and paid out over the following fiscal year, they are not recorded as a liability as of June 30, 2018.

13. Endowment Funds

The Foundation's endowment consists of approximately 22 individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

Coconino County Community College District
Notes to Financial Statements
June 30, 2018

Note 12 - Discretely Presented Component Unit Disclosures (continued)

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

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

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

Coconino Community College Foundation 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, 2018

Note 12 - Discretely Presented Component Unit Disclosures (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, 2018:

	Temporarily Restricted	Permanently Restricted	Total
Balance, June 30, 2017	\$ 43,586	\$ 476,588	\$ 520,174
Contributions received	-	69,320	69,320
Investment income earned	25,257	-	25,257
Unrealized gains allocated	19,064	-	19,064
Scholarships awarded	(19,633)	-	(19,633)
Investment fees	(6,014)	-	(6,014)
Administrative fees	(9,532)	-	(9,532)
Balance, June 30, 2018	<u>\$ 52,728</u>	<u>\$ 545,908</u>	<u>\$ 598,636</u>

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

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

Coconino County Community College District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
June 30, 2018

Arizona State Retirement System	Reporting Fiscal Year (Measurement Date)		
	2018 (2017)	2017 (2016)	2016 (2015)
District's proportion of the net pension liability	0.078750%	0.072570%	0.074850%
District's proportionate share of the net pension liability	\$12,267,715	\$11,713,527	\$11,659,453
District's covered payroll	\$ 7,698,344	\$ 6,812,134	\$ 6,892,054
District's proportionate share of the net pension liability as a percentage of its covered payroll	159.36%	171.95%	169.17%
Plan fiduciary net position as a percentage of the total pension liability	69.92%	67.06%	68.35%

Arizona State Retirement System	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2009
District's proportion of the net pension liability	0.079400%	Information not available
District's proportionate share of the net pension liability	\$11,748,434	
District's covered payroll	\$ 7,168,033	
District's proportionate share of the net pension liability as a percentage of its covered payroll	163.90%	
Plan fiduciary net position as a percentage of the total pension liability	69.49%	

See accompanying notes to pension plan schedules.

Coconino County Community College District
Required Supplementary Information
Schedule of the District's Pension Contributions
June 30, 2018

Arizona State Retirement System

	Reporting Fiscal Year				
	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 974,512	\$ 827,449	\$ 737,143	\$ 749,680	\$ 765,832
District's contributions in relation to the statutorily required contribution	974,512	827,449	737,143	749,680	765,832
District's contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	\$ 8,965,176	\$ 7,698,344	\$ 6,812,134	\$ 6,892,054	\$ 7,168,033
District's contributions as a percentage of covered payroll	10.87%	10.75%	10.82%	10.88%	10.68%

Arizona State Retirement System

	Reporting Fiscal Year				
	2013	2012	2011	2010	2009
Statutorily required contribution	\$ 730,288	\$ 641,450	\$ 563,266	\$ 559,225	\$ 562,865
District's contributions in relation to the statutorily required contribution	730,288	641,450	563,266	559,225	562,865
District's contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	\$ 7,141,693	\$ 6,498,984	\$ 6,251,563	\$ 6,705,341	\$ 7,044,617
District's contributions as a percentage of covered payroll	10.23%	9.87%	9.01%	8.34%	7.99%

See accompanying notes to pension plan schedules.

Coconino County Community College District
Required Supplementary Information
Notes to Pension Plan Schedules
June 30, 2018

Note 1 - Factors That Affect Trends

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

In FY2016 the College experienced significant turnover in executive leadership positions from retirements and resignations that resulted in higher than typical vacancy savings. The covered payroll for FY2017 increased compared to FY2016 as a result of having more positions filled. The College's concerted effort to hire more full time faculty resulted in a continued increase in covered payroll for FY2018.

Coconino County Community College District
Required Supplementary Information
Schedule of District's Changes in Total OPEB Liability
June 30, 2018

Northern Arizona Public Employees Benefit Trust
Other Postemployment Benefits

Reporting date Measurement date	Reporting fiscal year (Measurement date)	
	2018 (2017)	2017 through 2009
Service cost	\$ 59,900	Information not available
Interest	19,000	
Change in benefit terms	-	
Differences between expected and actual experience	5,931	
Changes in assumptions	(27,223)	
Expected benefit payments	<u>(36,666)</u>	
Net change in total OPEB Liability	20,942	
Total OPEB liability, beginning of year	<u>625,108</u>	
Total OPEB liability, end of year	<u>\$ 646,050</u>	
Covered employee payroll	\$ 7,107,649	
Plan total OPEB liability as a percentage of covered employee payroll	9.1%	

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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



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

(dollars in thousands)

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Net investment in capital assets	\$ 19,125	\$ 18,041	\$ 17,183	\$ 16,067	\$ 15,243	\$ 14,266	\$ 14,062	\$ 13,113	\$ 12,310	\$ 10,996
Restricted - expendable	-	-	-	123	236	383	525	509	1,960	2,780
Unrestricted	<u>14,271</u>	<u>12,518</u>	<u>9,551</u>	<u>5,504</u>	<u>15,510</u>	<u>14,808</u>	<u>13,300</u>	<u>11,916</u>	<u>7,912</u>	<u>5,932</u>
Total primary government net position	<u>\$ 33,396</u>	<u>\$ 30,559</u>	<u>\$ 26,734</u>	<u>\$ 21,694</u>	<u>\$ 30,989</u>	<u>\$ 29,457</u>	<u>\$ 27,887</u>	<u>\$ 25,538</u>	<u>\$ 22,182</u>	<u>\$ 19,708</u>

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>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Tuition and fees (net of scholarship allowance)	6,310	\$ 6,500	\$ 6,434	\$ 5,999	\$ 5,825	\$ 5,720	\$ 6,163	\$ 6,011	\$ 5,181	\$ 4,970
Private contracts	218	175	158	172	230	260	405	248	188	154
Bookstore income	76	84	96	111	110	107	118	93	86	76
Auxiliary enterprises	21	25	25	23	32	30	28	32	26	24
Other operating revenues	224	198	211	202	173	187	193	197	195	142
Total operating revenues	<u>6,849</u>	<u>6,982</u>	<u>6,924</u>	<u>6,507</u>	<u>6,370</u>	<u>6,304</u>	<u>6,907</u>	<u>6,581</u>	<u>5,676</u>	<u>5,366</u>
Property taxes	10,160	9,872	9,347	9,147	8,822	8,666	8,624	8,434	8,341	8,241
State appropriations	2,140	2,174	2,194	2,203	1,988	1,848	1,836	2,679	2,679	2,994
Government grants and contracts	4,421	4,334	5,122	5,832	5,877	5,757	6,595	6,272	6,212	4,480
Share of state sales taxes	505	477	458	444	411	1,397 (1)	386	383	377	404
Investment earnings	304	218	210	152	157	220	267	249	278	411
Other nonoperating revenues	287	288	303	233	243	166	99	230 (3)	-	14 (2)
Total nonoperating revenues	<u>17,817</u>	<u>17,363</u>	<u>17,634</u>	<u>18,011</u>	<u>17,498</u>	<u>18,054</u>	<u>17,807</u>	<u>18,247</u>	<u>17,887</u>	<u>16,544</u>
Total revenues before other revenues and gains	<u>\$ 24,666</u>	<u>\$ 24,345</u>	<u>\$ 24,558</u>	<u>\$ 24,518</u>	<u>\$ 23,868</u>	<u>\$ 24,358</u>	<u>\$ 24,714</u>	<u>\$ 24,828</u>	<u>\$ 23,563</u>	<u>\$ 21,910</u>

