

COCONINO COUNTY COMMUNITY COLLEGE DISTRICT



Comprehensive Annual Financial Report



Page/ Lake Powell Campus

Fiscal Year Ended June 30, 2008

Coconino County Community College District

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

Prepared by

District Business and Administrative Services Office



**Coconino
Community
College**

**Coconino County Community College District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2008**

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Introductory Section



**Coconino
Community
College**

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



January 20, 2009

To the Residents of Coconino County Community College District:

This Comprehensive Annual Financial Report is a detailed look at how Coconino Community College operates.



We at CCC are proud of our record for sound fiscal management. For more than a decade, the CCC accounting department has been honored with the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada. In addition, this year Vice President of Business and Administrative Services Jami Van Ess has been recognized with the regional Outstanding Chief Business Officer Award by the Community College Business Officers Awards Committee for her years of experience and leadership.

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

For 17 years, CCC has strived to strengthen communities, train students for jobs and change lives. Some, 10,000 northern Arizona students enroll in credit and noncredit classes annually and enrollment continues to climb.

Working together, we have accomplished much. You have our promise that we will continue to evaluate our operations to ensure that we are conducting the business of higher education efficiently and effectively.

Sincerely,

Leah L. Bornstein, Ph.D.

President

FLAGSTAFF
GRAND CANYON
PAGE
WILLIAMS

OFFICE OF THE
PRESIDENT



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

January 20, 2009

To the Citizens of Coconino County Community College District:

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the Coconino County Community College District (the District) for the fiscal year ended June 30, 2008.

FLAGSTAFF

GRAND CANYON

PAGE

WILLIAMS

Arizona Revised Statutes (A.R.S.) §41-1279.07 requires community college districts of Arizona to prepare an annual budgeted expenditure limitation report and annual financial statements prepared in accordance with generally accepted accounting principles. The auditor general or a certified public accountant or public accountant performing the annual audit shall attest to the expenditure limitation report and financial statements. This report is published to fulfill the requirements for the annual financial statements for the fiscal year ended June 30, 2008. The expenditure limitation report is published separately.

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

BUSINESS & ADMINISTRATIVE SERVICES

VICE PRESIDENT

ACCOUNTING

BUDGET

FACILITIES

HUMAN RESOURCES

INFORMATION
TECHNOLOGY
SYSTEMS

PURCHASING

AUXILIARY SERVICES

Management is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with general accounting principles.

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

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

Reporting Entity

The District is an independent reporting entity within the criteria established by generally accepted accounting principles (GAAP) and the Governmental Accounting Standards Board (GASB). Although the District shares the same geographic boundaries of Coconino County, financial accountability for all activities

related to public community college education in Coconino County is exercised solely by the District. In accordance with GASB Statement No. 14, the financial reporting entity consists of a primary government and a component unit. Coconino County Community College District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. In accordance with GASB Statement No. 39, the financial activity of the Coconino Community College Foundation is presented as a component unit of the District. The District is not included in any other governmental financial reporting entity.

Profile of Coconino County Community College District

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

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

Coconino County Community College District is committed to offering quality educational programs and services at a reasonable cost for the citizens of Coconino County. The District provides a wide range of programs, including general academic, technical-vocational, student development services, continuing education, and community service.

The District serves the educational needs of Coconino County through six facilities: the Flagstaff Lone Tree Campus and District Offices, the Flagstaff Fourth Street Campus and Technology Center/FMC Institute for Nursing Education, the Page/Lake Powell Campus, the Williams Campus, the Grand Canyon Learning Center, and the Fredonia Campus. District-wide administrative and support services are centralized and administered by the President and the respective Vice-Presidents and Deans.

The District embraces the philosophy of shared governance. This governance model includes two major components: the President's Cabinet and the College Council. The President's Cabinet provides strategic oversight and advisory functions, and consists of the College President, the Vice President for Academic Affairs, the Vice President for Student Affairs, and the Vice President for Business and Administrative Services. The College Council oversees policies and procedures for the College and consists of the College President, the Vice President for Academic Affairs, the Vice President for Student Affairs, the Vice President for Business and Administrative Services, the Foundation Director, the Chief Technology Officer, the Director of Marketing and Public Relations, the Executive Assistant to the President, the Dean of Arts and Sciences, the Dean of Career and Technical Education, the Executive Dean of the Page/Lake Powell campus, the Director of Human Resources, one faculty member, one associate faculty member, one staff representative, and one student representative.

