

COCONINO COUNTY COMMUNITY COLLEGE DISTRICT

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2005



Prepared by
District Business and Administrative Services Office
Flagstaff, Arizona

Coconino County Community College District

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**Coconino
Communi
College**

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Fiscal Year Ended June 30, 2005**

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Introductory Section



**Coconino
Communi
College**



LONE TREE CAMPUS 2800 S LONE TREE RD FLAGSTAFF AZ 86001-2701

December 2, 2005

To the Citizens of Coconino County Community College District:

Arizona Revised Statutes (A.R.S.) §41-1279.07 requires community college districts of Arizona to prepare an annual budgeted expenditure limitation report, an annual financial statement prepared in accordance with generally accepted accounting principles, and a reconciliation of the total expenditures reported within the financial statements to the total expenditures reported within the expenditure limitation report. The reports must be filed with the auditor general within four months after the close of each fiscal year, although the auditor general may grant up to a one hundred twenty day extension if extenuating circumstances exist that prevent submission of the reports within the required four month period. The auditor general or a certified public accountant performing the annual audit shall attest to the expenditure limitation report and financial statements. This report is published to fulfill these requirements for the fiscal year ended June 30, 2005.

Coconino County Community College District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996; the U.S. Office of Management and Budget Circular A-133; and Government Auditing Standards issued by the Comptroller General of the United States. Information related to this single audit, including the Schedule of Expenditures of Federal Awards and auditor's reports on internal controls and compliance with applicable laws and regulations are available by contacting the Controller.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Miller, Allen & Co., P.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the Coconino County Community College District's financial statements for the year ended June 30, 2005. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the

independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of Coconino County Community College District

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

The District is operated as a comprehensive community college under the laws of the State of Arizona and is governed by a five member District Governing Board (the Board). Each Board member is elected from one of the five precincts in Coconino County on a six year staggered basis. The Board has oversight responsibility and control over all District activities. 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 per semester. Coconino Community College District is committed to offering quality educational programs and services at a reasonable cost for the citizens of Coconino County. The District provides a wide range of programs, including general academic, technical-vocational, student development services, continuing education, and community service.

The District is an independent reporting entity within the criteria established by generally accepted accounting principles and the Governmental Accounting Standards Board (GASB). The Board has governance responsibilities over all activities related to public community education within the jurisdiction of the District. These responsibilities include the receipt of monies from local, state, and federal government sources and compliance with accompanying requirements of these funding source entities. However, the Board is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public, have decision making authority with the power to designate management, maintain the responsibility to significantly influence operations, and possess primary accountability for fiscal matters. All funds of the District are included in this report.

The Coconino Community College Foundation (the Foundation) is a legally separate entity operating under its own Board of Directors. The District has no direct control over Foundation matters. However, since the Foundation's primary mission is to support the District, it is considered a component unit for reporting purposes and its

audited financial statements are included in this report.

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

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

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

Local Economy

Coconino County is located in the northern portion of the State and encompasses an area of approximately 12 million acres or over 18,000 square miles. 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 2004 population has been estimated at 122,754 by the U.S. Census Bureau.

The share of the County's labor force is heavily weighted towards government, trade, and service employment. These sectors employ over 85% of the entire county's nonagricultural work force. Relative to the rest of the state, the work force employed by government is high. Part of the reason for the large number of government workers in the county is the presence of several major national parks, the large portion of the county covered by Indian reservations, and the high percentage of the total area in county public lands (94% of the county is public land; including Indian reservations which cover 45% of the county).

The State and National economy have improved this past year and property values in Coconino County have continued to grow. However, County unemployment rates have remained higher than both state and national levels and the District must contend with the continued limited funding from the State. The District is committed to improving and offering additional services to meet the county needs. These efforts are achieved through careful monitoring of costs, innovative partnerships, continual searching for cost saving opportunities, and seeking new revenue sources.

Long-term Financial Planning

The long-term financial goal of the District is to support its mission and vision as outlined in the Strategic Plan. The mission of the District is to provide personalized and accessible opportunities in higher education by offering transfer, career and technical programs, and community interest courses. The District's vision is to be northern Arizona's premier learner-centered community for pursuing your dreams of success.

The District issued \$25 million of general obligation bonds in 1999 for capital developments throughout Coconino County. These developments have been completed and the District levies a secondary property tax to fund the debt retirement. The District does not foresee any additional debt in the near future, as the existing debt levels should be sufficient to meet the current and foreseeable future needs and requirements of the District. The District has developed unique partnerships within the community, which continue to result in significant savings to our taxpayers. Specifically, partnerships with the City of Page, Northern Arizona University, and the Williams Unified School District have resulted in donations of land for the construction of the three respective campuses. These donations and other partnering initiatives continue to provide leverage and maximum return on the community's investment in education.

Relevant Financial Policies

Cash Management

The District is governed by the Arizona Revised Statutes relating to the overall investment of idle public funds. The fiduciary responsibility of such investments is entrusted to the District Governing Board and facilitated through the Vice President for Business and Administrative Services.

Idle funds are invested by the District in a prudent, conservative, and secure manner for the highest yield as prescribed by Arizona Revised Statutes. Monies are on deposit with the State and County Treasurers. Amounts which are idle during the year are invested by the Treasurers on a pooled basis with the interest prorated back to the District.

During the year, idle funds were invested in demand deposits, notes, commercial paper, and certificates of deposit through the State of Arizona Local Government Investment Pool. The average yield on investments was 2.28 percent. The District's cash management objective is to equal or exceed the average returns on the thirteen week U.S. Treasury Bill rates. The average yield for 90-day U.S. Treasury Bills issued during the year was 2.27 percent.

Financial Reporting

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

Debt Administration

The District sold \$25 million in general obligation bonds in January 1999. The voters of Coconino County have approved a secondary tax to retire this debt. These bonds are tax exempt and therefore subject to federal arbitrage requirements. The District has contracted with Gust-Rosenfeld for bond counsel and RBC Dain-Rauscher for financial advisement in the administration of this debt to ensure compliance with all state and federal regulations.

Risk Management

A full complement of insurance coverage is maintained for the District in accordance with Arizona Revised Statutes. Liability coverage is broad in form, including errors and omissions and wrongful acts coverage, and is maintained with policy limits totaling \$50,000,000. Casualty coverages are maintained on a replacement value basis with a schedule of values agreed upon between the carrier and the District. Miscellaneous coverages include crime and fidelity coverages. Workers' compensation coverage is maintained through the State Compensation Fund.

Major Initiatives

Over the last few fiscal years, various federal, state, and local conditions have resulted in reduced revenues for the District. These forces combined with the increasing operational expense for the District's new facilities, student population growth, technology demands, and increased costs for medical insurance have resulted in the District performing a comprehensive review of all budgets. Management will continually monitor these conditions, as well as legislative initiatives, to further understand the upcoming impact to the District and its community.

Personnel – Salaries and Benefits

The District has reviewed all benefits and salaries compared to market with the goal of

maintaining salaries at market. The District reviews position to ensure that as positions evolve with the growth of the College, the District remains competitive and fair with regard to its human resources. The District is also working on continual development of personnel by providing customer service and professional development workshops, tuition waivers and reimbursement, a wellness program, and refining personnel procedures.

Workforce Development

The District has initiated a concentrated effort over the past several years to provide communities with more occupational and technical training. The voters of Arizona passed proposition 301 in November 2000, which provides a 0.6% sales tax to assist in this effort beginning in fiscal year 2002. The use of these funds is restricted to workforce development programs, such as the CISCO Academy, the nursing program, and construction technology management. To meet the unique interests of individuals and groups within the service area of the District, customized workforce training services were developed. In addition, the District has responded to community education needs by offering more noncredit personal enrichment and professional development learning opportunities.

Efficiency through Partnerships

As student population and required services continue to increase it is essential that the District maximize its efficiency. To this end, the District has established relationships with partners in education. In fiscal year 2006, the District will become fiscal agent of the Adult Basic Education program, which will consolidate this function with other entities in Northern Arizona such as Flagstaff Unified School District, Coconino County Superintendent of Schools, and Tuba City to provide basic education to adult learners in Coconino County. The District is also continuing to make progress with another partner, Northland Pioneer College, to enhance distance learning and online student resources.

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. In addition, along with Alliance partners such as the City of Flagstaff, Coconino County, Flagstaff Unified School District, and Northern Arizona University; the Synergistic Training and Resource Sharing (STARS) group was formed for local public employers to increase the variety, quality, and affordability of training resources in order to develop our workforce for today and tomorrow.

Growth

Throughout its history, the District's full time student equivalency (FTSE) has grown an average of 10% per year, from 491 in fiscal year 1992 to a budgeted 2,195 for fiscal year 2006. This growth has corresponded to many changes over the years

including increases in personnel as well as facilities. Coconino Community College conducts operations throughout the largest county in Arizona, including two campuses in Flagstaff, a campus in Page, an extension site in Williams, and distance learning facilities in both Grand Canyon and Tuba City. The Page campus offers classes on a limited basis to the community of Fredonia. The growth the District has experienced has led to the development of enrollment management strategies. To that end, the College has implemented a marketing plan to help the College recruit and retain targeted student populations.

New Faculty and Programs

The College's strategic plan includes increasing its full time to part time faculty ratio. Since fiscal year 2001, ten full time faculty positions have been added, increasing the courses taught by full time faculty from 24% to 27.1%. In fiscal year 2006, additional full time faculty positions are planned for Nursing, Science, English, and Accounting. In addition to new faculty members, the District has supported the expansion of several programs including noncredit/continuing education, performing and fine arts, the Basic Detention Academy, phlebotomy for law enforcement, fire science and emergency medical services, and the Colorado Plateau studies.

Strengthening Communities

Coconino Community College has been working with its partners to strengthen the community. Beginning in fiscal year 2006, the College will become fiscal agent for the Adult Basic Education program in Coconino County. By consolidating the program into the College, adult learners will have one central and unified point of contact, making it easier to attain basic education that will open doors to greater earning capacity and future higher education pursuits.

The fastest growing student population at Coconino Community College is dual enrollment, where students are enrolled in high school and college courses while simultaneously earning high school and college credits. This program has expanded to include a total of fifteen school districts, including those inside the District boundaries and by Intergovernmental Agreement with some school districts within counties adjacent to Coconino County.

Awards and Acknowledgements

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, 2004. This was the tenth 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

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.

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 Miller, Allen & Co., P.C. for their timely completion of the audit.