(percent of total revenues)

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Tuition and fees (net of scholarship allowance)	25.6 %	26.7 %	26.2 %	24.5 %	24.4 %	23.5 %	24.9 %	24.2 %	22.0 %	22.7 %
Private contracts	0.9	0.7	0.6	0.7	1.0	1.1	1.6	1.0	0.8	0.7
Bookstore income	0.3	0.3	0.4	0.5	0.5	0.4	0.5	0.4	0.4	0.3
Auxiliary enterprises	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other operating revenues	0.9	0.8	0.9	0.8	0.7	0.8	0.8	0.8	0.8	0.6
Total operating revenues	<u>27.8</u>	<u>28.7</u>	<u>28.2</u>	<u>26.6</u>	<u>26.7</u>	<u>25.9</u>	<u>27.9</u>	<u>26.5</u>	<u>24.1</u>	<u>24.4</u>
Property taxes	41.2	40.6	38.1	37.3	37.0	35.6	34.9	34.0	35.4	37.6
State appropriations	8.7	8.9	8.9	9.0	8.3	7.6	7.4	10.8	11.4	13.7
Government grants and contracts	17.9	17.8	20.9	23.8	24.6	23.6	26.7	25.3	26.3	20.5
Share of state sales taxes	2.0	2.0	1.9	1.8	1.7	5.7	1.6	1.5	1.6	1.8
Investment earnings	1.2	0.9	0.8	0.6	0.7	0.9	1.1	1.0	1.2	1.9
Other nonoperating revenues	1.2	1.2	1.2	0.9	1.0	0.7	0.4	0.9	0.0	0.1
Total nonoperating revenues	<u>72.2</u>	<u>71.3</u>	<u>71.8</u>	<u>73.4</u>	<u>73.3</u>	<u>74.1</u>	<u>72.1</u>	<u>73.5</u>	<u>75.9</u>	<u>75.6</u>
Total revenues	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

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

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

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

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

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

(dollars in thousands)

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Instruction	\$ 5,892	\$ 5,244	\$ 5,312	\$ 5,892	\$ 7,012	\$ 6,969	\$ 7,288	\$ 6,658	\$ 6,765	\$ 6,981
Public service	73	-	35	128	188	278	290	284	182	139
Academic support	3,575	2,980	2,834	2,748	2,133	1,530	1,807	1,582	1,807	2,289
Student services	2,833	2,642	2,461	2,433	2,297	2,058	1,997	1,771	1,685	1,696
Institutional support	4,091	4,230	3,386	4,054	4,594	4,625	4,199	3,940	3,791	4,129
Operation and maintenance of plant	1,610	1,666	1,600	1,818	1,610	1,783	1,627	1,553	1,521	1,590
Scholarships	2,336	2,302	2,375	2,598	2,826	3,193	3,454	3,988	3,690	1,701
Auxiliary enterprises	21	44	39	44	43	48	39	33	25	20
Depreciation	1,142	1,186	1,196	1,171	1,159	1,152	1,176	1,170	1,104	1,080
Total operating expenses	<u>21,573</u>	<u>20,294</u>	<u>19,238</u>	<u>20,886</u>	<u>21,862</u>	<u>21,636</u>	<u>21,877</u>	<u>20,979</u>	<u>20,570</u>	<u>19,625</u>
Interest expense on debt	169	224	280	332	473	430	462	493	519	996
Loss on disposal of capital assets	-	2	-	27	-	722	27	-	-	-
Total nonoperating expenses	<u>169</u>	<u>226</u>	<u>280</u>	<u>359</u>	<u>473</u>	<u>1,152</u>	<u>489</u>	<u>493</u>	<u>519</u>	<u>996</u>
Total expenses	<u>\$21,742</u>	<u>\$20,520</u>	<u>\$19,518</u>	<u>\$21,245</u>	<u>\$22,335</u>	<u>\$22,788</u>	<u>\$22,366</u>	<u>\$21,472</u>	<u>\$21,089</u>	<u>\$20,621</u>

(percent of total expenses)

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Instruction	27.1 %	25.6 %	27.2 %	27.7 %	31.4 %	30.6 %	32.6 %	31.0 %	32.0 %	34.0 %
Public service	0.3	-	0.2	0.6	0.8	1.2	1.3	1.3	0.9	0.7
Academic support	16.4	14.5	14.5	12.9	9.5	6.7	8.1	7.4	8.6	11.1
Student services	13.0	12.9	12.6	11.5	10.3	9.0	8.9	8.2	8.0	8.2
Institutional support	18.8	20.6	17.4	19.1	20.6	20.3	18.8	18.4	18.0	20.0
Operation and maintenance of plant	7.4	8.1	8.2	8.6	7.2	7.8	7.3	7.2	7.2	7.7
Scholarships	10.7	11.2	12.2	12.2	12.7	14.0	15.4	18.6	17.5	8.2
Auxiliary enterprises	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Depreciation	5.3	5.8	6.1	5.5	5.2	5.1	5.2	5.4	5.2	5.2
Total operating expenses	<u>99.2</u>	<u>98.9</u>	<u>98.6</u>	<u>98.3</u>	<u>97.9</u>	<u>94.9</u>	<u>97.8</u>	<u>97.7</u>	<u>97.5</u>	<u>95.2</u>
Interest expense on debt	0.8	1.1	1.4	1.6	2.1	1.9	2.1	2.3	2.5	4.8
Loss on disposal of capital assets	-	0.0	-	0.1	-	3.2	0.1	-	-	-
Total nonoperating expenses	<u>0.8</u>	<u>1.1</u>	<u>1.4</u>	<u>1.7</u>	<u>2.1</u>	<u>5.1</u>	<u>2.2</u>	<u>2.3</u>	<u>2.5</u>	<u>4.8</u>
Total expenses	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