History

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

When the District began in 1991, it initially expected to serve 600 students. Nearly 1,000 students registered the first semester. Since then, enrollment has increased dramatically. Today the District enrolls nearly 11,000 annually (duplicated headcount).

Geography/Population

Coconino County is located in the northern portion of the State and encompasses an area of approximately 12 million acres. Its boundaries include the cities of Page, Fredonia, Tuba City, Grand Canyon, Williams, Sedona, and Flagstaff, as well as other smaller cities and towns, and all the unincorporated areas of the County. The County's 2007 population was estimated at 127,450 by the U.S. Census Bureau.

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

Indian reservations comprise 46 percent of the County and are home to the Navajo, Hopi, Paiute, Havasupai, and Hualapai tribes. The U.S. Forest Service and Bureau of Land Management control 32 percent of the land; the state of Arizona owns 9.5 percent; other public lands comprise 6.8 percent; and the remaining 5.7 percent is owned by individuals or corporations.

Local Economy

The share of the County's labor force is heavily weighted towards government, trade, and service employment. 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 reasons for the large number of government workers in the county include the presence of several major national parks, Indian reservations, and the high percentage of the total area in county public lands.

The state and national economy have declined over the year and are not expected to recover in the short-term. County unemployment rates (3.7%) have remained lower than both state (3.8%) and national levels (4.6%) and the District must contend with the continued limited funding from the State. The District is committed to improving and offering additional services to meet the County needs. These efforts are achieved through careful monitoring of costs, innovative partnerships, cost saving opportunities, and seeking new revenue sources.

Long Term Strategic Financial and Operational Planning

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 enrich lives by embracing diversity and transforming the future through quality education. The District's vision is to lead our communities in lifelong learning.

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

Budget

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

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

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

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 and the Coconino County Treasurer. The yield on investments at June 30 was 4.0629 and 3.970 percent, respectively.

Financial Reporting

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

Debt Administration

The District issued \$25 million of general obligation bonds in 1999 for capital developments throughout Coconino County. 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 bonded 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.

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 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 positions 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 reimbursements, 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. As fiscal agent of the Adult Basic Education program, the District works 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 with funding from the five-year Cooperative Title III grant.

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 2,060 for fiscal year 2009. 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 Programs

The District has supported the continued expansion of several programs that include: non-credit/continuing education at the Flagstaff, Page, and Fredonia locations; performing and fine arts; Basic Detention Academy; nursing; 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 became the 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.

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Excellence in Financial Reporting to Coconino Community College for its comprehensive annual financial report for the year ended June 30, 2007. This was the thirteenth consecutive year that the Coconino County Community College District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgment

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

Respectfully submitted,

Jami Van Ess, Vice President
Business and Administrative Services

Cindy L Cook
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Coconino County
Community College District
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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.