Respectfully submitted,

Thomas S. Jordan
President

Jami V. Bradley, Vice President
Business and Administrative Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Coconino
Community College,
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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



Nancy L. Ziehlke

President

Jeffrey R. Emer

Executive Director

Coconino County Community College District

Principal Officers

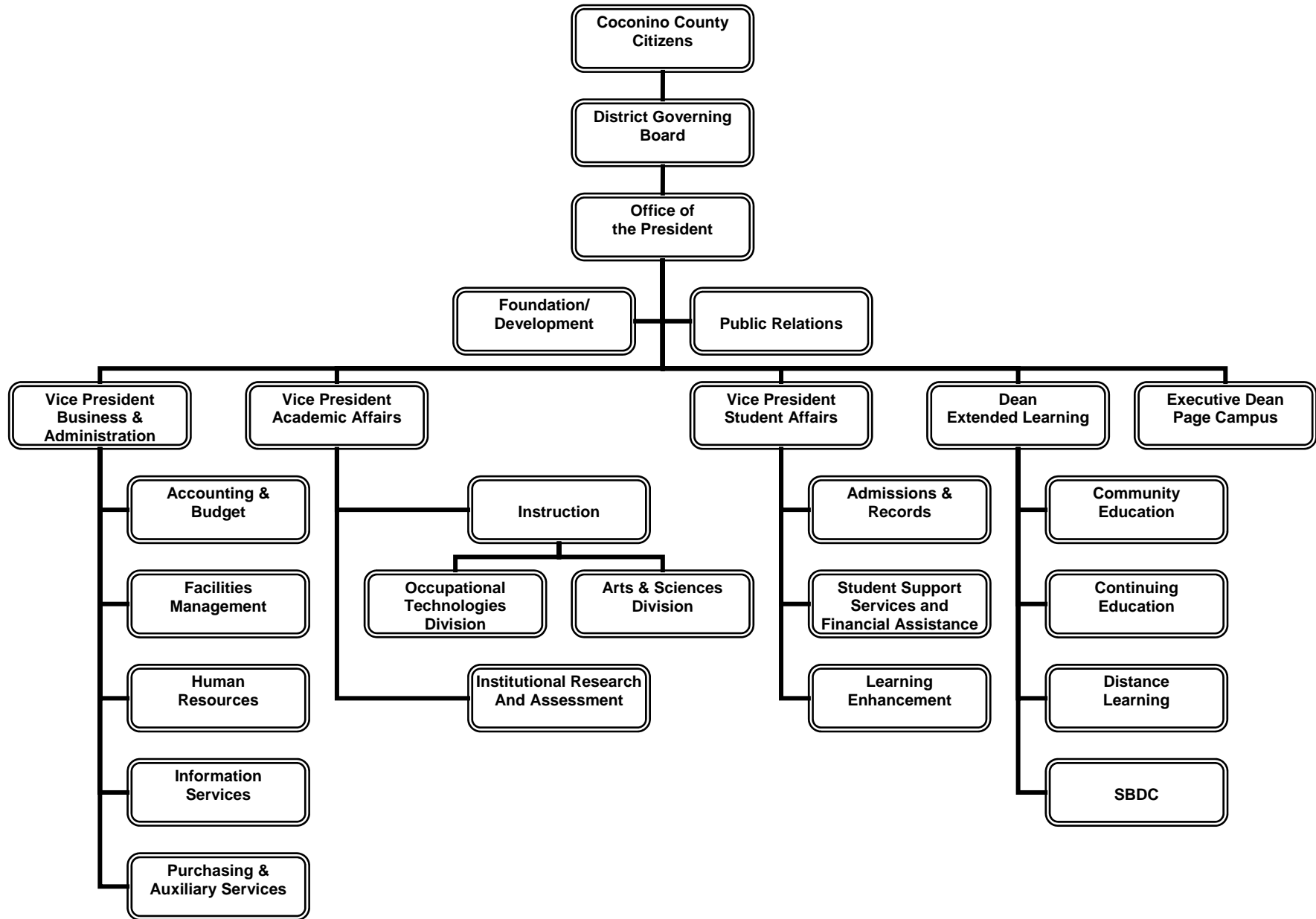
District Governing Board

Nat White, Member, District 1
Jane Corona, Member, District 2
Jac Heiss, Member, District 3
Patrick Hurley, Chair, District 4
Val Gleave, Secretary, District 5

Administration

Thomas S. Jordan, President
Jami V. Bradley, Vice President for Business and Administrative Services
Kathleen Corak, Vice President for Academic Affairs
David L. Minger, Vice President for Student Affairs
Lloyd Hammonds, Executive Dean Page Campus
Michael Lainoff, Dean for Extended Learning

ORGANIZATIONAL CHART





Vision, Mission and Purposes

Vision

Coconino Community College strives to be Northern Arizona's premier learner-centered community for pursuing your dreams of success.

Mission

Coconino Community College provides personalized and accessible opportunities in higher education by offering transfer, career and technical programs, and community interest courses.

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 a core of learning opportunities in reading, writing, quantitative and critical thinking which form a solid foundation for lifelong learning and success in academic, career, and life goals.
- **Transfer Education** to provide learners with the curriculum necessary to transfer to baccalaureate-granting institutions.
- **Occupational Education** to provide learners with the skills and knowledge necessary to pursue occupational careers and/or life goals.
- **Continuing Education** to provide learners and constituencies who are not directly served by the College's arts and sciences and occupational and professional technologies divisions with learning opportunities.
- **Developmental Education** to provide the curriculum necessary to prepare learners for college-level course work and the workplace.
- **Economic Development** to respond quickly in the advancement of regional economic development goals through curriculum development and skills training.
- **Technology Integration** to provide state-of-the-art technological education and training opportunities for the student body and the community.
- **Student Services** to facilitate access to the college and to support learners' attainment of educational goals.
- **Cultural and Community Service** to develop and provide activities and programs that celebrate and preserve cultural diversity and awareness, encourage volunteer service, support community awareness, protect public welfare, and support fine and performing arts.



Core Values

We – the personnel and District Governing Board 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 which 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.

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Financial Section



MARK L. LANDY, C.P.A.
STEPHEN T. HARRIS, C.P.A.
THOMAS L. FRIEND, C.P.A.

ROBERT L. MILLER, C.P.A.
(1931 - 1992)

Independent Auditor's Report

The Auditor General of the State of Arizona

The Governing Board of
Coconino County Community College District

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Coconino County Community College District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts for the discretely presented component unit, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Coconino County Community College District as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, for the year ended June 30, 2005, which represents a change in accounting principle.

The Management's Discussion and Analysis on pages 17 through 25 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 a required part of the basic financial statements. That information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2005, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Miller, Allen & Co., P.C.

December 2, 2005

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2005**

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, 2005. Please read it in conjunction with the transmittal letter, which precedes this section, and the District's basic financial statements, which immediately follow.

Basic Financial Statements

Beginning with fiscal year 2001-02, the District has presented annual financial statements in accordance with the then newly effective pronouncements issued by the Governmental Accounting Standards Board (GASB), the authoritative body for establishing generally accepted accounting principles (GAAP) for state and local governments, including public institutions of higher education. These pronouncements permit public colleges and universities to use the guidance for special-purpose governments engaged only in business-type activities, in their separately issued financial statements. As such, the reader will observe that the presentation format has shifted from a columnar fund group format to 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. During the year ended June 30, 2005, the District implemented the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. GASB Statement No. 40 establishes and modifies the risk disclosures about the District's deposits and investments. The basic financial statements consist of the following:

Statement of Net Assets

The Statement of Net Assets reflects the financial position of the District at June 30, 2005. It shows the various assets owned or controlled, related liabilities and other obligations, and the various categories of net assets. Net assets is an accounting concept defined as total assets less total liabilities, and as such, represents the institutional equity or ownership in the total assets of the District.

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

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

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets reflects the results of operations and other changes for the year ended June 30, 2005. It shows the various revenues and expenses, both operating and nonoperating, reconciling the beginning net

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2005**

assets amount to the ending net assets amount, which is shown on the Statement of Net Assets described above.

Generally speaking, operating revenues are received for providing goods and services to the various 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. Nonoperating expense consists of interest expense on debt.

The Statement of Cash Flows

The Statement of Cash Flows reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2005. It shows the various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the Statement of Net Assets described above. In addition, this statement reconciles cash flows used for operating activities to the operating loss shown on the Statement of Revenues, Expenses, and Changes in Net Assets described above.

Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2005

Condensed Financial Information

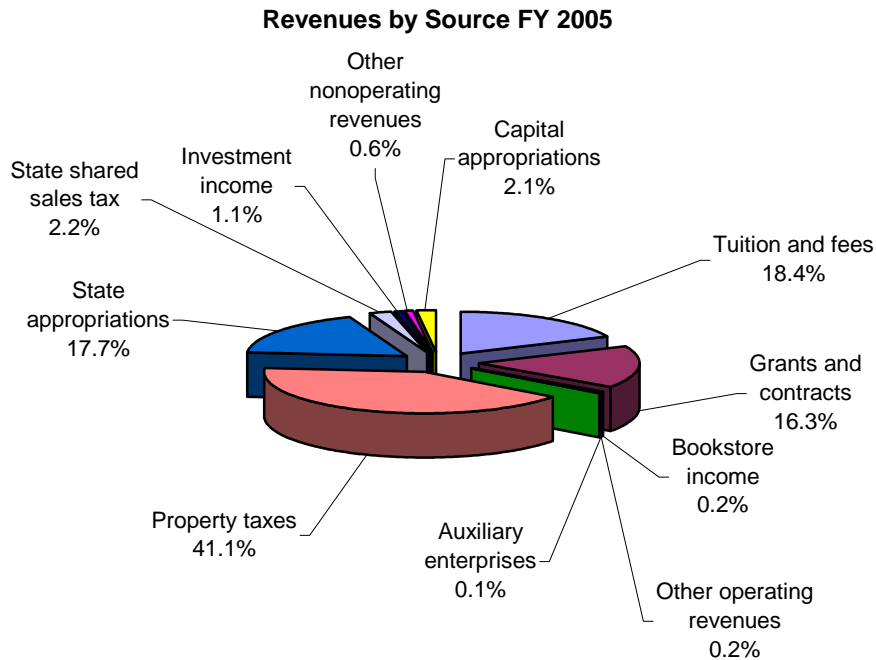
| <i>Statement of Net Assets</i> | | | |
|---|-----------------------------|-----------------------------|---------------------------|
| <i>As of June 30</i> | | | |
| | <u>2005</u> | <u>2004</u> | <u>Percent Change</u> |
| Current assets | \$ 8,358,359 | \$ 8,374,376 | (0.2) % |
| Capital assets, net | <u>30,574,374</u> | <u>31,145,207</u> | (1.8) |
| Total assets | <u>38,932,733</u> | <u>39,519,583</u> | (1.5) |
| Long-term liabilities outstanding | 22,003,722 | 22,814,522 | (3.6) |
| Other liabilities | <u>1,350,568</u> | <u>1,129,316</u> | 19.6 |
| Total liabilities | <u>23,354,290</u> | <u>23,943,838</u> | (2.5) |
| Invested in capital assets, net of related debt | 9,164,375 | 8,850,208 | 3.5 |
| Restricted net assets | 2,837,838 | 3,025,022 | (6.2) |
| Unrestricted net assets | <u>3,576,230</u> | <u>3,700,515</u> | (3.4) |
| Total net assets | <u>\$ 15,578,443</u> | <u>\$ 15,575,745</u> | 0.0 % |

| <i>Statement of Revenues, Expenses, and Changes in Net Assets</i> | | | |
|--|-----------------------------|-----------------------------|---------------------------|
| <i>For the Fiscal Year Ended June 30</i> | | | |
| | <u>2005</u> | <u>2004</u> | <u>Percent Change</u> |
| Operating revenues: | | | |
| Tuition and fees (net of scholarship allowances) | \$ 3,144,294 | \$ 2,618,090 | 20.1 % |
| Grants and contracts | 2,793,581 | 2,742,337 | 1.9 |
| Other operating revenue | <u>91,212</u> | <u>86,497</u> | 5.5 |
| Total operating revenue | <u>6,029,087</u> | <u>5,446,924</u> | 10.7 |
| Operating expenses: | | | |
| Educational and general | 14,882,594 | 13,494,211 | 10.3 |
| Auxiliary enterprises | 19,362 | 19,383 | (0.1) |
| Depreciation | <u>1,126,705</u> | <u>1,129,590</u> | (0.3) |
| Total operating expenses | <u>16,028,661</u> | <u>14,643,184</u> | 9.5 |
| Net operating loss | (9,999,574) | (9,196,260) | (8.7) |
| Nonoperating revenues and expenses, | <u>9,646,572</u> | <u>10,059,875</u> | (4.1) |
| Income/(loss) before other revenues, expenses, | | | |
| gains, or losses | (353,002) | 863,615 | (140.9) |
| Capital appropriations | <u>355,700</u> | <u>319,300</u> | 11.4 |
| Increase in net assets | 2,698 | 1,182,915 | (99.8) |
| Net assets, beginning of year | <u>15,575,745</u> | <u>14,392,830</u> | 8.2 |
| Net assets, end of year | <u>\$ 15,578,443</u> | <u>\$ 15,575,745</u> | 0.0 % |

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2005**

The following schedule presents a summary of revenues for the fiscal year ended June 30, 2005, with comparative totals for June 30, 2004.