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

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

(dollars in thousands)

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Compensation and benefits	\$14,442	\$12,391	\$11,586	\$12,652	\$13,145	\$13,061	\$12,758	\$12,040	\$11,931	\$12,443
Contract services	917	1,496	1,649	1,748	2,145	1,597	1,986	1,528	1,627	1,800
Supplies and other services	1,010	1,223	867	1,073	974	1,085	899	831	808	960
Annual fixed charges	937	876	803	781	798	741	800	650	654	769
Communication and utilities	526	533	524	540	508	561	553	517	565	664
Travel	232	229	207	209	180	178	173	160	130	131
Scholarships	2,336	2,319	2,376	2,607	2,849	3,210	3,467	3,988	3,690	1,703
Depreciation	1,142	1,186	1,196	1,171	1,159	1,152	1,176	1,170	1,104	1,080
Other	31	41	30	105	104	51	65	95	61	75
Total operating expenses	<u>21,573</u>	<u>20,294</u>	<u>19,238</u>	<u>20,886</u>	<u>21,862</u>	<u>21,636</u>	<u>21,877</u>	<u>20,979</u>	<u>20,570</u>	<u>19,625</u>
Interest expense on debt	169	224	280	332	473	430	462	493	519	996
Loss on disposal of capital assets	-	2	-	27	-	722	27	-	-	-
Total nonoperating expenses	<u>169</u>	<u>226</u>	<u>280</u>	<u>359</u>	<u>473</u>	<u>1,152</u>	<u>489</u>	<u>493</u>	<u>519</u>	<u>996</u>
Total expenses	<u>\$21,742</u>	<u>\$20,520</u>	<u>\$19,518</u>	<u>\$21,245</u>	<u>\$22,335</u>	<u>\$22,788</u>	<u>\$22,366</u>	<u>\$21,472</u>	<u>\$21,089</u>	<u>\$20,621</u>

(percent of total expenses)

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Compensation and benefits	66.4 %	60.4 %	59.4 %	59.5 %	58.8 %	57.3 %	57.0 %	56.1 %	56.6 %	60.4 %
Contract services	4.2	7.3	8.4	8.2	9.6	7.0	8.9	7.1	7.7	8.7
Supplies and other services	4.6	6.0	4.4	5.1	4.4	4.8	4.0	3.9	3.8	4.7
Annual fixed charges	4.3	4.3	4.1	3.7	3.6	3.2	3.6	3.0	3.1	3.7
Communication and utilities	2.4	2.6	2.7	2.5	2.3	2.5	2.5	2.4	2.7	3.2
Travel	1.1	1.1	1.1	1.0	0.8	0.8	0.8	0.8	0.6	0.6
Scholarships	10.7	11.3	12.2	12.3	12.7	14.1	15.5	18.6	17.5	8.3
Depreciation	5.3	5.8	6.1	5.5	5.2	5.0	5.2	5.4	5.2	5.2
Other	0.1	0.2	0.2	0.5	0.5	0.2	0.3	0.4	0.3	0.4
Total operating expenses	<u>99.2</u>	<u>98.9</u>	<u>98.6</u>	<u>98.3</u>	<u>97.9</u>	<u>94.9</u>	<u>97.8</u>	<u>97.7</u>	<u>97.5</u>	<u>95.2</u>
Interest expense on debt	0.8	1.1	1.4	1.6	2.1	1.9	2.1	2.3	2.5	4.8
Loss on disposal of capital assets	-	0.0	-	0.1	-	3.2	0.1	-	-	-
Total nonoperating expenses	<u>0.8</u>	<u>1.1</u>	<u>1.4</u>	<u>1.7</u>	<u>2.1</u>	<u>5.1</u>	<u>2.2</u>	<u>2.3</u>	<u>2.5</u>	<u>4.8</u>
Total expenses	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

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

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

(dollars in thousands)

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Income (loss) before other revenues, expenses, gains, or losses	<u>\$ 2,924</u>	<u>\$ 3,825</u>	<u>\$ 5,040</u>	<u>\$ 3,273</u>	<u>\$ 1,532</u>	<u>\$ 1,570</u>	<u>\$ 2,348</u>	<u>\$ 3,356</u>	<u>\$ 2,474</u>	<u>\$ 1,289</u>
Capital appropriations	-	-	-	-	-	-	-	-	-	-
Capital gifts	-	-	-	-	-	-	-	-	-	140
Total change in net position	<u><u>\$ 2,924</u></u>	<u><u>\$ 3,825</u></u>	<u><u>\$ 5,040</u></u>	<u><u>\$ 3,273</u></u>	<u><u>\$ 1,532</u></u>	<u><u>\$ 1,570</u></u>	<u><u>\$ 2,348</u></u>	<u><u>\$ 3,356</u></u>	<u><u>\$ 2,474</u></u>	<u><u>\$ 1,429</u></u>

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

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

	<u>2017-18</u>	<u>2016-17</u> (7)	<u>2015-16</u> (7)	<u>2014-15</u> (7)	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
(1) Primary Reserve Ratio	(6)	0.63	0.51	0.29	0.70	0.68	0.63	0.60	0.41	0.31
(2) Net Operating Revenues	(6)	0.17	0.21	0.15	0.08	0.11	0.11	0.13	0.10	0.06
(3) Viability Ratio	(6)	5.09	2.24	0.95	1.92	1.56	1.23	0.88	0.54	0.38
(4) Return on Net Asset Ratio	(6)	0.14	0.22	0.17	0.05	0.06	0.08	0.14	0.12	0.07
(5) Composite Financial Index	(6)	7.60	6.20	4.30	4.60	4.50	4.30	4.70	3.50	2.60

(1) The Primary reserve ratio is a measure of how long the institution could operate using its expendable reserves. The benchmark is 0.40

(2) The Net Operating Revenue Ratio measures if operating activities provided a surplus or a deficit. The benchmark is 0.02

(3) The Viability Ratio measures the availability of expendable net assets to pay off debt at any point in time. The benchmark is 1.25

(4) The Return on Net Asset Ratio is a measure of the total return on investment of net assets for the year. The benchmark is 0.06

(5) The Composite Financial Index is a weighted average score to determine the overall financial health of an organization. This score must be above 1.1 to avoid a potential HLC review. The benchmark is 3.0

(6) Information not available

(7) For FY15, FY16 and FY17, ratios are presented net of GASB 68 adjustments.