President

Executive Director

Coconino County Community College District

Principal Officers

District Governing Board

Dr. Nat White, Member, District 1

Ms. Jane Corona, Chair, District 2

Mr. Erik Eickenberry, Secretary, District 3

Mr. Patrick Hurley, Member, District 4

Ms. Val Gleave, Member, District 5

Administration

Dr. Leah L. Bornstein, President

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

Dr. Kathleen Corak, Vice President for Academic Affairs

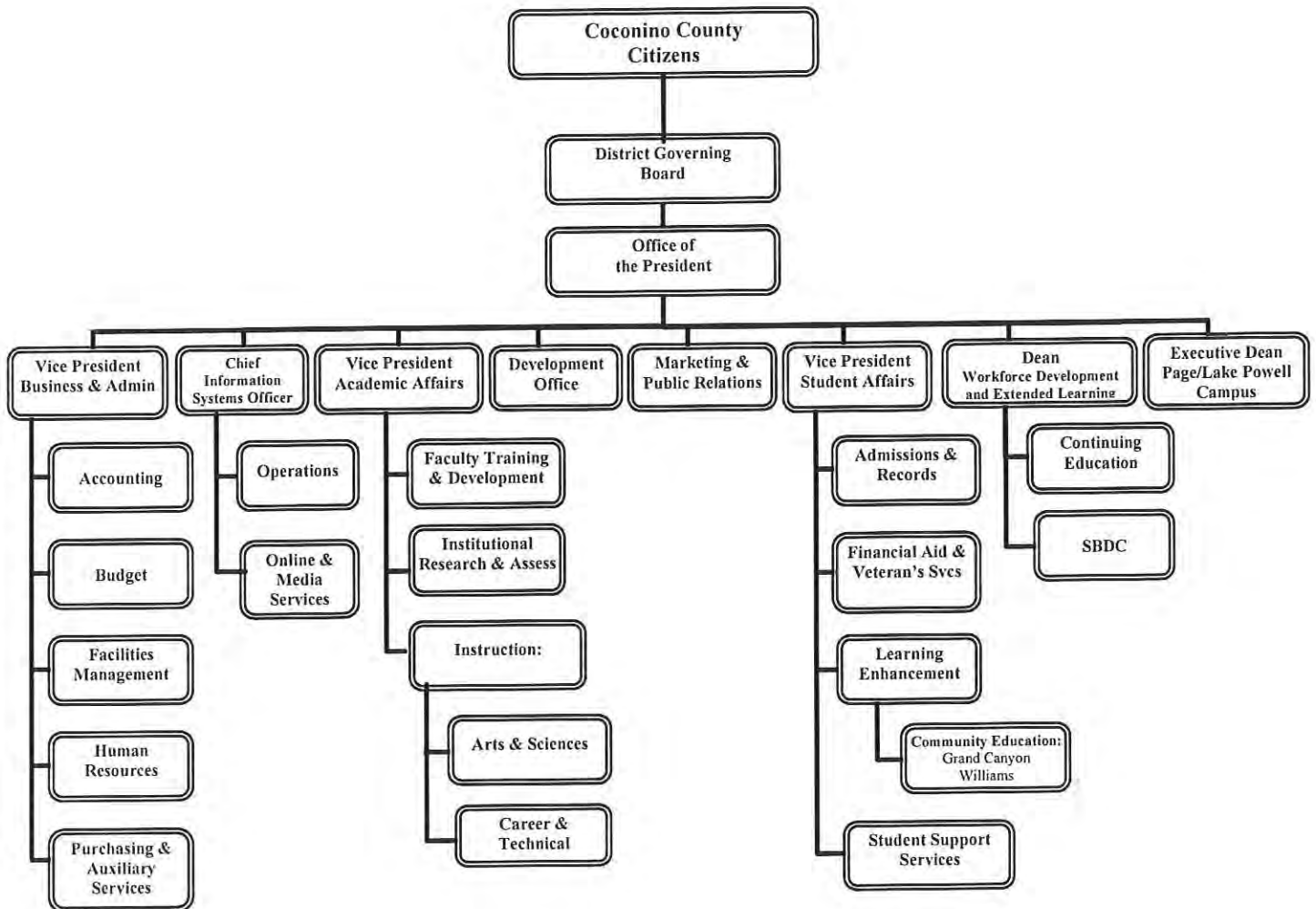
Mr. David L. Minger, Vice President for Student Affairs

Mr. Lloyd Hammonds, Executive Dean for the Page/Lake Powell Campus

Ms. Bonnie Stevens, Director of Public Relations and Marketing

Coconino County Community College District

Organizational Chart





Vision, Mission, Purposes & Core Values

Vision

Leading our communities in lifelong learning.

Mission

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

Purposes

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

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

Core Values

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

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

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Financial Section



**Coconino
Community
College**



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

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, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Coconino County Community College District as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement Nos. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and 50, *Pension Disclosures (an amendment of GASB Statements No. 25 and No. 27)*, for the year ended June 30, 2008, which represent changes in accounting principles.

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 required parts of the basic financial statements. That information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we will also issue our report 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 at a future date. 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.

Debbie Davenport
Auditor General

January 20, 2009

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2008**

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, 2008. Please read it in conjunction with the transmittal letter, which precedes this section, and the financial statements, which immediately follow.

Basic Financial Statements

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

The *Statement of Net Assets* reflects the financial position of the District at June 30, 2008. It shows the assets owned or controlled, related liabilities and other obligations, and the categories of net assets. Net assets is an accounting concept defined as total assets less total liabilities, and as such, represents the institutional equity or ownership in the total assets of the District.