| Revenues by Source | 2005 | | 2004 | | Increase/(Decrease) | |
|--|----------------------|------------------|----------------------|------------------|---------------------|-------------------|
| | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent of Change |
| Operating revenues | | | | | | |
| Tuition and fees (net of scholarship allowances) | \$ 3,144,294 | 18.4 % | \$ 2,618,090 | 15.4 % | \$ 526,204 | 20.1 % |
| Grants and contracts | 2,793,581 | 16.3 | 2,742,337 | 16.2 | 51,244 | 1.9 |
| Bookstore income | 41,916 | 0.2 | 38,312 | 0.2 | 3,604 | 9.4 |
| Auxiliary enterprises | 21,936 | 0.1 | 20,615 | 0.1 | 1,321 | 6.4 |
| Other operating revenues | 27,360 | 0.2 | 27,570 | 0.2 | (210) | (0.8) |
| Total operating revenues | 6,029,087 | 35.2 | 5,446,924 | 32.1 | 582,163 | 10.7 |
| Nonoperating revenues | | | | | | |
| Property taxes | 7,032,541 | 41.1 | 6,685,584 | 39.4 | 346,957 | 5.2 |
| State appropriations | 3,025,000 | 17.7 | 2,905,500 | 17.2 | 119,500 | 4.1 |
| State shared sales tax | 369,867 | 2.2 | 1,347,583 | 7.9 | (977,716) | (72.6) |
| Investment income | 184,623 | 1.1 | 170,069 | 1.0 | 14,554 | 8.6 |
| Other nonoperating revenues | 98,396 | 0.6 | 79,571 | 0.5 | 18,825 | 23.7 |
| Total nonoperating revenues | 10,710,427 | 62.7 | 11,188,307 | 66.0 | (477,880) | (4.3) |
| Capital appropriations | 355,700 | 2.1 | 319,300 | 1.9 | 36,400 | 11.4 |
| Total revenues | <u>\$ 17,095,214</u> | <u>100.0 %</u> | <u>\$ 16,954,531</u> | <u>100.0 %</u> | <u>\$ 140,683</u> | <u>0.8 %</u> |

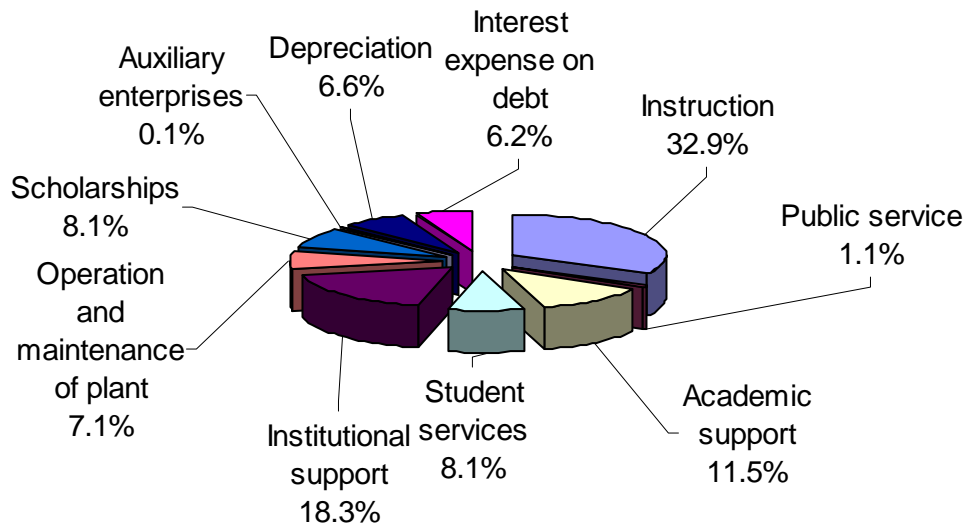


**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2005**

The following schedule presents a summary of expenses for the fiscal year ended June 30, 2005, with comparative totals for June 30, 2004.

| Expenses by Function | 2005 | | 2004 | | Increase/(Decrease) | |
|------------------------------------|----------------------|------------------|----------------------|------------------|---------------------|-------------------|
| | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent of Change |
| Operating expenses | | | | | | |
| Education and general: | | | | | | |
| Instruction | \$ 5,631,013 | 32.9 % | \$ 4,837,099 | 30.7 % | \$ 793,914 | 16.4 % |
| Public service | 179,899 | 1.1 | 214,178 | 1.4 | (34,279) | (16.0) |
| Academic support | 1,957,389 | 11.5 | 1,692,923 | 10.7 | 264,466 | 15.6 |
| Student services | 1,379,942 | 8.1 | 1,371,654 | 8.7 | 8,288 | 0.6 |
| Institutional support | 3,135,055 | 18.3 | 2,901,029 | 18.3 | 234,026 | 8.1 |
| Operation and maintenance of plant | 1,211,639 | 7.1 | 1,195,136 | 7.6 | 16,503 | 1.4 |
| Scholarships | 1,387,657 | 8.1 | 1,282,192 | 8.1 | 105,465 | 8.2 |
| Auxiliary enterprises | 19,362 | 0.1 | 19,383 | 0.1 | (21) | (0.1) |
| Depreciation | 1,126,705 | 6.6 | 1,129,590 | 7.2 | (2,885) | (0.3) |
| Total operating expenses | 16,028,661 | 93.8 | 14,643,184 | 92.8 | 1,385,477 | 9.5 |
| Nonoperating expenses | | | | | | |
| Interest expense on debt | 1,063,855 | 6.2 | 1,128,432 | 7.2 | (64,577) | (5.7) |
| Total nonoperating expenses | 1,063,855 | 6.2 | 1,128,432 | 7.2 | (64,577) | (5.7) |
| Total expenses | <u>\$ 17,092,516</u> | <u>100.0 %</u> | <u>\$ 15,771,616</u> | <u>100.0 %</u> | <u>\$ 1,320,900</u> | <u>8.4 %</u> |

Expenses by Function FY 2005

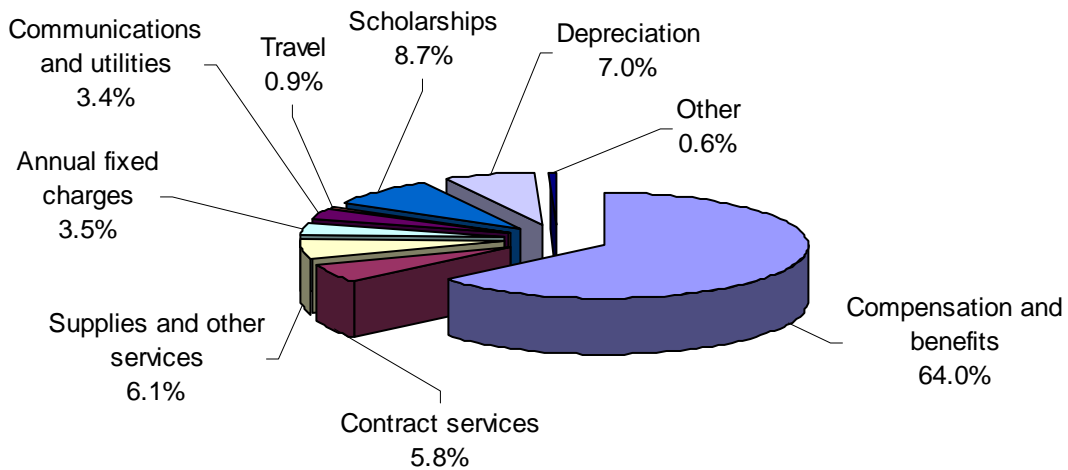


**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2005**

The following schedule presents a summary of operating expenses by natural classification for the fiscal year ended June 30, 2005, with comparative totals for June 30, 2004.

| Operating Expenses by Natural Classification | 2005 | | 2004 | | Increases/(Decreases) | |
|---|----------------------|---------------------|----------------------|---------------------|-----------------------|----------------------|
| | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent of Change |
| | | | | | | |
| Compensation and benefits | \$ 10,247,951 | 64.0 % | \$ 9,250,911 | 63.0 % | \$ 997,040 | 10.8 % |
| Contract services | 931,969 | 5.8 | 842,607 | 5.8 | 89,362 | 10.6 |
| Supplies and other services | 980,703 | 6.1 | 799,812 | 5.5 | 180,891 | 22.6 |
| Annual fixed charges | 560,783 | 3.5 | 476,592 | 3.3 | 84,191 | 17.7 |
| Communications and utilities | 542,036 | 3.4 | 527,792 | 3.6 | 14,244 | 2.7 |
| Travel | 144,542 | 0.9 | 201,788 | 1.4 | (57,246) | (28.4) |
| Scholarships | 1,390,060 | 8.7 | 1,303,830 | 8.9 | 86,230 | 6.6 |
| Depreciation | 1,126,705 | 7.0 | 1,129,590 | 7.7 | (2,885) | (0.3) |
| Other | 103,912 | 0.6 | 110,262 | 0.8 | (6,350) | (5.8) |
| Total operating expenses | <u>\$ 16,028,661</u> | <u>100.0 %</u> | <u>\$ 14,643,184</u> | <u>100.0 %</u> | <u>\$ 1,385,477</u> | <u>9.5 %</u> |

Operating Expenses by Natural Classification FY 2005



**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2005**

Financial Highlights and Analysis

The College's overall financial position remained stable in fiscal year 2005. Total assets decreased \$586,850, mostly due to depreciation and total liabilities decreased \$589,548 mostly due to retirement of long-term debt. Total net assets increased \$2,698, or less than 1%.

Some highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Assets are as follows:

- Tuition and fees (net of scholarship allowances) increased \$526,204, or 20.1%. This was primarily due to an increase in in-state tuition of \$4 per credit hour, from \$44 in fiscal year 2004 to \$48 in fiscal year 2005. Out-of-state tuition increased by \$16 per credit hour, from \$176 in fiscal year 2004 to \$192 in fiscal year 2005. In addition, Full Time Student Equivalents (FTSE) increased 9.9% over that of fiscal year 2004.
- State shared sales tax decreased \$977,716, or 72.6%. In fiscal year 2004, the District received one of two \$1,000,000 distributions for capital matching. Distribution of the second \$1,000,000 is scheduled to occur in fiscal year 2012.
- Other nonoperating revenues increased \$18,825, or 23.7%, due to a scheduled increase in tenant income and increases in facility rental, insurance recoveries, sale of surplus property, and investment recoveries.
- Total operating expenses increased by \$1,385,477, or 9.5%.

Functionally, most notable changes occurred in Instruction, Public Service, and Academic Support.

- Instruction increased \$793,914, or 16.4%. During fiscal year 2005, Full Time Student Equivalents increased 9.9%, the most dramatic increase occurring in dual enrollments, where students are simultaneously enrolled in high school and college courses while earning credit for both. Four new full-time faculty positions were filled and additional associate faculty were hired to accommodate the increase in student population.
- Public Service decreased \$34,279, or 16.0%. The decrease in public service is attributable to a six month vacancy in the Director position for the Small Business Development Center.
- Academic Support increased \$264,466, or 15.6%. During fiscal year 2005, the District, in conjunction with Northland Pioneer College, was awarded a Title III – Strengthening Institutions Program Grant from the U.S. Department of Education. The purpose of the grant is to strengthen course completion, persistence and graduation rates among distance learning students through an innovative and sophisticated Distance Learning

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2005**

Resources Partnership. This partnership will facilitate instructional resources and student support services. The grant provides approximately \$2.5 million over a five year period.

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 two years. 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. For the year ended June 30, 2005, these funds amounted to approximately \$1,266,312.

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

| Capital Assets | | | <u>Percent</u> |
|-----------------------------------|----------------------|----------------------|----------------|
| | <u>2005</u> | <u>2004</u> | <u>Change</u> |
| Land | \$ 1,089,000 | \$ 1,089,000 | - % |
| Buildings | 28,456,565 | 29,039,864 | (2.0) |
| Improvements other than buildings | 228,300 | 229,806 | (0.7) |
| Equipment | 399,034 | 684,149 | (41.7) |
| Vehicles | 91,307 | 94,988 | (3.9) |
| Construction in progress | 310,168 | 7,400 | 4,091.5 |
| Total capital assets | <u>\$ 30,574,374</u> | <u>\$ 31,145,207</u> | (1.8) % |

At June 30, 2005, the District had one bond issue outstanding, consisting of a general obligation bond issue for \$25,000,000. Total long-term debt at June 30, 2005, is \$21,410,000. No new debt was issued during the fiscal year.