**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
2009	12,957,557		12,957,556		1
2010	14,146,598		14,146,597		1
2011	16,038,742		14,585,517		1,453,225
2012	15,833,517		15,500,935		332,582
2013	15,525,510		15,525,509		1
2014	14,735,451		11,792,201		2,943,250
2015	14,596,198		14,596,197		1
2016	14,811,935		14,416,789		395,146
2017	14,828,763		14,828,763		-
2018	15,939,858		15,939,858		-

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

Fiscal Year	Total Tax Levy (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	8,199,732	7,942,306	96.86	255,504	8,197,810	99.98
2010	8,147,339	7,926,032	97.28	219,105	8,145,137	99.97
2011	8,387,461	8,073,310	96.25	311,138	8,384,448	99.96
2012	8,548,017	8,314,386	97.27	226,281	8,540,667	99.91
2013	8,588,537	8,391,991	97.71	187,807	8,579,798	99.90
2014	8,927,690	8,755,919	98.08	158,759	8,914,678	99.85
2015	9,170,579	8,937,745	97.46	218,580	9,156,325	99.84
2016	9,384,040	9,187,297	97.90	179,853	9,367,150	99.82
2017	9,822,996	9,610,307	97.83	193,277	9,803,584	99.80
2018	10,171,265	9,979,002	98.11	-	9,979,002	98.11

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, 2018.

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

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

Tax Year		Assessed Value						Enterprise Zone (2)
		Utilities	Commercial	Vacant/ Agriculture	Residential	Railroads	Historic	
2008	Primary	239,843	397,175	299,266	875,050	17,392	1,231	146
2008	Secondary	239,843	442,124	402,069	1,103,234	19,301	1,453	640
2009	Primary	248,299	407,295	330,841	987,455	14,955	1,292	182
2009	Secondary	248,299	444,948	434,785	1,174,036	17,239	1,529	802
2010	Primary	275,480	404,652	341,972	1,072,490	14,315	1,953	224
2010	Secondary	275,480	427,513	397,449	1,134,935	16,755	2,157	941
2011	Primary	235,287	402,970	336,997	973,394	15,701	1,936	474
2011	Secondary	235,287	410,962	354,772	980,209	17,272	2,076	863
2012	Primary	234,448	391,280	315,866	944,927	18,779	1,969	-
2012	Secondary	234,448	393,752	322,418	947,568	19,096	2,017	-
2013	Primary	226,361	353,390	284,788	792,746	19,977	1,543	-
2013	Secondary	226,361	355,756	292,369	798,200	20,143	1,547	-
2014	Primary	234,528	328,415	270,212	816,384	21,883	1,463	-
2014	Secondary	234,528	331,747	276,129	827,352	22,063	1,473	-
2015	Primary	231,359	327,798	267,556	856,645	20,898	1,310	-
2015	Secondary	231,359	336,561	279,644	901,974	21,222	1,321	-
2016	Primary	230,386	333,847	254,212	900,115	22,341	925	-
2016	Secondary	230,387	357,149	272,661	961,199	23,573	943	-
2017	Primary	233,731	350,717	258,957	950,609	26,413	973	-
2017	Secondary	233,731	380,229	279,182	1,060,388	29,832	996	-

		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		
2008	Primary	2,306	129	1,832,538	144,355	1,688,183	0.3652	12.46
2008	Secondary	2,417	129	2,211,210	153,731	2,057,479	0.0991	12.33
Total weighted direct tax rate						0.2190		
2009	Primary	2,578	131	1,993,027	152,252	1,840,775	0.3369	12.20
2009	Secondary	2,629	131	2,324,397	168,546	2,155,851	0.0898	12.12
Total weighted direct tax rate						0.2036		
2010	Primary	976	28	2,112,091	161,492	1,950,598	0.3352	12.02
2010	Secondary	994	28	2,256,252	172,336	2,083,916	0.0956	12.03
Total weighted direct tax rate						0.2114		
2011	Primary	2,867	133	1,969,759	158,736	1,811,023	0.3649	11.89
2011	Secondary	2,867	133	2,004,441	164,302	1,840,139	0.1085	11.90
Total weighted direct tax rate						0.2357		
2012	Primary	2,143	145	1,909,557	159,230	1,750,327	0.3875	13.01
2012	Secondary	2,143	145	1,921,587	162,023	1,759,564	0.1052	13.00
Total weighted direct tax rate						0.2460		
2013	Primary	1,996	155	1,680,956	159,464	1,521,492	0.4636	11.79
2013	Secondary	2,008	159	1,696,543	166,194	1,530,349	0.1243	11.76
Total weighted direct tax rate						0.2935		
2014	Primary	1,956	165	1,675,006	163,285	1,511,721	0.4788	11.60
2014	Secondary	1,959	169	1,695,420	168,393	1,527,027	0.1268	11.57
Total weighted direct tax rate						0.3019		
2015	Primary	1,842	223	1,707,631	169,278	1,538,353	0.4864	11.41
2015	Secondary	1,849	231	1,774,161	173,903	1,600,258	0.1241	11.38
Total weighted direct tax rate						0.3017		
2016	Primary	1,882	229	1,743,937	165,516	1,578,421	0.4909	11.21
2016	Secondary	1,883	239	1,848,034	171,794	1,676,240	0.1305	11.21
Total weighted direct tax rate						0.3053		
2017	Primary	2,814	253	1,824,467	169,946	1,654,521	0.4816	11.20
2017	Secondary	2,814	261	1,987,433	176,394	1,811,039	0.1326	11.19
Total weighted direct tax rate						0.2992		

Source: Coconino County Assessor's Office.

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

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

(2) Enterprise Zone sunset adopted per HB2001

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

Tax Year	Coconino County Community College District			Coconino County (1)	State Education Equalization	Cities or Fire Districts	School Districts	Joint Technology Districts
	Primary Levy	Secondary Levy	Total					
2008	0.3652	0.0991	0.4643	0.7603	-	0.41 - 2.75	1.46 - 10.99	0.05
2009	0.3369	0.0898	0.4267	0.7244	0.3306	0.30 - 3.00	1.37 - 9.94	0.05
2010	0.3352	0.0956	0.4308	0.9745	0.3564	0.27 - 3.00	1.45 - 8.45	0.05
2011	0.3649	0.1085	0.4734	1.0156	0.4259	0.27 - 3.25	1.77 - 8.59	0.05
2012	0.3875	0.1052	0.4927	1.0347	0.4717	0.30 - 3.25	1.96 - 10.70	0.05
2013	0.4636	0.1243	0.5879	1.1522	0.5123	0.35 - 3.25	2.13 - 11.95	0.05
2014	0.4788	0.1268	0.6056	1.1702	0.5089	0.40 - 3.25	2.11 - 13.08	0.05
2015	0.4864	0.1241	0.6105	1.1791	0.5054	0.60 - 3.25	2.10 - 13.32	0.05
2016	0.4909	0.1305	0.6214	1.1844	0.5010	0.60 - 3.25	2.22 - 13.40	0.05
2017	0.4816	0.1326	0.6142	1.1734	0.4875	0.60 - 3.495	2.47 - 13.37	0.05

2017 Tax Rates (Special Districts) (2)

Hospital Districts	\$1.05 - \$1.21
Domestic Water Districts	1.63
Flood Control (3)	0.40
Williams Facilities District	0.45

Source: Coconino County Office of Planning and Budget.