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

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

The *Statement of Revenues, Expenses, and Changes in Net Assets* reflects the results of operations and other changes for the year ended June 30, 2008. It shows the revenues and expenses, both operating and nonoperating, reconciling the beginning net assets amount to the ending net assets amount, which is shown on the Statement of Net Assets described above.

Generally speaking, operating revenues are received for providing goods and services to the customers and constituencies of the District. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the District. Nonoperating revenues are revenues received for which goods and services are not provided. For example, State

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2008**

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. Authoritative guidelines have dictated that revenue from certain grants is also nonoperating revenue, and is classified as such. In the Statistical Section of this report, "Revenues by Source" from prior fiscal years have been restated due to this change. Nonoperating expense consists of interest expense on debt.

The *Statement of Cash Flows* reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2008. It shows the cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the Statement of Net Assets, described above. In addition, this statement reconciles cash flows used for operating activities to the operating loss shown on the Statement of Revenues, Expenses, and Changes in Net Assets, described above.

Although the primary focus of this document is on the results and activity for fiscal year 2007-08 (FY2008), comparative data is presented for the previous fiscal year 2006-07 (FY2007). This Management's Discussion and Analysis (MD&A) uses the prior year as a reference point in illustrating issues and trends for determining whether the institution's health may have improved or deteriorated.

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2008**

Condensed Financial Information

<i>Statement of Net Assets</i>			
	<i>As of June 30, 2008</i>	<i>As of June 30, 2007</i>	<i>Percent Change</i>
Current assets	\$ 10,356,789	\$ 9,613,273	7.7 %
Capital assets, net	29,244,389	29,796,855	(1.9)
Total assets	39,601,178	39,410,128	0.5
Other liabilities	2,035,131	1,868,166	8.9
Long-term liabilities	19,287,075	19,989,196	(3.5)
Total liabilities	21,322,206	21,857,362	(2.4)
Invested in capital assets, net of related debt	10,596,733	10,371,855	2.2
Restricted net assets	3,055,971	2,738,896	11.6
Unrestricted net assets	4,626,268	4,442,015	4.1
	\$ 18,278,972	\$ 17,552,766	4.1 %

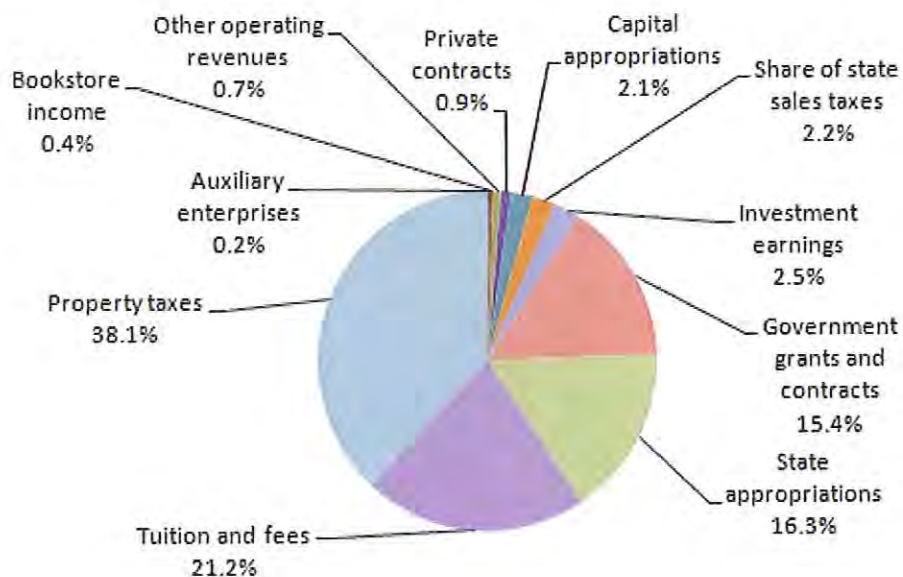
<i>Statement of Revenues, Expenses, and Changes in Net Assets</i>			
Fiscal year 2007 amounts have been adjusted for comparison due to the reclassification of certain operating revenues to nonoperating revenues.			
	<i>For the Year Ended June 30, 2008</i>	<i>For the Year Ended June 30, 2007 (As Adjusted)</i>	<i>Percent Change</i>
Operating revenues	\$ 4,789,606	\$ 4,715,934	1.6 %
Operating expenses:			
Educational and general	17,745,805	16,549,834	7.2
Auxiliary enterprises	33,044	28,275	16.9
Depreciation	1,040,268	1,061,009	(2.0)
Total operating expenses	18,819,117	17,639,118	6.7
Operating loss	(14,029,511)	(12,923,184)	8.6
Nonoperating revenues and expenses	14,331,917	13,933,276	2.9
Income before other revenues, expenses, gains or losses	302,406	1,010,092	(70.1)
Other revenues, expenses, gains, or losses	423,800	421,300	0.6
Increase in net assets	726,206	1,431,392	(49.3)
Net assets, beginning of year	17,552,766	16,121,374	8.9
Net assets, end of year	\$ 18,278,972	\$ 17,552,766	4.1 %