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

Current Factors Having Probable Future Financial Significance

During fiscal year 2006, the District will become the fiscal agent of the Adult Basic Education program, which will consolidate this function with other entities in Northern Arizona, such as Flagstaff Unified School District, Coconino County Superintendent of Schools, and Tuba City. Adult Basic Education is designed to provide basic education to adult learners in Coconino County. The increase to government grants and contracts is budgeted at \$259,400 for fiscal year 2006.

The community college system-wide appropriation for state aid is provided by A.R.S. §15-1466. The formula is based on the current year base and enrollment growth. During fiscal years 2002, 2003, and 2004, due to declining state revenues, state aid to community colleges was cut drastically. Where state aid funding of \$3,130,800 represented 45.8% of

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2005**

total revenues in fiscal year 2001, fiscal year 2005 state aid funding of \$3,025,000 represents 17.7% of total revenues. To accommodate the decline in state aid, tuition has increased from \$33 per credit hour in fiscal year 2001 to \$48 per credit hour in fiscal year 2005, a 46% increase. An additional increase of \$8 per credit hour has been approved for fiscal year 2006.

In an effort to improve its overall economic competitiveness with other states, the Arizona State Legislature reduced the assessment ratio for business property from 25% to 20% of full cash value over ten years. The estimated fiscal impact of this change is a reduction in property tax revenue of \$46,000 per year for fiscal years 2006 through 2014.

Employee benefit expenses continue to rise. The College pays 100% of the premium for medical and dental insurance and 32% of family medical insurance. For fiscal year 2006, medical premiums increased by 4.5%. Premiums are expected to increase 10% for fiscal year 2007. The Arizona State Retirement System increased required employee and employer contributions for fiscal year 2006 and 2007, an increase of 1.7% in each year.

In September 2004, the District received notice that the Title III – Strengthening Institutions Program grant application submitted in conjunction with Northland Pioneer College had been approved by the U.S. Department of Education. The grant provides approximately \$2.5 million over a five year period and requires a \$100,000 phase in of expenses to the general fund over the five year period.

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 Office of the Controller, Coconino County Community College District, 2800 S. Lone Tree Road, Flagstaff, AZ 86001.

Coconino County Community College District
Statement of Net Assets - Primary Government
June 30, 2005

| | Business-Type Activites |
|---|----------------------------|
| Assets | |
| Current assets: | |
| Cash and cash equivalents | \$ 582,728 |
| Cash and investments held by the County Treasurer | 7,162,499 |
| Investments | 151,083 |
| Receivables: | |
| Property taxes (net of allowances of \$78,822) | 120,180 |
| Government grants and contracts | 131,699 |
| Interest | 479 |
| Other (net of allowances of \$12,831) | 118,308 |
| Prepaid items | 62,244 |
| Inventories | 29,139 |
| Total current assets | <u>8,358,359</u> |
| Noncurrent assets: | |
| Capital assets: | |
| Land | 1,089,000 |
| Buildings, net of depreciation | 28,456,565 |
| Improvements other than buildings, net of depreciation | 228,300 |
| Equipment, net of depreciation | 399,034 |
| Vehicles, net of depreciation | 91,307 |
| Construction in progress (estimated cost to complete \$562,526) | 310,168 |
| Total noncurrent assets | <u>30,574,374</u> |
| Total assets | <u>38,932,733</u> |
| Liabilities | |
| Current liabilities: | |
| Accounts payable | 294,230 |
| Accrued payroll and employee benefits | 678,489 |
| Deferred revenues | 316,863 |
| Deposits held in custody for others | 60,986 |
| Current portion of compensated absences payable | 35,342 |
| Current portion of long-term debt | 955,000 |
| Total current liabilities | <u>2,340,910</u> |
| Noncurrent liabilities: | |
| Compensated absences payable | 558,380 |
| Long-term debt | 20,455,000 |
| Total noncurrent liabilities | <u>21,013,380</u> |
| Total liabilities | <u>23,354,290</u> |
| Net Assets | |
| Invested in capital assets, net of related debt | 9,164,375 |
| Restricted: | |
| Expendable: | |
| Capital projects | 2,646,908 |
| Debt service | 190,930 |
| Unrestricted | 3,576,230 |
| Total net assets | <u>\$ 15,578,443</u> |

See accompanying notes to financial statements.

Coconino County Community College District
Statement of Financial Position - Component Unit
June 30, 2005

| | Coconino Community College Foundation |
|--------------------------------|---|
| Assets | |
| Current assets: | |
| Cash and cash equivalents | \$ 146,393 |
| Unconditional promises to give | 147,447 |
| Investments, at market | 389,364 |
| Total current assets | <u>683,204</u> |
| Other Assets: | |
| Unconditional promises to give | <u>127,048</u> |
| Total other assets | <u>127,048</u> |
| Total assets | <u>810,252</u> |
| Liabilities | |
| Current liabilities: | |
| Accrued expenses | 246 |
| CCC College payable | <u>30,329</u> |
| Total current liabilities | <u>30,575</u> |
| Total liabilities | <u>30,575</u> |
| Net Assets | |
| Unrestricted | 241,849 |
| Temporarily restricted | 419,473 |
| Permanently restricted | 118,355 |
| Total net assets | <u>\$ 779,677</u> |

See accompanying notes to financial statements.

Coconino County Community College District
Statement of Revenues, Expenses, and Changes in Net Assets-Primary Government
Year Ended June 30, 2005

| | Business-Type Activities |
|---|-----------------------------|
| Operating revenues: | |
| Tuition and fees (net of scholarship allowances of \$403,435) | \$ 3,144,294 |
| Government grants and contracts | 2,552,093 |
| Private grants and contracts | 241,488 |
| Bookstore income | 41,916 |
| Auxiliary enterprises | 21,936 |
| Other | 27,360 |
| Total operating revenues | <u>6,029,087</u> |
| Operating expenses: | |
| Educational and general: | |
| Instruction | 5,631,013 |
| Public service | 179,899 |
| Academic support | 1,957,389 |
| Student services | 1,379,942 |
| Institutional support | 3,135,055 |
| Operation and maintenance of plant | 1,211,639 |
| Scholarships | 1,387,657 |
| Auxiliary enterprises | 19,362 |
| Depreciation | 1,126,705 |
| Total operating expenses | <u>16,028,661</u> |
| Operating loss | <u>(9,999,574)</u> |
| Nonoperating revenues (expenses): | |
| Property taxes | 7,032,541 |
| State appropriations | 3,025,000 |
| Share of state sales taxes | 369,867 |
| Investment earnings | 184,623 |
| Interest expense on debt | (1,063,855) |
| Other | 98,396 |
| Total nonoperating revenues (expenses) | <u>9,646,572</u> |
| Loss before other revenues, expenses, gains, or losses | (353,002) |
| Capital appropriations | 355,700 |
| Increase in net assets | <u>2,698</u> |
| Total net assets, July 1, 2004 | <u>15,575,745</u> |
| Total net assets, June 30, 2005 | <u><u>\$ 15,578,443</u></u> |

See accompanying notes to financial statements.

Coconino County Community College District
Statement of Activities - Component Unit
Year Ended June 30, 2005

| | Coconino Community College Foundation | | | | | |
|--|---------------------------------------|-------------------------|-------------------|-------------------|-------------------|-------------------|
| | Unrestricted | | | Temporarily | Permanently | |
| | <u>Unrestricted</u> | <u>Board-designated</u> | <u>TOTAL</u> | <u>Restricted</u> | <u>Restricted</u> | <u>TOTAL</u> |
| Support and revenue | | | | | | |
| Public contributions | \$ 7,501 | \$ - | \$ 7,501 | \$ 56,827 | \$ 10,984 | \$ 75,312 |
| Revenues | 2,585 | - | 2,585 | - | - | 2,585 |
| Investment earnings | - | - | - | 11,691 | - | 11,691 |
| Total support and revenue | <u>10,086</u> | <u>-</u> | <u>10,086</u> | <u>68,518</u> | <u>10,984</u> | <u>89,588</u> |
| Net assets released from restrictions | <u>152,163</u> | <u>-</u> | <u>152,163</u> | <u>(152,163)</u> | <u>-</u> | <u>-</u> |
| Total support, revenue, and other support | 162,249 | - | 162,249 | (83,645) | 10,984 | 89,588 |
| Expenses | | | | | | |
| Program services | 228,048 | - | 228,048 | - | - | 228,048 |
| Supporting services | <u>14,107</u> | <u>-</u> | <u>14,107</u> | <u>-</u> | <u>-</u> | <u>14,107</u> |
| Total expenses | <u>242,155</u> | <u>-</u> | <u>242,155</u> | <u>-</u> | <u>-</u> | <u>242,155</u> |
| Change in net assets before other items | (79,906) | - | (79,906) | (83,645) | 10,984 | (152,567) |
| Unrealized gain on investments | <u>-</u> | <u>-</u> | <u>-</u> | <u>10,968</u> | <u>-</u> | <u>10,968</u> |
| Increase (decrease) in net assets | (79,906) | - | (79,906) | (72,677) | 10,984 | (141,599) |
| Net assets, July 1, 2004 | 295,493 | 26,262 | 321,755 | 492,150 | 107,371 | 921,276 |
| Net assets, June 30, 2005 | <u>\$ 215,587</u> | <u>\$ 26,262</u> | <u>\$ 241,849</u> | <u>\$ 419,473</u> | <u>\$ 118,355</u> | <u>\$ 779,677</u> |

See accompanying notes to financial statements.

**Coconino County Community College District
Statement of Cash Flows - Primary Government
Year Ended June 30, 2005**

| | Business-Type Activities |
|--|-----------------------------|
| Cash flows from operating activities: | |
| Tuition and fees | \$ 3,111,759 |
| Grants and contracts | 2,713,640 |
| Bookstore receipts | 42,851 |
| Commissions and rents | 21,878 |
| Other receipts | 125,980 |
| Payments to employees for salaries and benefits | (10,049,007) |
| Payments to suppliers and providers of goods and services | (3,061,301) |
| Payments for scholarships | (1,390,061) |
| Net cash used for operating activities | <u>(8,484,261)</u> |
| Cash flows from noncapital financing activities: | |
| Property taxes - primary | 5,022,606 |
| State appropriations | 3,025,000 |
| Share of state sales taxes | 369,867 |
| Deposits held in custody for others received | 337,324 |
| Deposits held in custody for others disbursed | (342,102) |
| Net cash provided by noncapital financing activities | <u>8,412,695</u> |
| Cash flows from capital and related financing activities: | |
| Property taxes - secondary | 2,031,576 |
| Capital appropriations | 355,700 |
| Purchases of capital assets | (555,872) |
| Principal paid on capital debt | (885,000) |
| Interest paid on capital debt | (1,063,855) |
| Net cash used for capital and related financing activities | <u>(117,451)</u> |
| Cash flows from investing activities: | |
| Interest received on investments | 192,708 |
| Net cash provided by investing activities | <u>192,708</u> |
| Net increase in cash and cash equivalents | 3,691 |
| Cash and cash equivalents, July 1, 2004 | 7,892,619 |
| Cash and cash equivalents, June 30, 2005 | <u><u>\$ 7,896,310</u></u> |

See accompanying notes to financial statements.

(continued)

**Coconino County Community College District
Statement of Cash Flows - Primary Government
Year Ended June 30, 2005
(Continued)**

| | <u>Business-Type Activities</u> |
|--|-------------------------------------|
| Reconciliation of operating loss to net cash used for operating activities: | |
| Operating loss | \$ (9,999,574) |
| Adjustments to reconcile operating loss to net cash used for operating activities: | |
| Depreciation | 1,126,705 |
| Other nonoperating revenues | 98,396 |
| Changes in assets and liabilities: | |
| Increase in: | |
| Government grants and contracts receivable | (13,007) |
| Prepaid items | (31,033) |
| Inventories | (10,029) |
| Accounts payable | 183,257 |
| Accrued payroll and employee benefits | 124,743 |
| Compensated absences | 74,200 |
| Decrease in: | |
| Other receivables | 44,051 |
| Deferred revenues | (81,970) |
| Net cash used for operating activities | <u><u>\$ (8,484,261)</u></u> |
| Reconciliation of cash and cash equivalents to the Statement of Net Assets: | |
| Cash and cash equivalents | \$ 582,728 |
| Cash and investments held by the County Treasurer | 7,162,499 |
| Investments | 151,083 |
| Cash and cash equivalents | <u><u>\$ 7,896,310</u></u> |

See accompanying notes to financial statements.