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

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

Taxpayer	Type of Business	2018				2009			
		Secondary Assessed		Percentage of District's Total		Secondary Assessed		Percentage of District's Total	
		Value	Rank	Value		Value	Rank	Value	
Arizona Public Service Company	Utility	\$ 81,646,156	1	4.94%		\$ 77,017,813	1	3.74%	
BNSF Railway Company	Railroad	27,068,504	2	1.64%		16,356,913	7	0.79%	
Transwestern Pipeline Co	Utility	23,568,594	3	1.43%		35,331,053	2	1.72%	
Unisource Energy Corporation	Utility	20,559,255	4	1.24%		18,541,722	4	0.90%	
W.L. Gore & Associates Inc.	Manufacturing	19,187,294	5	1.16%		18,043,975	5	0.88%	
Kinder Morgan	Utility	16,995,688	6	1.03%		*			
Nevada Power Company	Utility	10,311,595	7	0.62%		9,866,303	9	0.48%	
HTS-CHC (Sedona)	Commercial	6,122,164	8	0.37%		5,431,114	10	0.26%	
GCR Acquisitions	Lodging & Restaurants	6,005,483	9	0.36%		*			
Village at Aspen Place	Commercial	5,514,705	10	0.33%		*			
Salt River Project	Utility	*				*			
City of Los Angeles Department of Water & Power	Utility	*				18,018,149	6	0.88%	
El Paso Natural Gas Co	Utility	*				19,625,984	3	0.95%	
Qwest Corporation	Utility	*				13,184,230	8	0.64%	
Total Principal Taxpayers		<u>\$ 216,979,438</u>		<u>13.12%</u>		<u>\$ 231,417,256</u>		<u>11.25%</u>	
Secondary Assessed Value		<u>\$ 1,653,348,758</u>		<u>100.00%</u>		<u>\$ 2,057,478,154</u>		<u>100.00%</u>	

Source: Coconino County Assessor (2018) & District Records (2009).

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

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

District Historic Tuition (1)				
Fiscal Year	General Tuition Per Credit Hour (2)	Annual Cost Per Full-time Student	Increase (Decrease)	
			Dollars	Percent
2008-09	75.00	1,820.00	208.00	12.9
2009-10 (3)	75.00	2,100.00	280.00	15.4
2010-11	85.00	2,400.00	300.00	14.3
2011-12	88.00	2,640.00	240.00	10.0
2012-13	90.00	2,700.00	60.00	2.3
2013-14	92.00	2,760.00	60.00	2.2
2014-15	94.00	2,820.00	60.00	2.2
2015-16	99.00	2,970.00	150.00	5.3
2016-17	102.00	3,060.00	90.00	3.0
2017-18	105.00	3,150.00	90.00	2.9

National and Statewide Comparisons (Based on Full-time Enrollment for the Academic Year)						
Fiscal Year	Arizona Public 2-year Institution Average (4)		National Public 2-year Institution Average (4)		Arizona Universities Average (4)	
	Annual Cost	Percent Change	Annual Cost	Percent Change	Annual Cost	Percent Change
2008-09	1,546	4.8	2,068	0.3	5,276	6.6
2009-10	1,586	2.6	2,189	5.9	6,210	17.7
2010-11	1,648	3.9	2,331	6.5	7,457	20.1
2011-12	1,782	8.1	2,513	7.8	8,527	14.3
2012-13	2,170	21.8	3,131	24.6	9,350	9.7
2013-14	2,288	5.4	3,264	4.2	10,301	10.2
2014-15	2,438	6.6	3,347	2.5	10,398	0.9
2015-16	2,480	1.7	3,435	2.6	10,650	2.4
2016-17	2,550	2.8	3,520	2.5	10,960	2.9
2017-18	2,610	2.4	3,570	1.4	11,220	2.4

(1) District records.

(2) Restated to include a technology fee per credit hour that was instituted in FY2009 and rolled into tuition in FY2017.

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

(4) trends.collegeboard.org (Fig. 5, Table 1 and Fig. 6)

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

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
Secondary Assessed Value of Real and Personal Property	<u>\$ 1,811,038,890</u>	<u>\$ 1,676,239,971</u>	<u>\$ 1,600,258,450</u>	<u>\$ 1,527,026,413</u>	<u>\$ 1,530,349,256</u>
Debt Limit, 15% of Secondary Assessed Value	<u>\$ 271,655,834</u>	<u>\$ 251,435,996</u>	<u>\$ 240,038,768</u>	<u>\$ 229,053,962</u>	<u>\$ 229,552,388</u>
Amount of Debt Applicable to Debt Limit:					
General Obligation Bonded Debt	<u>2,120,000</u>	<u>4,105,000</u>	<u>5,990,000</u>	<u>7,775,000</u>	<u>9,465,000</u>
Total Debt Applicable to the Limit	<u>2,120,000</u>	<u>4,105,000</u>	<u>5,990,000</u>	<u>7,775,000</u>	<u>9,465,000</u>
Legal Debt Margin	<u>\$ 269,535,834</u>	<u>\$ 247,330,996</u>	<u>\$ 234,048,768</u>	<u>\$ 221,278,962</u>	<u>\$ 220,087,388</u>
	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Secondary Assessed Value of Real and Personal Property	<u>\$ 1,759,564,000</u>	<u>\$ 1,840,139,122</u>	<u>\$ 2,083,915,983</u>	<u>\$ 2,155,851,009</u>	<u>\$ 2,057,478,154</u>
Debt Limit, 15% of Secondary Assessed Value	<u>\$ 263,934,600</u>	<u>\$ 276,020,868</u>	<u>\$ 312,587,397</u>	<u>\$ 323,377,651</u>	<u>\$ 308,621,723</u>
Amount of Debt Applicable to Debt Limit:					
General Obligation Bonded Debt	<u>11,085,000</u>	<u>12,630,000</u>	<u>14,115,000</u>	<u>15,535,000</u>	<u>16,900,000</u>
Total Debt Applicable to the Limit	<u>11,085,000</u>	<u>12,630,000</u>	<u>14,115,000</u>	<u>15,535,000</u>	<u>16,900,000</u>
Legal Debt Margin	<u>\$ 252,849,600</u>	<u>\$ 263,390,868</u>	<u>\$ 298,472,397</u>	<u>\$ 307,842,651</u>	<u>\$ 291,721,723</u>

Source: District records.