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2008**

The following schedule presents a summary of revenues for the fiscal year ended June 30, 2008, with comparative totals for June 30, 2007. Fiscal year 2007 amounts have been adjusted for comparison due to the reclassification of certain operating revenues to nonoperating revenues.

<i>Revenues by Source</i>	FY 2008		FY2007		Increase/(Decrease)	
	Amount	Percent of Total	Amount (As Adjusted)	Percent of Total	Amount	Percent of Change
<u>Operating revenues</u>						
Tuition and fees, net of scholarship allowances	\$ 4,339,908	21.2 %	\$ 4,285,966	21.4 %	\$ 53,942	1.3 %
Private contracts	194,619	0.9	211,871	1.0	(17,252)	(8.1)
Bookstore income	75,857	0.4	55,781	0.3	20,076	36.0
Auxiliary enterprises	30,910	0.2	22,271	0.1	8,639	38.8
Other operating revenues	148,312	0.7	140,045	0.7	8,267	5.9
Total operating revenues	4,789,606	23.4	4,715,934	23.5	73,672	1.6
<u>Nonoperating revenues</u>						
Property taxes	7,787,131	38.1	7,619,507	38.0	167,624	2.2
State appropriations	3,334,600	16.3	3,322,500	16.6	12,100	0.4
Government grants and contracts	3,152,709	15.4	3,079,635	15.4	73,074	2.4
Share of state sales taxes	454,092	2.2	455,793	2.3	(1,701)	(0.4)
Investment earnings	508,331	2.5	413,896	2.1	94,435	22.8
Total nonoperating revenues	15,236,863	74.5	14,891,331	74.4	345,532	2.3
Capital appropriations	423,800	2.1	421,300	2.1	2,500	0.6
Total revenues	\$ 20,450,269	100.0 %	\$ 20,028,565	100.0 %	\$ 421,704	2.1 %

Revenues by Source FY 2008

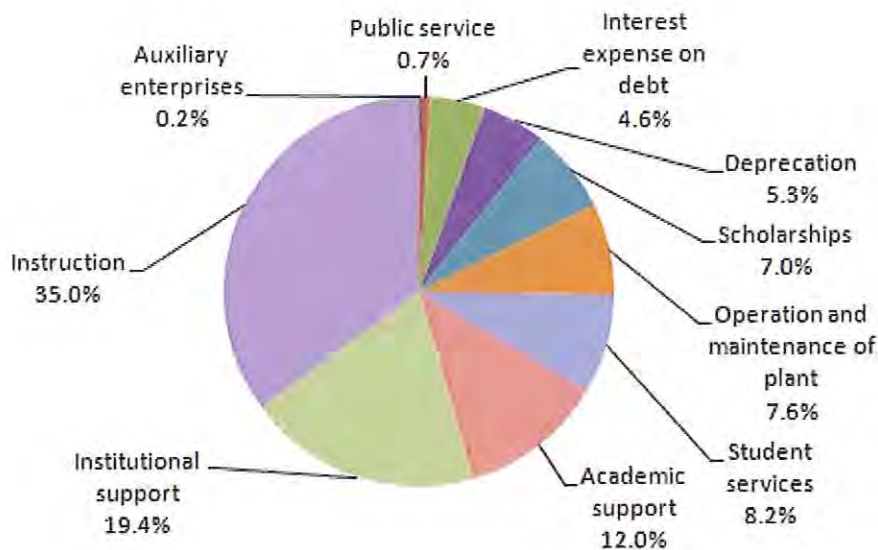


Coconino County Community College District Management's Discussion and Analysis Fiscal Year Ended June 30, 2008

The following schedule presents a summary of expenses for the fiscal year ended June 30, 2008, with comparative totals for June 30, 2007. Fiscal year 2007 amounts have been adjusted for the reclassification of certain expenses from institutional support to operation and maintenance of plant.