Coconino County Community College District
Notes to Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting Policies

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

During the year ended June 30, 2005, the District implemented the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. GASB Statement No. 40 establishes and modifies the risk disclosures about the District's deposits and investments. The implementation of GASB Statement No. 40 requires only additional disclosures, and had no effect on reported amounts for deposits, investments, net assets, or changes in net assets.

A. Reporting Entity

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

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

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 respective counterpart financial statements of the District. The Foundation has a June 30 year end.

During the year ended June 30, 2005, the Foundation distributed \$180,788 to the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Development Office, Coconino County Community College District, 2800 S. Lone Tree Road, Flagstaff, AZ 86001.

Coconino County Community College District
Notes to Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting Policies (continued)

B. Basis of Presentation and Accounting

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

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

A statement of revenues, expenses, and changes in net assets provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net assets are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from providing instructional, public, and auxiliary services, which is consistent with the District's mission. Accordingly, revenues such as tuition, educational grants, and bookstore are considered to be operating revenues. Other revenues, such as property taxes and state appropriations, are not generated from operations and are considered to be nonoperating revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense on debt, are considered to be nonoperating expenses.

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

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

Coconino County Community College District
Notes to Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting Policies (continued)

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

C. Cash and Investments

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

D. Inventories

The supplies inventory is stated at cost by specific identification.

E. Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair value at the time received.

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

| | Capitalization Threshold | Depreciation Method | Estimated Useful Life |
|-----------------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Land | \$5,000 | | |
| Land improvements | \$5,000 | | |
| Buildings | \$5,000 | straight line | 40 years |
| Improvements Other than Buildings | \$5,000 | straight line | 15 years |
| Equipment and Vehicles | \$5,000 | straight line | 5 years |
| Library collections | \$5,000 | straight line | 10 years |

F. Investment Earnings

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

Coconino County Community College District
Notes to Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting Policies (concluded)

G. Compensated Absences

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

Employees may accumulate vacation hours up to 1.5 times their annual vacation accrual, but any vacation hours in excess of the maximum amount that are unused at calendar year-end are forfeited. Upon termination of employment, all unused and unforfeited vacation benefits are paid to employees, up to a maximum of one year's accrual. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Generally, sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with employees and therefore, are not accrued. However, for employees hired prior to January 1996 and with 10 years of service, 50% of unused accrued sick leave up to a maximum of 1,040 hours do vest; and upon normal retirement after 55 years of age or as defined by the Arizona State Retirement System, 100% of unused accrued sick leave up to a maximum of 2,080 hours do vest. For employees hired after January 1996 who are 60 or over and who have 10 years of service, a portion (up to a maximum of \$5,000) of their sick leave benefits do vest. The vested amounts are accrued as a liability in the financial statements.

H. Scholarship Allowances

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

Note 2 - Deposits and Investments

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

Coconino County Community College District
Notes to Financial Statements
June 30, 2005

Note 2 – Deposits and Investments (continued)

The District does not have a formal investment policy with respect to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for investments.

Deposits—At June 30, 2005, the carrying amount of the District's deposits was \$580,798, and the bank balance was \$824,372.

Investments—The District's investments at June 30, 2005, were as follows:

| Investment Type | Amount |
|------------------------------------|---------------------|
| County Treasurer's investment pool | \$ 7,162,499 |
| State Treasurer's investment pools | 151,083 |
| | <u>\$ 7,313,582</u> |

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

Credit risk—At June 30, 2005, credit risk for the District's investments was as follows:

| Investment Type | Rating | Rating Agency | Amount |
|------------------------------------|---------|----------------|---------------------|
| County Treasurer's investment pool | Unrated | Not applicable | \$ 7,162,499 |
| State Treasurer's investment pools | Unrated | Not applicable | 151,083 |
| | | | <u>\$ 7,313,582</u> |

Interest rate risk—At June 30, 2005, the District had the following investments in debt securities:

| Investment Type | Amount | Weighted Average Maturity in Years |
|--------------------------------------|---------------------|---------------------------------------|
| County Treasurer's investment pool | \$ 7,162,499 | 1.94 |
| State Treasurer's investment pool #5 | 151,083 | 0.22 |
| | <u>\$ 7,313,582</u> | |

Coconino County Community College District
Notes to Financial Statements
June 30, 2005

Note 2 – Deposits and Investments (concluded)

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

| Cash, deposits, and investments: | | Statement of Net Assets: | |
|----------------------------------|---------------------|---------------------------|---------------------|
| Cash on hand | \$ 1,930 | Cash and cash equivalents | \$ 582,728 |
| Amount of deposits | 580,798 | Cash and investments held | |
| Amount of investments | 7,313,582 | by the County Treasurer | 7,162,499 |
| | | Investments | 151,083 |
| | <u>\$ 7,896,310</u> | | <u>\$ 7,896,310</u> |

Note 3 – Other Receivables

Other receivables are shown net of related allowances for uncollectibles. A summary for other receivables at June 30, 2005, follows:

| | Receivable | Allowance | Net Receivable |
|----------|-------------------|------------------|-----------------------|
| Vendor | \$ 36,944 | \$ - | \$ 36,944 |
| Student | 94,126 | 12,831 | 81,295 |
| Employee | 69 | - | 69 |
| | <u>\$ 131,139</u> | <u>\$ 12,831</u> | <u>\$ 118,308</u> |

Coconino County Community College District
Notes to Financial Statements
June 30, 2005

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

| | Balance July 1, 2004 | Increases | Decreases | Reclassifications | Balance June 30, 2005 |
|---|-------------------------|---------------------|---------------|-------------------|--------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 1,089,000 | \$ - | \$ - | \$ - | \$ 1,089,000 |
| Construction in progress (estimated cost to complete \$562,526) | 7,400 | 310,168 | | (7,400) | 310,168 |
| Total capital assets not being depreciated | <u>1,096,400</u> | <u>310,168</u> | <u>-</u> | <u>(7,400)</u> | <u>1,399,168</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 31,246,151 | 194,174 | | 7,400 | 31,447,725 |
| Improvements other than Buildings | 274,965 | 17,405 | | | 292,370 |
| Equipment | 1,913,210 | 34,125 | 27,625 | (68,625) | 1,851,085 |
| Vehicles | 143,132 | | | 68,625 | 211,757 |
| Library books | 22,235 | | | | 22,235 |
| Total capital assets being depreciated | <u>33,599,693</u> | <u>245,704</u> | <u>27,625</u> | <u>7,400</u> | <u>33,825,172</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | 2,206,287 | 784,873 | | | 2,991,160 |
| Improvements other than Buildings | 45,159 | 18,911 | | | 64,070 |
| Equipment | 1,229,061 | 284,928 | 27,625 | (34,313) | 1,452,051 |
| Vehicles | 48,144 | 37,993 | | 34,313 | 120,450 |
| Library books | 22,235 | | | | 22,235 |
| Total accumulated depreciation | <u>3,550,886</u> | <u>1,126,705</u> | <u>27,625</u> | <u>-</u> | <u>4,649,966</u> |
| Total capital assets being depreciated, net | <u>30,048,807</u> | <u>(881,001)</u> | <u>-</u> | <u>7,400</u> | <u>29,175,206</u> |
| Capital assets, net | <u>\$ 31,145,207</u> | <u>\$ (570,833)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 30,574,374</u> |

Note 5 - Long-Term Liabilities

The following schedule details the District's long-term liability and obligation activity for the year ended June 30, 2005:

| | Balance July 1, 2004 | Additions | Reductions | Balance June 30, 2005 | Due within 1 year |
|------------------------------|-------------------------|-------------------|-------------------|--------------------------|----------------------|
| Compensated absences payable | <u>\$ 519,522</u> | <u>\$ 510,660</u> | <u>\$ 436,460</u> | <u>\$ 593,722</u> | <u>\$ 35,342</u> |
| Bonds payable: | | | | | |
| General obligation bonds | <u>\$ 22,295,000</u> | <u>\$ -</u> | <u>\$ 885,000</u> | <u>\$ 21,410,000</u> | <u>\$ 955,000</u> |
| Total long-term debt | <u>\$ 22,295,000</u> | <u>\$ -</u> | <u>\$ 885,000</u> | <u>\$ 21,410,000</u> | <u>\$ 955,000</u> |

Coconino County Community College District
Notes to Financial Statements
June 30, 2005

Note 5 – Long-Term Liabilities (concluded)

Bonds—The District's bonded debt consists of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. The District repays general obligation bonds from voter-approved property taxes. The \$25,000,000 in bonds were authorized by voters in November 1997, and were subsequently sold on January 7, 1999, at an average interest rate of 4.72%.

Bonds outstanding at June 30, 2005, were as follows:

| Description | Original Amount | Maturities | Interest Rates | Outstanding Principal |
|---|-----------------|------------------------------|-----------------|-----------------------|
| General obligation bonds Series A (1999) | \$25,000,000 | annually through 7/1/2019 | 4.3% - 5.75% | \$21,410,000 |

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, 2005:

| Year Ending June 30, | General Obligation Bonds | |
|----------------------|-----------------------------|---------------------|
| | Principal | Interest |
| 2006 | \$ 955,000 | \$ 1,012,968 |
| 2007 | 1,030,000 | 958,055 |
| 2008 | 1,105,000 | 898,830 |
| 2009 | 1,185,000 | 835,293 |
| 2010 | 1,265,000 | 784,338 |
| 2011-15 | 7,695,000 | 3,002,457 |
| 2016-2019 | 8,175,000 | 963,113 |
| Total | <u>\$ 21,410,000</u> | <u>\$ 8,455,054</u> |

Note 6 - 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 \$28,833 for the year ended June 30, 2005. The operating lease has a remaining noncancelable term of 19 years, allowing four renewal options for eleven years each, and rental payments may be adjusted annually based on changes in the Consumer Price Index (CPI). The future minimum rental payments required under the operating lease at June 30, 2005, were calculated using an estimated CPI increase of 3% annually and are as follows:

Coconino County Community College District
Notes to Financial Statements
June 30, 2005

Note 6 – Operating Leases (concluded)

Future Minimum Operating Lease Payments

| Year ending June 30: | |
|---|-------------------|
| 2006 | \$ 29,698 |
| 2007 | 30,589 |
| 2008 | 31,507 |
| 2009 | 32,452 |
| 2010 | 33,425 |
| 2011-15 | 182,784 |
| 2016-20 | 211,896 |
| 2021-24 | 193,570 |
| Total minimum lease payments at June 30, 2005 | <u>\$ 745,921</u> |

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 and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8 - Retirement Plans

Arizona State Retirement System

Plan description—The District contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

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

Funding policy—The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2005, active plan members and the District were each required by statute to contribute at the actuarially determined rate of 5.7 percent (5.2 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The District's contributions to the

Coconino County Community College District
Notes to Financial Statements
June 30, 2005

Note 8 – Retirement Plan (concluded)

System for the years ended June 30, 2005, 2004, and 2003, were \$326,567, \$292,129, and \$124,119, respectively, which were equal to the required contributions for the year.

Optional Retirement Plan

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

Funding policy—The District Governing Board establishes and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2005, active participants and the District were required to contribute 7.483 percent (7.0 percent retirement and 0.483 percent long-term disability) and 5.683 percent (5.2 percent retirement and 0.483 percent long-term disability), respectively, of the members' annual covered payroll. The District's contributions to the ORP for the years ended June 30, 2005, 2004, and 2003, were \$44,996, \$36,583, and \$14,642, respectively, which were equal to the required contributions for the year.