**Coconino County Community College District
Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
June 30, 2018**

Direct Debt:

Coconino County Community College District	\$ 2,120,000
Net general obligation debt	2,120,000

Overlapping Debt:

City of Flagstaff	44,659,561
Flagstaff Unified School District #1	31,625,000
Page Unified School District #8	-
Sedona-Oak Creek Unified School District #9	37,715,000
Overlapping debt	113,999,561
Total direct general obligation and overlapping debt	\$ 116,119,561

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	
2008-09	2,017,104	1,420,000	139,659 (1)	1,559,659	1.29
2009-10	1,985,791	1,365,000	514,086	1,879,086	1.06
2010-11	1,938,720	1,420,000	489,471	1,909,471	1.02
2011-12	1,928,151	1,485,000	460,662	1,945,662	0.99
2012-13	1,799,284	1,545,000	430,536	1,975,536	0.91
2013-14	1,863,501	1,620,000	473,431	2,093,431	0.89
2014-15	1,922,564	1,690,000	331,951	2,021,951	0.95
2015-16	1,907,996	1,785,000	279,840	2,064,840	0.92
2016-17	2,069,337	1,885,000	224,120	2,109,120	0.98
2017-18	2,197,008	1,985,000	168,579	2,153,579	1.02

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>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
General Bonded Debt										
General obligation bonds	\$ 2,120	\$ 4,105	\$ 5,990	\$ 7,775	\$ 9,465	\$ 11,085	\$ 12,630	\$ 14,115	\$ 15,535	\$ 16,900
Total general bonded debt	<u>2,120</u>	<u>4,105</u>	<u>5,990</u>	<u>7,775</u>	<u>9,465</u>	<u>11,085</u>	<u>12,630</u>	<u>14,115</u>	<u>15,535</u>	<u>16,900</u>
Per capita	\$ 15.06	\$ 29.13	\$ 43.06	\$ 56.47	\$ 69.32	\$ 81.50	\$ 93.90	\$ 105.01	\$ 119.64	\$ 131.46
Per student	\$ 1,060.53	\$ 2,005.34	\$ 2,984.55	\$ 3,764.22	\$ 4,524.81	\$ 5,279.58	\$ 5,361.92	\$ 5,885.17	\$ 6,579.84	\$ 7,947.33
As a percentage of personal income	(5)	0.07%	0.10%	0.14%	0.19%	0.23%	0.27%	0.30%	0.35%	0.38%
As a percentage of secondary net assessed valuation	0.12%	0.24%	0.37%	0.51%	0.62%	0.63%	0.69%	0.68%	0.72%	0.82%
Other Debt										
Installment purchase contract	-	-	-	-	-	-	-	-	-	-
Capital lease	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>72</u>	<u>102</u>
Total other debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>72</u>	<u>102</u>
Total outstanding debt	<u>\$ 2,120</u>	<u>\$ 4,105</u>	<u>\$ 5,990</u>	<u>\$ 7,775</u>	<u>\$ 9,465</u>	<u>\$ 11,085</u>	<u>\$ 12,630</u>	<u>\$ 14,156</u>	<u>\$ 15,607</u>	<u>\$ 17,002</u>
Per capita	\$ 15.06	\$ 29.13	\$ 43.06	\$ 56.47	\$ 69.32	\$ 81.50	\$ 93.90	\$ 105.31	\$ 120.19	\$ 132.25
Per student	\$ 1,060.53	\$ 2,005.34	\$ 2,984.55	\$ 3,764.22	\$ 4,524.81	\$ 5,279.58	\$ 5,361.92	\$ 5,902.27	\$ 6,610.33	\$ 7,995.30
As a percentage of personal income	(5)	(5)	0.10%	0.14%	0.19%	0.23%	0.27%	0.30%	0.35%	0.39%
As a percentage of secondary net assessed valuation	0.12%	0.24%	0.37%	0.51%	0.62%	0.63%	0.69%	0.68%	0.72%	0.83%
Estimated County population (1)	140,776	140,908	139,097	137,682	136,539	136,011	134,511	134,421	129,849	128,558
Full Time Student Equivalent (2)	1,999.0	2,047.0	2,007.0	2,065.5	2,091.8	2,099.6	2,355.5	2,398.4	2,361.0	2,126.5
Personal Income (3)	(5)	\$ 5,926,168	\$ 5,705,476	\$ 5,399,899	\$4,906,294	\$ 4,735,934	\$ 4,620,811	\$ 4,725,407	\$ 4,481,137	\$ 4,408,897
Secondary Net Assessed Valuation (4)	\$ 1,811,039	\$ 1,676,240	\$ 1,600,258	\$ 1,527,026	\$ 1,530,349	\$ 1,759,564	\$ 1,840,139	\$ 2,083,915	\$ 2,155,851	\$ 2,057,478

(1) U.S.Census Bureau

(2) District records.

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

(4) Coconino County Assessor.

(5) Not yet available.

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

Calendar Year	Population (1)	Personal Income (1) (dollars in thousands)	Personal Income per Capita (1)	Unemployment Rate (2)
2008	128,558	4,408,897	34,295	5.4
2009	129,849	4,481,137	34,510	8.5
2010	134,421	4,725,407	35,154	9.7
2011	134,511	4,620,811	34,353	9.2
2012	136,011	4,735,934	34,820	8.1
2013	136,539	4,906,294	35,933	7.7
2014	137,682	5,399,899	39,220	7.2
2015	139,097	5,705,476	41,018	6.2
2016	140,908	5,926,168	42,057	5.8
2017	140,776	(3)	(3)	5.6

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

(2) Arizona Workforce Informer.

(3) Not yet available.