<i>Expenses by Function</i>	FY 2008		FY2007		Increase/(Decrease)	
	Amount	Percent of Total	Amount (As Adjusted)	Percent of Total	Amount	Percent of Change
<u>Operating expenses</u>						
Education and general:						
Instruction	\$ 6,916,228	35.0 %	\$ 6,564,191	35.2 %	\$ 352,037	5.4 %
Public service	143,232	0.7	112,715	0.6	30,517	27.1
Academic support	2,367,194	12.0	2,117,756	11.4	249,438	11.8
Student services	1,609,956	8.2	1,540,409	8.3	69,547	4.5
Institutional support	3,838,236	19.4	3,562,796	19.1	275,440	7.7
Operation and maintenance of plant	1,494,997	7.6	1,331,324	7.2	163,673	12.3
Scholarships	1,375,962	7.0	1,320,643	7.1	55,319	4.2
Auxiliary enterprises	33,044	0.2	28,275	0.2	4,769	16.9
Deprecation	1,040,268	5.3	1,061,009	5.7	(20,741)	(2.0)
Total operating expenses	18,819,117	95.4	17,639,118	94.8	1,179,999	6.7
<u>Nonoperating expenses</u>						
Interest expense on debt	904,946	4.6	958,055	5.2	(53,109)	(5.5)
Total nonoperating expenses	904,946	4.6	958,055	5.2	(53,109)	(5.5)
Total expenses	\$ 19,724,063	100.0 %	\$ 18,597,173	100.0 %	\$ 1,126,890	6.1 %

Expenses by Function FY 2008

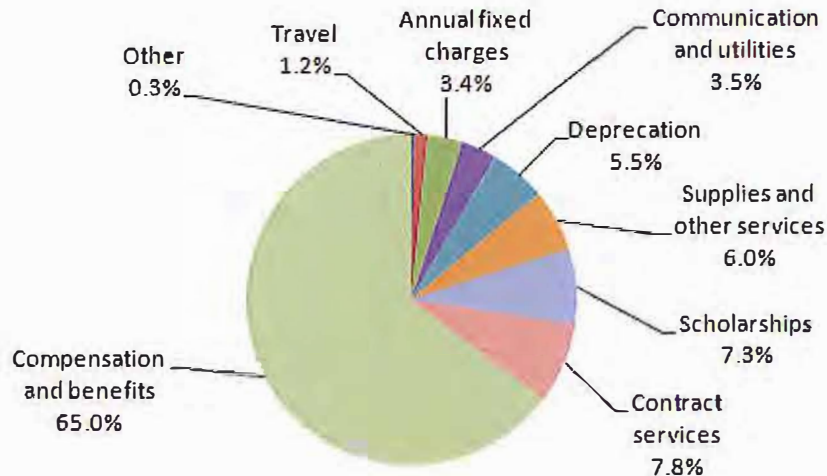


**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2008**

The following schedule presents a summary of operating expenses by natural classification for the fiscal year ended June 30, 2008, with comparative totals for June 30, 2007.

<i>Operating Expenses by Natural Classification</i>	FY 2008		FY2007		Increase/(Decrease)	
	Amount	Percent of	Amount	Percent of	Amount	Percent of
		Total		Total		Change
<u>Operating expenses</u>						
Compensation and benefits	\$ 12,207,436	65.0 %	\$ 11,775,826	66.7 %	\$ 431,610	3.7 %
Contract services	1,472,794	7.8	1,086,017	6.2	386,777	35.6
Supplies and other services	1,125,985	6.0	784,715	4.4	341,270	43.5
Annual fixed charges	643,880	3.4	697,574	4.0	(53,694)	(7.7)
Communication and utilities	659,570	3.5	627,632	3.6	31,938	5.1
Travel	233,534	1.2	195,225	1.1	38,309	19.6
Scholarships	1,376,065	7.3	1,321,105	7.5	54,960	4.2
Deprecation	1,040,268	5.5	1,061,009	6.0	(20,741)	(2.0)
Other	59,585	0.3	90,015	0.5	(30,430)	(33.8)
Total operating expenses	<u>\$ 18,819,117</u>	<u>100.0 %</u>	<u>\$ 17,639,118</u>	<u>100.0 %</u>	<u>\$ 1,179,999</u>	<u>6.7 %</u>

Operating Expenses by Natural Classification FY 2008



**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2008**

Financial Highlights and Analysis

Statement of Net Assets

The District's overall financial position improved in fiscal year 2008. Total net assets for the District grew by \$726,206, or 4.1%, from fiscal year 2007 to fiscal year 2008.