Note 9 - Operating Expenses

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

| | |
|------------------------------|----------------------|
| Compensation and benefits | \$ 10,247,951 |
| Contract services | 931,969 |
| Supplies and other services | 980,703 |
| Annual fixed charges | 560,783 |
| Communications and utilities | 542,036 |
| Travel | 144,542 |
| Scholarships | 1,390,060 |
| Depreciation | 1,126,705 |
| Other | 103,912 |
| Total | <u>\$ 16,028,661</u> |

Coconino County Community College District
Notes to Financial Statements
June 30, 2005

Note 10 – Discretely Presented Component Unit Disclosures

Coconino Community College Foundation

1. Summary of Significant Accounting Policies

The financial statements of Coconino Community College Foundation (the Foundation) have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Nature of the Organization

Coconino Community College Foundation was founded in 1993 under Arizona law as a nonprofit corporation. The mission of the Foundation is to promote the purposes and goals of Coconino County Community College (CCC College), thereby enhancing the opportunities of Coconino County residents. It is the fund raising organization for the solicitation, receipt and management of all private gifts, donations, and contributions, including gifts-in-kind. Funds are disbursed exclusively for charitable and educational purposes within the meaning of the Internal Service Code Section 501 (c) (3), including providing scholarships and financial aid, to fulfill 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.

Financial Statement Presentation

The Foundation follows the Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Foundation is required to report 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.

Contributions and Life Annuity Gifts

The Foundation records contributions in accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Under SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. In addition, SFAS No. 116 requires the recording of life annuity contracts as gifts.

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.

Coconino County Community College District
Notes to Financial Statements
June 30, 2005

Note 10 – Discretely Presented Component Unit Disclosures (concluded)

2. Cash and Cash Equivalents

The following were included in cash and cash equivalents as of June 30, 2005:

| | |
|-----------------------|-------------------|
| Checking | \$ 94,428 |
| Fidelity cash account | 51,965 |
| | <u>\$ 146,393</u> |

The Federal Deposit Insurance Corporation insures accounts up to \$100,000 per institution. As of June 30, 2005, the Foundation does not maintain cash balances in excess of this amount.

3. Investments

Investments are stated at aggregate fair market value at the date of the Statement of Financial Position. 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, 2005 is as follows:

| | Market Value | Cost |
|-------------------------|-------------------------|-------------------|
| Common stock | \$ 218,691 | \$ 199,971 |
| U.S. gov't/agency bonds | 49,426 | 49,990 |
| Corporate bonds | 72,899 | 74,905 |
| Other securities | 48,348 | 50,000 |
| | <u>\$ 389,364</u> | <u>\$ 374,866</u> |

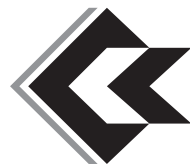
4. Restrictions on Net Assets

Temporarily restricted net assets are available for scholarships and discretionary spending. Discretionary spending net assets are gifts that were pledged 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.

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Statistical Section



**Coconino
Communi
College**

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

| | 2005 | | 2004 | | 2003 | | 2002 | |
|---|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
| <u>Operating Revenues</u> | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Tuition and fees, net of scholarship allowances | \$ 3,144,294 | 18.4 % | \$ 2,618,090 | 15.5 % | \$ 2,215,238 | 15.3 % | \$ 1,864,336 | 13.1 % |
| Government grants and contracts | 2,552,093 | 14.9 | 2,465,793 | 14.5 | 2,174,539 | 15.0 | 2,057,559 | 14.4 |
| Private grants and contracts | 241,488 | 1.4 | 276,544 | 1.6 | 235,024 | 1.6 | 96,788 | 0.7 |
| Bookstore income | 41,916 | 0.2 | 38,312 | 0.2 | 36,524 | 0.3 | - | 0.0 |
| Auxiliary enterprises | 21,936 | 0.1 | 20,615 | 0.1 | 33,175 | 0.2 | 42,758 | 0.3 |
| Other | 27,360 | 0.2 | 27,570 | 0.2 | 25,850 | 0.2 | 10,653 | 0.1 |
| Total operating revenues | <u>\$ 6,029,087</u> | <u>35.2 %</u> | <u>\$ 5,446,924</u> | <u>32.1 %</u> | <u>\$ 4,720,350</u> | <u>32.6 %</u> | <u>\$ 4,072,094</u> | <u>28.6 %</u> |
| <u>Nonoperating Revenues</u> | | | | | | | | |
| Property taxes | \$ 7,032,541 | 41.1 % | \$ 6,685,584 | 39.5 % | \$ 6,200,587 | 42.9 % | \$ 6,066,249 | 42.5 % |
| State appropriations | 3,025,000 | 17.7 | 2,905,500 | 17.1 | 2,905,500 | 20.1 | 3,104,700 | 21.8 |
| Share of state sales taxes | 369,867 | 2.2 | 1,347,583 | 7.9 | 329,552 | 2.3 | 317,979 | 2.2 |
| Investment income (loss) | 184,623 | 1.1 | 170,069 | 1.0 | (72,174) | (0.5) | 328,524 | 2.3 |
| Other | 98,396 | 0.6 | 79,571 | 0.5 | 62,146 | 0.4 | 52,300 | 0.4 |
| Total nonoperating revenues | <u>\$ 10,710,427</u> | <u>62.7 %</u> | <u>\$ 11,188,307</u> | <u>66.0 %</u> | <u>\$ 9,425,611</u> | <u>65.2 %</u> | <u>\$ 9,869,752</u> | <u>69.2 %</u> |
| Capital appropriations | <u>\$ 355,700</u> | <u>2.1 %</u> | <u>\$ 319,300</u> | <u>1.9 %</u> | <u>\$ 319,300</u> | <u>2.2 %</u> | <u>\$ 314,400</u> | <u>2.2 %</u> |
| Total revenues | <u>\$ 17,095,214</u> | <u>100.0 %</u> | <u>\$ 16,954,531</u> | <u>100.0 %</u> | <u>\$ 14,465,261</u> | <u>100.0 %</u> | <u>\$ 14,256,246</u> | <u>100.0 %</u> |

Source: Comprehensive Annual Financial Report for fiscal years presented.

**Coconino County Community College District
Operating and Nonoperating Expenses
Last Four Fiscal Years**

| | 2005 | | 2004 | | 2003 | | 2002 | |
|-------------------------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
| <u>Operating Expenses</u> | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Instruction | \$ 5,631,013 | 32.9 % | \$ 4,837,099 | 30.6 % | \$ 4,539,334 | 30.5 % | \$ 3,700,462 | 25.1 % |
| Public service | 179,899 | 1.1 | 214,178 | 1.4 | 149,877 | 1.0 | 142,160 | 1.0 |
| Academic support | 1,957,389 | 11.5 | 1,692,923 | 10.7 | 1,634,056 | 11.0 | 1,590,572 | 10.8 |
| Student services | 1,379,942 | 8.1 | 1,371,654 | 8.7 | 1,329,354 | 8.9 | 1,351,457 | 9.2 |
| Institutional support | 3,135,055 | 18.3 | 2,901,029 | 18.4 | 2,785,293 | 18.7 | 3,924,224 | 26.5 |
| Operation and maintenance of plant | 1,211,639 | 7.1 | 1,195,136 | 7.6 | 1,035,311 | 7.0 | 972,581 | 6.6 |
| Scholarships | 1,387,657 | 8.1 | 1,282,192 | 8.1 | 1,094,854 | 7.4 | 1,052,478 | 7.1 |
| Auxiliary enterprises | 19,362 | 0.1 | 19,383 | 0.1 | 27,433 | 0.2 | 16,375 | 0.1 |
| Depreciation | 1,126,705 | 6.6 | 1,129,590 | 7.2 | 1,095,697 | 7.4 | 628,274 | 4.3 |
| Total operating expenses | <u>\$ 16,028,661</u> | <u>93.8 %</u> | <u>\$ 14,643,184</u> | <u>92.8 %</u> | <u>\$ 13,691,209</u> | <u>92.1 %</u> | <u>\$ 13,378,583</u> | <u>90.7 %</u> |
| <u>Nonoperating Expenses</u> | | | | | | | | |
| Interest expense on debt | \$ 1,063,855 | 6.2 % | \$ 1,128,432 | 7.2 % | \$ 1,181,691 | 7.9 % | \$ 1,188,343 | 8.1 % |
| Loss on disposal of capital assets | | 0.0 | - | 0.0 | - | 0.0 | 188,109 | 1.2 |
| Total nonoperating expenses | <u>\$ 1,063,855</u> | <u>6.2 %</u> | <u>\$ 1,128,432</u> | <u>7.2 %</u> | <u>\$ 1,181,691</u> | <u>7.9 %</u> | <u>\$ 1,376,452</u> | <u>9.3 %</u> |
| Total Expenses | <u>\$ 17,092,516</u> | <u>100.0 %</u> | <u>\$ 15,771,616</u> | <u>100.0 %</u> | <u>\$ 14,872,900</u> | <u>100.0 %</u> | <u>\$ 14,755,035</u> | <u>100.0 %</u> |

Source: Comprehensive Annual Financial Report for fiscal years presented.

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

| <u>FISCAL YEAR</u> | <u>STATUTORY EXPENDITURE LIMITATION</u> (1) | <u>BUDGETED EXPENDITURES SUBJECT TO THE LIMITATION</u> (2) | <u>UNUSED LEGAL LIMIT</u> (3) |
|-------------------------------|--|---|--|
| 1995-96 | \$ 8,358,792 | \$ 6,890,003 | \$ 1,468,789 |
| 1996-97 | 8,098,460 | 8,098,459 | 1 |
| 1997-98 | 8,606,136 | 8,606,135 | 1 |
| 1998-99 | 8,817,955 | 8,817,954 | 1 |
| 1999-00 | 8,584,609 | 8,584,608 | 1 |
| 2000-01 | 8,294,190 | 8,294,189 | 1 |
| 2001-02 | 8,996,579 | 8,996,578 | 1 |
| 2002-03 | 9,843,252 | 9,843,251 | 1 |
| 2003-04 | 10,723,076 | 10,723,075 | 1 |
| 2004-05 | 11,075,088 | 11,075,087 | 1 |

Source: District records.

Note 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).

Note 2: Budgeted expenditures are net of allowable exclusions.

Note 3: The unused legal limit may be carried forward to the extent it does not exceed fund balances.

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

| FISCAL YEAR | TOTAL TAX LEVY (1) | TOTAL TAX COLLECTIONS (2) | RATIO OF TOTAL TAX COLLECTIONS TO TOTAL TAX LEVY | OUTSTANDING DELINQUENT TAXES | RATIO OF DELINQUENT TAXES TO TOTAL TAX LEVY |
|------------------------|-------------------------------|--------------------------------------|---|---|--|
| 1995-96 | \$ 2,907,547 | \$ 2,877,602 | 98.97 % | \$ 138,938 | 4.78 % |
| 1996-97 | 3,169,405 | 3,101,761 | 97.87 | 138,757 | 4.38 |
| 1997-98 | 3,237,396 | 3,162,511 | 97.69 | 167,321 | 5.17 |
| 1998-99 | 3,392,442 | 3,392,556 | 100.00 | 160,600 | 4.73 |
| 1999-00 | 5,388,345 | 5,384,854 | 99.94 | 143,270 | 2.66 |
| 2000-01 | 5,582,283 | 5,574,757 | 99.87 | 177,683 | 3.18 |
| 2001-02 | 5,898,978 | 5,851,867 | 99.20 | 266,961 | 4.53 |
| 2002-03 | 6,120,781 | 6,108,155 | 99.79 | 303,099 | 4.95 |
| 2003-04 | 6,514,951 | 6,360,303 | 97.63 | 225,289 | 3.46 |
| 2004-05 | 6,717,352 | 6,570,730 | 97.82 | 146,622 | 2.18 |

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

(1) Tax Levy is based on levy limits of the calendar year at June 30.

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

**Coconino County Community College District
Property Tax Levies
Secondary Assessed Value and Current Market Value
of All Taxable Property
Last Ten Tax Years
(Dollars in Thousands)**

| TAX YEAR | TOTAL PROPERTY VALUES | | TOTAL ASSESSED VALUE AS A PERCENT OF TOTAL MARKET VALUE |
|---------------------|------------------------------|---------------------------|--|
| | ASSESSED | CURRENT MARKET | |
| 1996 | \$ 780,215 | \$ 5,814,529 | 13.4 % |
| 1997 | 845,386 | 6,215,438 | 13.6 |
| 1998 | 887,556 | 6,462,245 | 13.7 |
| 1999 | 939,915 | 6,700,526 | 14.0 |
| 2000 | 1,004,869 | 7,158,212 | 14.0 |
| 2001 | 1,062,082 | 7,535,970 | 14.1 |
| 2002 | 1,084,876 | 7,860,165 | 13.8 |
| 2003 | 1,151,482 | 8,526,470 | 13.5 |
| 2004 | 1,222,226 | 9,238,836 | 13.2 |
| 2005 | 1,316,977 | 10,034,155 | 13.1 |

Source: Coconino County Assessor's Office

Note: Figures are not broken out between secured and unsecured.