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

Employer	2017 (1)			2009 (2)		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Northern Arizona University	2,815	1	4.3 %	3,560	1	5.5 %
Flagstaff Medical Center	2,350	2	3.6	2,800	2	4.3
W.L. Gore & Associates	2,000	3	3.1	1,300	4	2.0
Flagstaff Unified School District	1,385	4	2.1	1,600	3	2.5
Coconino County	1,200	5	1.9	1,124	5	1.7
City of Flagstaff	989	6	1.5	900	6	1.4
Wal-Mart	630	7	1.0	400	9	0.6
Grand Canyon Railway	421	8	0.6	402	8	0.6
Nestle Purina PetCare	305	9	0.5	*		
Walgreens Distribution	*			352	10	0.5
Coconino Community College	300	10	0.5	580	7	0.9
Total County Employment (3)	64,844		100.0 %	64,700		100.0 %

(1) 2018 not yet available

(2) Flagstaff Chamber of Commerce

(3) Arizona Workforce Informer

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

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

Fall Historic Headcount (1)

College/Center	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Flagstaff	2,789	2,948	2,941	3,038	3,587	3,304	3,236	3,370	4,139	3,866
Page	72	76	96	78	100	106	176	245	213	212
Tuba City	143	129	78	79	4	3	53	37	146	119
Williams	-	-	-	29	-	2	43	35	47	44
Fredonia	-	-	-	-	-	-	12	5	-	-
Grand Canyon	-	-	-	-	-	1	-	5	23	2
NAU	514	461	426	388	7	-	839	555	393	372
Total	3,518	3,614	3,541	3,612	3,698	3,416	4,359	4,252	4,961	4,615

Historic FTSE (2)

Semester	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Fall/Spring Average	1,770	1,812	1,780.0	1,826.9	1,854.4	1,836.6	2,071.4	2,067.4	2,051.0	1,842.8
Summer	165	146	157.2	152.6	161.4	176.4	196.6	220.0	202.0	171.2
Short	47	77	62.8	72.3	58.1	63.3	67.8	93.5	87.0	90.0
Adult Basic Education	17	13	7.0	13.7	17.9	23.3	19.7	17.5	21.0	22.5
Total	1,999	2,048	2,007.0	2,065.5	2,091.8	2,099.6	2,355.5	2,398.4	2,361.0	2,126.5

Source: District records.

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

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

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

Fall Semester	Attendance (%)		Residency (%)			Gender (%)	
	FT	PT	County Resident	Out of County	Out of State	M	F
2008	23	77	87	11	2	42	58
2009	28	72	92	8	1	43	57
2010	31	69	82	7	10	42	58
2011	31	69	85	9	6	33	67
2012	31	69	81	11	8	44	56
2013	27	73	77	11	12	42	58
2014	30	70	74	13	13	45	55
2015	31	69	64	22	14	48	52
2016	31	69	57	28	15	49	51
2017	28	72	58	28	14	47	53

Fall Semester	Ethnic Background (%)						
	Mean Age	Native American	Asian	African American	Hispanic	Anglo	Other
2008	31	24	1	2	9	62	2
2009	29	26	1	1	9	61	2
2010	28	25	1	2	9	60	3
2011	27	24	1	2	6	60	7
2012	28	20	1	1	12	57	9
2013	25	20	1	1	11	50	17
2014	25	18	1	2	16	56	7
2015	24	17	2	2	17	54	8
2016	24	19	1	3	18	52	7
2017	23	20	1	2	19	48	9

Source: District records.

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

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Faculty										
Full-time faculty	37.0	34.0	30.0	35.0	40.9	39.0	40.0	39.0	42.3	43.0
Part-time faculty FTE	<u>48.1</u>	<u>50.2</u>	<u>64.4</u>	<u>81.6</u>	<u>85.3</u>	<u>69.7</u>	<u>74.8</u>	<u>71.4</u>	<u>75.8</u>	<u>79.3</u>
Total faculty FTE	85.1	84.2	94.4	116.6	126.2	108.7	114.8	110.4	118.1	122.3
Administrative and support staff	128.0	124.0	121.0	111.0	104.3	106.9	128.2	109.9	101.5	124.5
Total employees	<u>213.1</u>	<u>208.2</u>	<u>215.4</u>	<u>227.6</u>	<u>230.5</u>	<u>215.6</u>	<u>243.0</u>	<u>220.3</u>	<u>219.6</u>	<u>246.8</u>
Average class size	19.9	20.8	19.4	19.0	18.6	18.0	18.0	18.9	18.1	16.6

Source: District records.