Total assets of the District increased \$191,050, or 0.5%, from fiscal year 2007 to fiscal year 2008. The slight increase is primarily attributable to higher balances maintained in the investment accounts, which was possible due to the financing of some equipment acquisitions as opposed to out-right purchases. Capital assets net of accumulated depreciation decreased slightly, due primarily to depreciation expense in excess of capital acquisitions.

Total liabilities of the District decreased \$535,156, or 2.4%, from fiscal year 2007 to fiscal year 2008. The net decrease was primarily due to retirement of bonded indebtedness of \$1.1 million, off-set by an increase due to acquisition of equipment through financing. Also affecting the net decrease in liabilities was an increase in current liabilities, primarily the result of an increased balance in deposits held in custody for others, where the timing of disbursement of those funds necessitated they be on hand at June 30.

Statement of Revenues, Expenses, and Changes in Net Assets

The District has four major revenue sources. These are property taxes, tuition and fees, state appropriations, and government grants and contracts. Total revenue for the District increased \$421,704, or 2.1%, from fiscal year 2007 to fiscal year 2008. The revenue sources primarily responsible for the increase are as follows:

- Property taxes increased \$168 thousand, or 2.2%, primarily due to higher property valuations and new construction.
- Tuition and fees (net of scholarship allowances) increased \$54 thousand, or 1.3%, due to a combination of (1) an in-state tuition increase of \$4 per credit hour, (2) an increase in out-of-state tuition of \$20 per credit hour, and (3) a decrease of full time student equivalents (FTSE) of 64.0. The decrease in FTSE is primarily due to decreased enrollments for Dual Enrollment courses.
- Bookstore income increased \$20 thousand, or 36.0%, primarily due to increased gross sales by the bookstore, contracted by Follette.
- Auxiliary enterprises revenue increased \$8.6 thousand, or 38.8%, primarily due to increased revenue generated by the Teaching and Learning Center.
- Investment earnings increased \$94 thousand, or 22.8%, primarily due to the higher balances maintained in the investment accounts as a result of capital equipment financing.

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2008**

Total expenses increased by \$1.1 million, or 6.1%, from fiscal year 2007 to fiscal year 2008. The functional expense classifications primarily responsible for the increase are as follows:

- Instruction expenses increased \$352 thousand, or 5.4%. The increase is primarily due to growth in the Adult Basic Education program and the Clinical Nursing Assistant program. Funding was also provided by the City of Flagstaff to renovate the chemistry lab.
- Public service expenses increased \$31 thousand, or 27.1%. The increase is primarily due to increased expenses as a result of additional federal funding for the Small Business Development Center.
- Academic support increased \$249 thousand, or 11.8%. The increase is primarily due to a one-time purchase of 350 replacement computers not meeting the capitalization policy for the Academic Computer Lab and certain classrooms. This also accounts for the significant increase of 35.6% in Operating Expenses by Natural Classification-Contract services.
- Institutional support increased \$225 thousand, or 6.2%. The increase is primarily due to the outsourcing of informational technology management to CampusWorks. This also accounts for the significant increase of 43.5% in Operating Expenses by Natural Classification-Supplies and other services.
- Operation and maintenance of plant increased \$163 thousand, or 12.3%. The increase is primarily due to filling a maintenance position that was vacant most of fiscal year 2007 and completing several deferred maintenance projects.

Capital Asset and Debt Administration

Capital assets are defined as those items costing over \$5,000 and which have a normal useful life of more than one year. The District has created renewal and replacement (R&R) schedules for all of its facilities, as well as technology. The schedules are updated annually and funds are invested and designated for this purpose. As of June 30, 2008, these funds amounted to approximately \$2.7 million.