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

| Tax Year | Coconino County Community College District | State of Arizona | Coconino County (1) | County Education District |
|---------------------|---|---------------------------------|--------------------------------|--|
| 1996 | \$ 0.3784 | \$ - | \$ 0.9137 | \$ 2.2000 |
| 1997 | 0.3869 | - | 0.8899 | 2.2000 |
| 1998 | 0.3949 | - | 0.8733 | 2.2000 |
| 1999 | 0.4001 | - | 0.8650 | 2.1654 |
| 2000 | 0.3973 | - | 0.8556 | 2.1265 |
| 2001 | 0.4010 | - | 0.8407 | 2.0647 |
| 2002 | 0.4083 | - | 0.9042 | 2.0296 |
| 2003 | 0.4098 | - | 0.9470 | 1.9583 |
| 2004 | 0.4065 | - | 0.9313 | 1.8931 |
| 2005 | 0.4031 | - | 0.9111 | 1.8090 |

| Tax Year | Cities or Fire Districts (2) | | School Districts | |
|---------------------|-------------------------------------|-----------|-------------------------|-----------|
| | Range | | Range | |
| | From | To | From | To |
| 1996 | \$ 0.7326 | \$ 1.3880 | \$ 1.9114 | \$ 6.8876 |
| 1997 | 0.7326 | 1.3880 | 2.2947 | 6.6914 |
| 1998 | 0.7326 | 1.3526 | 2.4607 | 7.8187 |
| 1999 | 0.7326 | 1.3138 | 1.9307 | 7.3800 |
| 2000 | 0.7326 | 1.2573 | 1.8239 | 6.4113 |
| 2001 | 0.7326 | 1.2573 | 1.0763 | 7.8089 |
| 2002 | 0.7326 | 1.4676 | 1.6887 | 6.6580 |
| 2003 | 0.7326 | 1.6089 | 1.6760 | 8.2795 |
| 2004 | 0.7326 | 1.6089 | 1.7445 | 8.2761 |
| 2005 | 0.7861 | 1.6089 | 0.9221 | 10.4246 |

Source: Coconino County Office of Planning & Budget

(1) Coconino County applies to the General and State Education Equalization

(2) Fire Districts levies are based on *secondary* values

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

| Tax Year | Coconino County Community College District | Coconino Association for Vocation, Industry, and Technology | Coconino County (1) | County Education District |
|-----------------|---|--|----------------------------|----------------------------------|
| 1996 | \$ - | \$ - | \$ 0.2248 | \$ - |
| 1997 | - | - | 0.2269 | - |
| 1998 | - | - | 0.2361 | - |
| 1999 | 0.1946 | - | 0.2711 | - |
| 2000 | 0.1751 | - | 0.2780 | - |
| 2001 | 0.1707 | 0.0500 | 0.2544 | - |
| 2002 | 0.1726 | 0.0500 | 0.2899 | - |
| 2003 | 0.1677 | 0.0500 | 0.2899 | - |
| 2004 | 0.1595 | 0.0500 | 0.2899 | - |
| 2005 | 0.1494 | 0.1605 | 0.2899 | - |

| Tax Year | Cities or Fire Districts | | School Districts | |
|-----------------|---------------------------------|-----------|-------------------------|-----------|
| | Range | | Range | |
| | From | To | From | To |
| 1996 | \$ - | \$ 2.6000 | \$ - | \$ 5.2463 |
| 1997 | - | 2.6000 | - | 6.6700 |
| 1998 | - | 2.6000 | - | 7.2869 |
| 1999 | - | 2.6000 | - | 7.8837 |
| 2000 | - | 2.6000 | - | 7.5159 |
| 2001 | - | 2.5000 | - | 6.6782 |
| 2002 | - | 3.0000 | - | 7.8860 |
| 2003 | - | 3.0000 | - | 9.6289 |
| 2004 | - | 3.0000 | - | 6.3716 |
| 2005 | - | 3.0000 | - | 3.5022 |

| 2005 Tax Rates (Special Districts) | |
|---|-----------|
| Flood Control (2) | \$ 0.2000 |
| Forest Lakes Domestic Water | 1.1730 |
| Page Hospital District | 0.8431 |
| Williams Facilities District | 0.2887 |
| Williams Hospital District | 1.0500 |

Source: Coconino County Office of Planning & Budget

(1) Coconino County applies to the General, Library District and Fire District Assistance Funds.

(2) Flood Control District applies to all property outside the cities of Flagstaff, Page and Fredonia.

**Coconino County Community College District
Computation of Legal Debt Margin
Year Ended June 30, 2005**

| | |
|--|-------------------------|
| Secondary Assessed Value of Real and Personal Property | <u>\$ 1,316,977,311</u> |
| Debt Limit , 15% of Secondary Assessed Value | <u>\$ 197,546,597</u> |
| Amount of Debt Applicable to Debt Limit: | |
| General Obligation Bonded Debt | <u>\$ 21,410,000</u> |
| Total Debt Applicable to Debt Limit | <u>21,410,000</u> |
| Legal Debt Margin | <u>\$ 176,136,597</u> |

Source: District Records

**Coconino County Community College District
Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
June 30, 2005**

Direct Debt:

| | |
|--|-------------------|
| Coconino County Community College District | \$ 21,410,000 |
| Net general obligation debt | <u>21,410,000</u> |

Overlapping Debt:

| | |
|--|------------------------------|
| City of Flagstaff | 32,725,000 |
| City of Williams | - |
| Flagstaff Unified School District #1 | 31,770,000 |
| Fredonia-Moccasin Unified School District #6 | - |
| Grand Canyon Unified School District #4 | 2,880,000 |
| Page Unified School District #8 | 5,770,000 |
| Sedona-Oak Creek Unified School District #9 | 8,026,332 |
| Tuba City Unified School District #15 | 2,605,000 |
| Williams Unified School District #2 | <u>1,685,000</u> |
| Overlapping debt | <u>85,461,332</u> |
| Total direct general obligation and overlapping debt | <u><u>\$ 106,871,332</u></u> |

Source: RBC Dain Rauscher Incorporated

**Coconino County Community College District
Top Ten Principal Taxpayers
June 30, 2005**

| <u>TAXPAYER</u> | <u>TYPE OF BUSINESS</u> | <u>ESTIMATED 2005 SECONDARY ASSESSED VALUE</u> | <u>PERCENTAGE OF DISTRICT'S 2005 SECONDARY ASSESSED VALUE</u> |
|-----------------------------------|------------------------------------|---|--|
| Arizona Public Service | Utility | \$ 64,513,120 | 4.90 % |
| Transwestern Pipeline | Utility | 20,226,175 | 1.54 |
| Qwest Corporation | Utility | 17,380,359 | 1.32 |
| El Paso Natural Gas | Utility | 19,085,580 | 1.45 |
| Burlington No. & Santa Fe Railway | Railroad | 18,931,112 | 1.44 |
| Unisource Energy Corporation | Utility | 17,368,511 | 1.32 |
| City of Los Angeles | | | |
| Dept. of Water & Power | Utility | 19,095,834 | 1.45 |
| W.L. Gore & Associates | Manufacturing | 10,282,172 | 0.78 |
| Nevada Power Company | Utility | 11,767,729 | 0.89 |
| Qwest Southern Trails Pipeline | Utility | 7,096,504 | 0.54 |
| Total Top Ten Taxpayers | | <u>\$ 205,747,096</u> | <u>15.62 %</u> |

Sources: Arizona Department of Revenue

Note: All figures are based on secondary assessed valuation.

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

FALL HISTORIC HEADCOUNT (1)

| <u>COLLEGE/CENTER</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> | <u>2000</u> |
|-----------------------|--------------|--------------|--------------|--------------|--------------|
| Flagstaff | 3,540 | 3,165 | 3,108 | 2,621 | 2,767 |
| Page | 330 | 280 | 331 | 309 | 348 |
| Grand Canyon | 2 | 15 | 15 | 16 | 32 |
| Williams | 62 | 39 | 39 | 42 | 27 |
| Other | 87 | 8 | 8 | 1 | - |
| NAU | 359 | 260 | 284 | 369 | 406 |
| Total | <u>4,380</u> | <u>3,767</u> | <u>3,785</u> | <u>3,358</u> | <u>3,580</u> |

| <u>COLLEGE/CENTER</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> | <u>1996</u> | <u>1995</u> |
|-----------------------|--------------|--------------|--------------|--------------|--------------|
| Flagstaff | 2,736 | 2,518 | 2,603 | 2,699 | 2,417 |
| Page | 286 | 226 | 203 | 252 | 248 |
| Grand Canyon | 40 | 15 | 32 | 26 | 31 |
| Williams | 38 | 28 | 14 | 21 | 43 |
| Other | 37 | - | 21 | 29 | - |
| NAU | 436 | 486 | 561 | 868 | 1,030 |
| Total | <u>3,573</u> | <u>3,273</u> | <u>3,434</u> | <u>3,895</u> | <u>3,769</u> |

HISTORIC FTSE (2)

| <u>SEMESTER</u> | <u>2004-05</u> | <u>2003-04</u> | <u>2002-03</u> | <u>2001-02</u> | <u>2000-01</u> |
|-----------------------|----------------|----------------|----------------|----------------|----------------|
| Fall/Spring Average | 1,691.7 | 1,538.1 | 1,439.8 | 1,334.8 | 1,403.9 |
| Summer | 187.7 | 181.7 | 160.8 | 149.2 | 162.8 |
| Short | 89.5 | 104.2 | 93.1 | 80.3 | 85.6 |
| Adult Basic Education | 37.3 | - | - | - | - |
| Annual Total | <u>2,006.2</u> | <u>1,824.0</u> | <u>1,693.7</u> | <u>1,564.3</u> | <u>1,652.3</u> |

| <u>SEMESTER</u> | <u>1999-00</u> | <u>1998-99</u> | <u>1997-98</u> | <u>1996-97</u> | <u>1995-96</u> |
|-----------------------|----------------|----------------|----------------|----------------|----------------|
| Fall/Spring Average | 1,371.8 | 1,280.8 | 1,313.5 | 1,427.6 | 1,369.3 |
| Summer | 160.8 | 165.5 | 155.4 | 150.7 | 146.0 |
| Short | 71.3 | 45.3 | 27.8 | 9.2 | 2.9 |
| Adult Basic Education | - | - | - | - | - |
| Annual Total | <u>1,603.9</u> | <u>1,491.6</u> | <u>1,496.7</u> | <u>1,587.5</u> | <u>1,518.2</u> |

Source: District records

(1) Headcount is unduplicated for the 45th day of Fall semesters only.