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

	2017-18			2016-17			2015-16			2014-15			2013-14			2012-13			2011-12			2010-11			2009-10			2008-09		
	Count	Percent		Count	Percent		Count	Percent		Count	Percent		Count	Percent		Count	Percent		Count	Percent		Count	Percent		Count	Percent		Count	Percent	
Ethnicity																														
Asian Pacific Islander	8	1.3	%	3	1.4	%	3	0.8	%	-	-	%	4	1.4	%	-	-	%	2	0.7	%	3	1.1	%	5	2.3	%	2	1.0	%
African American	3	0.5		5	2.3		1	0.3		3	0.8		2	0.7		2	0.7		1	0.3		2	0.7		2	0.9		-	-	
Hispanic	89	14.1		43	20.2		48	13.6		37	10.4		35	12.2		21	7.4		31	10.1		20	7.1		20	9.4		26	12.6	
Native American	107	16.9		29	13.6		61	17.2		75	21.1		61	21.3		52	18.3		46	15.0		53	18.9		40	18.8		44	21.3	
White	386	61.1		119	55.9		219	61.9		229	64.5		174	60.6		194	68.3		205	67.0		187	66.5		146	68.5		130	62.7	
Other	39	6.2		14	6.6		22	6.2		11	3.1		11	3.8		15	5.3		21	6.9		16	5.7		-	-		5	2.4	
Age																														
<20	1	0.2		1	0.5		2	0.6		4	1.1		5	1.7		9	3.2		8	2.6		5	1.8		5	2.3		2	1.0	
20-24	348	55.1		118	55.4		147	41.5		133	37.5		101	35.2		97	34.2		113	36.9		105	37.4		77	36.2		79	38.2	
25-29	117	18.5		39	18.3		95	26.8		79	22.3		73	25.4		77	27.1		71	23.2		63	22.4		43	20.2		56	27.1	
30-39	112	17.7		33	15.5		58	16.4		77	21.7		68	23.7		64	22.5		68	22.2		63	22.4		47	22.1		40	19.3	
40-49	31	4.9		14	6.6		34	9.6		30	8.5		21	7.3		21	7.4		30	9.8		28	10.0		20	9.4		16	7.7	
50-59	19	3.0		3	1.4		16	4.5		26	7.3		16	5.6		12	4.2		14	4.6		16	5.7		17	8.0		11	5.3	
>60	4	0.6		5	2.3		2	0.6		6	1.7		3	1.0		4	1.4		2	0.7		1	0.4		4	1.9		3	1.4	
Average age	27			28			29			31			30			30			30			28			31			29		
High School Graduation Dates																														
September 2015 - current	70	11.1		-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
September 2014 - August 2015	86	13.6		1	0.5		-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
September 2013 - August 2014	93	14.7		24	11.3		21	5.9		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
September 2012 - August 2013	57	9.0		32	15.0		37	10.5		11	3.1		-	-		-	-		-	-		-	-		-	-		-	-	
September 2011 - August 2012	45	7.1		30	14.1		37	10.5		27	7.6		14	4.9		10	3.5		-	-		-	-		-	-		-	-	
September 2010 - August 2011	37	5.9		22	10.3		33	9.3		34	9.6		15	5.2		8	2.8		6	2.0		4	1.4		-	-		-	-	
September 2009 - August 2010	18	2.8		16	7.5		27	7.6		35	9.9		32	11.1		25	8.8		10	3.3		-	-		-	-		-	-	
September 2008 - August 2009	19	3.0		10	4.7		25	7.1		31	8.7		21	7.3		21	7.4		22	7.2		5	1.8		-	-		-	-	
September 2007 - August 2008	23	3.6		9	4.2		21	5.9		25	7.0		30	10.5		24	8.5		32	10.5		29	10.3		12	5.6		5	2.4	
September 2006 - August 2007	18	2.8		6	2.8		13	3.7		16	4.5		13	4.5		23	8.1		20	6.5		26	9.3		18	8.5		8	3.9	
September 2005 - August 2006	20	3.2		5	2.3		18	5.1		13	3.7		14	4.9		16	5.6		28	9.2		27	9.6		18	8.5		19	9.2	
September 2004 - August 2005	13	2.1		7	3.3		11	3.1		10	2.8		18	6.3		20	7.0		16	5.2		23	8.2		26	12.2		22	10.6	
September 2003 - August 2004	15	2.4		4	1.9		13	3.7		18	5.1		13	4.5		7	2.5		25	8.2		29	10.3		14	6.6		22	10.6	
September 2002 - August 2003	6	0.9		4	1.9		8	2.3		11	3.1		116	40.4		17	6.0		12	3.9		10	3.6		4	1.9		16	7.7	
Prior to September 2002	100	15.8		40	18.8		85	24.0		122	34.4		1	0.3		113	39.8		135	44.1		128	45.6		109	51.2		115	55.6	
Not Given	12	1.9		3	1.4		5	1.4		2	0.6		-	-		-	-		-	-		-	-		12	5.6		-	-	
Sex																														
Female	349	55.2		110	51.6		201	56.8		210	59.2		179	62.4		173	60.9		199	65.0		176	62.6		116	54.5		134	64.7	
Male	283	44.8		103	48.4		153	43.2		145	40.8		108	37.6		111	39.1		107	35.0		105	37.4		97	45.5		73	35.3	
Degree Type																														
Advanced Certificate	1	0.2		1	0.5		2	0.6		1	0.3		1	0.4		4	1.4		-	-		1	0.4		3	1.5		12	5.3	
Associate of Applied Science	137	21.7		39	18.3		114	32.2		87	24.5		95	33.8		95	33.5		90	29.4		66	23.5		55	26.7		48	21.1	
Associate of Arts	224	35.4		110	51.6		179	50.6		197	55.5		154	54.8		130	45.8		145	47.4		133	47.3		76	36.9		94	41.2	
Associate of Business	4	0.6		-	-		1	0.3		-	-		1	0.4		1	0.4		6	2.0		7	2.5		8	3.9		8	3.5	
Associate of Fine Arts	-	-		-	-		-	-		-	-		-	-		-	-		1	0.3		-	-		-	-		-	-	
Associate of General Studies	7	1.1		35	16.4		13	3.7		30	8.5		9	3.2		17	6.0		17	5.6		17	6.0		22	10.7		19	8.3	
Associate of Science	21	3.3		13	6.1		24	6.8		18	5.1		8	2.8		15	5.3		9	2.9		13	4.6		11	5.3		14	6.1	
Basic Certificate	3	0.5		1	0.5		2	0.6		2	0.6		6	2.1		6	2.1		20	6.5		12	4.3		2	1.0		4	1.8	
Certificate of Completion	233	36.9		14	6.6		18	5.1		16	4.5		6	2.1		9	3.2		17	5.6		27	9.6		27	13.1		24	10.5	
Intermediate Certificate	2	0.3		-	-		1	0.3		4	1.1		1	0.4		7	2.5		1	0.3		5	1.8		2	1.0		5	2.2	

Source: District records.

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

Square Footage:	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Academic areas:										
Laboratories - Lone Tree Campus	6,840	6,840	6,840	6,840	6,840	6,840	6,840	6,840	5,400	5,400
Instructional - Lone Tree Campus	97,607	97,607	97,607	97,607	97,607	97,607	97,607	97,607	96,369	96,369
Instructional - 4th Street Campus	48,900	48,900	48,900	48,900	48,900	48,900	48,900	48,900	48,900	48,900
Instructional - Williams Campus	-	-	-	-	-	-	4,108	4,108	4,108	4,108
Instructional - Page Campus	19,325	19,325	19,325	19,325	19,325	19,325	19,325	19,325	19,325	19,325
Administrative areas:										
Lone Tree Campus	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600
4th Street Campus	700	700	700	700	700	700	700	700	700	700
Williams Campus	-	-	-	-	-	- (1)	240	240	240	240
Page Campus	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080
Library	500	500	500	500	500	500	500	500	500	500
Dining	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560
Bookstore	2,210	2,210	2,210	2,210	2,210	2,210	2,210	2,210	2,210	2,210
Childcare	-	-	-	-	-	-	-	-	2,678	2,678
Total square footage	<u>199,322</u>	<u>199,322</u>	<u>199,322</u>	<u>199,322</u>	<u>199,322</u>	<u>199,322</u>	<u>203,670</u>	<u>203,670</u>	<u>203,670</u>	<u>203,670</u>
Library - number of volumes	360	360	360	360	360	360	511	511	1,775	1,775
Dining - seating capacity	40	40	40	40	40	40	40	40	40	40
Dining - average daily customers	120	120	120	130	145	175	175	175	175	175
Number of Vehicles:										
Street vehicles	5	5	5	5	5	5	5	5	5	5
Forklift	1	1	1	1	1	1	1	1	1	1
Bobcat loader	1	1	1	1	1	1	1	1	1	1
Tractor	1	1	1	1	1	1	1	1	1	1
Dump truck	1	1	1	1	1	1	1	1	1	1
Backhoe	1	1	1	1	1	1	1	1	1	1
Trailer	3	2	2	2	2	2	2	2	1	1
Snow plow	-	-	-	-	-	-	-	-	1	1
Parking Capacity:										
Lone Tree Campus	500	500	500	500	500	500	500	500	500	500
4th Street Campus	235	235	235	235	235	235	235	235	235	235
Williams Campus	-	-	-	-	-	- (1)	24	24	24	24
Page Campus	78	78	78	78	78	78	78	78	78	78
Total parking capacity	<u>813</u>	<u>813</u>	<u>813</u>	<u>813</u>	<u>813</u>	<u>813</u>	<u>837</u>	<u>837</u>	<u>837</u>	<u>837</u>

Source: District records.

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