(2) Full Time Student Equivalent (30 Credit Hours)

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

| FALL SEMESTER | RESIDENCY | | | MEAN AGE |
|--------------------------|----------------------------|--------------------------|-------------------------|---------------------|
| | COUNTY RESIDENT | OUT OF COUNTY | OUT OF STATE | |
| 1995 | 87 % | 9 % | 4 % | 29 |
| 1996 | 88 | 9 | 3 | 29 |
| 1997 | 82 | 11 | 7 | 29 |
| 1998 | 85 | 8 | 7 | 29 |
| 1999 | 86 | 4 | 10 | 29 |
| 2000 | 94 | 5 | 1 | 28 |
| 2001 | 94 | 5 | 1 | 29 |
| 2002 | 93 | 6 | 1 | 29 |
| 2003 | 94 | 5 | 1 | 28 |
| 2004 | 93 | 6 | 1 | 27.5 |

| FALL SEMESTER | ATTENDANCE | | GENDER | |
|--------------------------|-------------------|-----------|---------------|----------|
| | FT | PT | M | F |
| 1995 | 13 % | 87 % | 40 % | 60 % |
| 1996 | 13 | 87 | 41 | 59 |
| 1997 | 14 | 86 | 41 | 59 |
| 1998 | 14 | 86 | 41 | 59 |
| 1999 | 14 | 86 | 41 | 59 |
| 2000 | 19 | 81 | 41 | 59 |
| 2001 | 16 | 84 | 42 | 58 |
| 2002 | 20 | 80 | 41 | 59 |
| 2003 | 20 | 80 | 41 | 59 |
| 2004 | 20 | 80 | 44 | 56 |

| FALL SEMESTER | ETHNIC BACKGROUND | | | | | |
|--------------------------|----------------------------|--------------|--------------|-----------------|--------------|--------------|
| | AMERICAN INDIAN | ASIAN | BLACK | HISPANIC | WHITE | OTHER |
| 1995 | 15 % | 2 % | 1 % | 10 % | 70 % | 2 % |
| 1996 | 15 | 2 | 1 | 10 | 71 | 1 |
| 1997 | 15 | 2 | 1 | 9 | 72 | 1 |
| 1998 | 15 | 1 | 1 | 9 | 73 | 1 |
| 1999 | 16 | 1 | 2 | 9 | 71 | 1 |
| 2000 | 17 | 1 | 1 | 9 | 71 | 1 |
| 2001 | 18 | 2 | 1 | 9 | 69 | 1 |
| 2002 | 19 | 2 | 2 | 8 | 67 | 2 |
| 2003 | 18 | 2 | 1 | 9 | 68 | 2 |
| 2004 | 20 | 2 | 1 | 8 | 67 | 2 |

Source: District records

Note: Coconino Community College students only - does not include CCC/NAU students.

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

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

| <u>Fiscal Year</u> | <u>Coconino Community College District (1)</u> | | <u>Arizona Public 2-year Institution Average (3)</u> | |
|------------------------|--|---------------------------|--|---------------------------|
| | <u>Annual Cost</u> | <u>Percent Change</u> | <u>Annual Cost</u> | <u>Percent Change</u> |
| 1995-96 | \$ 810.00 | 3.9 % | \$ 764.00 | 3.9 % |
| 1996-97 | 810.00 | - | 783.00 | 2.5 |
| 1997-98 | 810.00 | - | 819.00 | 4.6 |
| 1998-99 | 810.00 | - | 857.00 | 4.6 |
| 1999-00 | 900.00 | 11.1 | 902.00 | 5.3 |
| 2000-01 | 990.00 | 10.0 | 924.00 | 2.4 |
| 2001-02 | 1,020.00 | 3.0 | 963.00 | 4.2 |
| 2002-03 | 1,110.00 | 8.8 | 1,029.00 | 6.9 |
| 2003-04 (2) | 1,056.00 | (4.9) | 1,140.00 | 10.8 |
| 2004-05 | 1,152.00 | 9.1 | 1,201.00 (6) | 5.4 |

| <u>Fiscal Year</u> | <u>National Public 2-year Institution Average (2)</u> | | <u>Arizona Universities Average (4)</u> | |
|------------------------|---|---------------------------|---|---------------------------|
| | <u>Annual Cost</u> | <u>Percent Change</u> | <u>Annual Cost</u> | <u>Percent Change</u> |
| 1995-96 | \$ 1,239.00 | 3.9 % | \$ 1,950.00 | 3.0 % |
| 1996-97 | 1,276.00 | 3.0 | 2,009.00 | 3.0 |
| 1997-98 | 1,314.00 | 3.0 | 2,058.00 | 2.4 |
| 1998-99 | 1,327.00 | 1.0 | 2,158.00 | 4.9 |
| 1999-00 | 1,338.00 | 0.8 | 2,259.00 | 4.7 |
| 2000-01 | 1,333.00 | (0.4) | 2,344.00 | 3.8 |
| 2001-02 | 1,380.00 | 3.5 | 2,486.00 | 6.1 |
| 2002-03 | 1,483.00 | 7.5 | 2,583.00 | 3.9 |
| 2003-04 | 1,670.00 | 12.6 | 3,593.00 | 39.1 |
| 2004-05 (5) | 2,076.00 | 24.3 | 4,074.00 | 13.4 |

(1) District Records.

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

(3) U.S.Department of Education, National Center for Education Statistics -- Higher Education Statistics: Student Charges (Digest of Education Statistics 2004)

(4) Arizona Board of Regents Tuition History.

(5) The Chronicle of Higher Education, October 29,2004.

(6) Arizona Community College Districts.

**Coconino County Community College District
Economic Indicators for Coconino County
June 30, 2005**

Coconino County Non-Farm Employment by Sector (1)

| <u>Sector</u> | <u>Number of Personnel</u> | <u>Percent of Total</u> |
|--------------------------------------|--------------------------------|-----------------------------|
| Mining and Construction | 3,400 | 5.66 % |
| Manufacturing | 3,200 | 5.32 |
| Trade, Transportation, and Utilities | 9,200 | 15.31 |
| Information | 400 | 0.67 |
| Financial Activities | 1,600 | 2.66 |
| Professional and Business Services | 3,300 | 5.49 |
| Educational and Health Services | 6,800 | 11.31 |
| Leisure and Hospitality | 11,800 | 19.63 |
| Other Services | 2,000 | 3.33 |
| Federal Government | 3,200 | 5.32 |
| State and Local Government | <u>15,200</u> | <u>25.30</u> |
| Totals | <u>60,100</u> | <u>100.00 %</u> |

Total Unemployment Rate (9 Month Average) for Coconino County 6.4 %

Arizona September 2004 Unemployment Rate 5.6 %

United States September 2004 Unemployment Rate 5.5 %

Source: Arizona Department of Economic Security (DES)

(1) Employment by Sector statistics are based on the 2004 annual average.

All Unemployment Rates are seasonally adjusted.

**Coconino County Community College District
Miscellaneous Statistics
June 30, 2005**

Established: July 1, 1991

Geographical Location: North Central Arizona

Geographical Area: 18,600 Square Miles

| | | |
|-----------|-------------------------------------|------------|
| Altitude: | Flagstaff Campuses/District Offices | 7,000 Feet |
| | Williams Campus | 6,770 Feet |
| | Page Campus | 4,300 Feet |

| | | | |
|---|-------------|-------------------|-----------|
| | <u>Year</u> | <u>Population</u> | |
| Population Statistics: State of Arizona | 2004 | 5,743,834 | Estimated |
| Coconino County | 2004 | 122,754 | Estimated |

Number of Faculty: Full-time. 41
Part-time. 148 FTE

Number of Administrative and Support Staff: 125 FTE

Average Class Size: 14.1

Degrees and certificates awarded:

| | | |
|----------|------------------------------|----|
| Degrees: | Associate of Arts | 68 |
| | Associate of Business | 19 |
| | Associate of Science | 0 |
| | Associate of Applied Science | 38 |
| | Associate of General Studies | 7 |

| | |
|---|----|
| Certificates of Completion in Occupational Programs: | 50 |
|---|----|

Accredited by: North Central Association of Colleges and Schools
Commission on Institutions of Higher Education

Sources: District records
Arizona Department of Economic Security
U.S. Census Bureau

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Annual Budgeted Expenditure Limitation Report Section



**Coconino
Communi
College**

MARK L. LANDY, C.P.A.
STEPHEN T. HARRIS, C.P.A.
THOMAS L. FRIEND, C.P.A.

ROBERT L. MILLER, C.P.A.
(1931 - 1992)

Independent Auditor's Report

The Auditor General of the State of Arizona

The Governing Board of
Coconino County Community College District

We have audited the accompanying Annual Budgeted Expenditure Limitation Report of Coconino County Community College District for the year ended June 30, 2005. This report is the responsibility of the District's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Budgeted Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the Annual Budgeted Expenditure Limitation Report of Coconino County Community College District for the year ended June 30, 2005, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the members of the Arizona State Legislature and the Governing Board, and for filing with the Auditor General of the State of Arizona, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Miller, Allen & Co., P.C.

December 2, 2005

**Coconino County Community College District
Annual Budgeted Expenditure Limitation Report- Part I
Year Ended June 30, 2005**

| | |
|--|----------------------|
| 1. Economic Estimates Commission expenditure limitation | <u>\$ 11,075,088</u> |
| 2. Voter-approved modified expenditure limitation | <u>N/A</u> |
| 3. Enter applicable amount from Line 1 or Line 2 | <u>\$ 11,075,088</u> |
| 4. Total amount subject to the expenditure limitation (from Part II, Line C) | <u>\$ 11,444,954</u> |
| 5. Less expenditures of monies received pursuant to Arizona Revised Statutes §15-1472 (workforce development) | <u>\$ (369,867)</u> |
| 6. Adjusted amount subject to the expenditure limitation | <u>\$ 11,075,087</u> |
| 7. Amount under the expenditure limitation | <u><u>\$ 1</u></u> |

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: _____

Name and Title: Jami V. Bradley, Vice President for Business and Administrative Services

Telephone Number: 928-226-4209

Date: December 2, 2005

See accompanying notes to report.

Coconino County Community College District
Annual Budgeted Expenditure Limitation Report - Part II
Year Ended June 30, 2005

| | Current Funds | | | Plant Funds | | |
|---|---------------|--------------------------|--------------|-------------|-------------------------------|---------------|
| | Unrestricted | | | | | |
| Description | General | Auxiliary Enterprises | Restricted | Unexpended | Retirement of Indebtedness | Total |
| A. Total budgeted expenditures | \$ 12,192,567 | \$ 19,362 | \$ 3,026,556 | \$ 622,778 | \$ 1,948,855 | \$ 17,810,118 |
| B. Less exclusions claimed: | | | | | | |
| Debt service requirements on bonded indebtedness (Note 2) | | | | | 1,948,855 | 1,948,855 |
| Dividends, interest, and gains on the sale or redemption of investment securities | 184,623 | | | | | 184,623 |
| Grants and aid from the federal government | 14,288 | | 2,537,805 | | | 2,552,093 |
| Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes | 195,056 | | 46,432 | | | 241,488 |
| Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 3) | | | | 211,579 | | 211,579 |
| Tuition and fees (Note 4) | 1,226,526 | | | | | 1,226,526 |
| Total exclusions claimed | 1,620,493 | - | 2,584,237 | 211,579 | 1,948,855 | 6,365,164 |
| C. Amounts subject to the expenditure limitation | \$ 10,572,074 | \$ 19,362 | \$ 442,319 | \$ 411,199 | \$ - | \$ 11,444,954 |

See accompanying notes to report.

Coconino County Community College District
Notes to Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2005

Note 1 – Summary of Significant Accounting Policies

The Annual Budgeted Expenditure Limitation Report (ABELR) is presented on the basis of accounting prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes (A.R.S.) §41-1279.07, which excludes expenditures of certain revenues specified in the Arizona Constitution, Article IX, §21 from the budgeted expenditures.

The information reported in both the ABELR and the financial statements is derived from the same underlying accounting data. However, the formats of the ABELR and the financial statements differ. The ABELR presents budgeted expenditures, exclusions, and amounts subject to the limitation by fund type as required by A.R.S. §41-1279.07. The financial statements present the net assets, changes in net assets, and cash flows in accordance with U.S. generally accepted accounting principles.

In accordance with the UERS requirements, a note to the ABELR is presented below for any exclusion reported in the Total column on Part II that cannot be traced directly to an amount reported in the annual financial statements.

Note 2

Exclusions claimed for debt service requirements on bonded indebtedness are \$1,948,855. This amount consists of the amounts reported as principal paid on capital debt and interest paid on capital debt, \$885,000 and \$1,063,855 respectively, on the Statement of Cash Flows-Primary Government.

Note 3

Exclusions claimed for amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements are \$211,579. This amount is reported on the Statement of Cash Flows-Primary Government as part of purchases of capital assets.

Note 4

Of the gross tuition and fees of \$3,547,729 reported on the Statement of Revenues, Expenses, and Changes in Net Assets-Primary Government, only \$1,226,526 was expended and claimed as an exclusion. The remaining \$2,321,203 has been carried forward to future years.