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

Capital Assets			Percent
	FY 2008	FY 2007	Change
Land	\$ 1,089,000	\$ 1,089,000	- %
Buildings	26,934,584	27,734,105	(2.9)
Improvements other than buildings	395,304	432,075	(8.5)
Equipment	797,958	514,887	55.0
Vehicles	27,543	25,737	7.0
Construction in progress	-	1,051	(100.0)
Total capital assets	<u>\$ 29,244,389</u>	<u>\$ 29,796,855</u>	(1.9) %

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2008**

Total long-term liabilities decreased by a net amount of \$702,121, or 3.5% from fiscal year 2007. At June 30, 2008, the District had one bond issue outstanding, consisting of a general obligation bond issue for \$25,000,000. Total long-term bonded debt outstanding at June 30, 2008, is \$18,320,000. During fiscal year 2008, the District entered into two long-term financing agreements to acquire equipment, both capital and noncapital.

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

Current Factors Having Probable Future Financial Significance

The community college system-wide appropriation for state aid is provided by A.R.S. §15-1466. The formula is based on the current base and enrollment growth. During fiscal years 2002, 2003, and 2004, due to declining state revenues, state aid to community colleges was cut drastically. Although state aid funding of \$3,130,800 represented 45.8% of total gross revenues in fiscal year 2001, fiscal year 2008 state aid funding of \$3,334,600 only represents 16.3% of total gross revenues. For fiscal year 2009, state aid has been cut an additional \$555 thousand. To accommodate the decline in state aid, tuition has increased from \$33 per credit hour in fiscal year 2001 to \$65 per credit hour in fiscal year 2008, a 97.0% increase over a eight-year period. An additional increase of \$5 per credit hour and a \$5 per credit technology fee have been approved for fiscal year 2009.

In fiscal year 2005, the District, in conjunction with Northland Pioneer College, received a Title III – Strengthening Institutions Program grant from the U.S. Department of Education. The grant provides approximately \$2.5 million over a five-year period to develop distance learning, and requires a \$100,000 phase-in of the District's expenses over the five-year period. To date, the District has contributed over \$39 thousand to this project. The grant ends during the first quarter of fiscal year 2010.

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 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, 2008

	<u>Business-Type Activites</u>
Assets	
Current assets:	
Cash in bank and on hand	\$ 112,312
Cash and investments held by the County Treasurer	9,272,897
Investments	119,133
Receivables:	
Property taxes (net of allowances of \$54,647)	171,885
Government grants and contracts	237,763
Interest	360
Other (net of allowances of \$23,152)	343,683
Inventories	21,267
Prepaid items	77,489
Total current assets	<u>10,356,789</u>
Noncurrent assets:	
Capital assets, not being depreciated	1,089,000
Capital assets, being depreciated, net	28,155,389
Total noncurrent assets	<u>29,244,389</u>
Total assets	<u>39,601,178</u>
Liabilities	
Current liabilities:	
Accounts payable	586,303
Accrued payroll and employee benefits	853,498
Deferred revenues	487,782
Deposits held in custody for others	107,548
Current portion of compensated absences payable	74,825
Current portion of long-term debt	1,276,849
Total current liabilities	<u>3,386,805</u>
Noncurrent liabilities:	
Compensated absences payable	564,594
Long-term debt	17,370,807
Total noncurrent liabilities	<u>17,935,401</u>
Total liabilities	<u>21,322,206</u>
Net Assets	
Invested in capital assets, net of related debt	10,596,733
Restricted:	
Expendable:	
Capital projects	2,692,226
Debt service	363,745
Unrestricted	4,626,268
Total net assets	<u>\$ 18,278,972</u>

See accompanying notes to financial statements.

Coconino County Community College District
Statement of Financial Position - Component Unit
June 30, 2008

	Coconino Community College Foundation
Assets	
Current assets:	
Cash and cash equivalents	\$ 107,459
Unconditional promises to give	5,000
Investments, at market	549,574
Total current assets	<u>662,033</u>
Other assets:	
Unconditional promises to give	<u>4,567</u>
Total assets	<u>\$ 666,600</u>
Liabilities	
Current liabilities:	
Accrued expenses	\$ 180
Credit cards payable	1,510
CCC College payable	39,753
Total current liabilities	<u>41,443</u>
Net Assets	
Unrestricted	65,863
Temporarily restricted	313,271
Permanently restricted	246,023
Total net assets	<u>625,157</u>
Total liabilities and net assets	<u>\$ 666,600</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, 2008

	Business-Type Activities
Operating revenues:	
Tuition and fees (net of scholarship allowances of \$406,097)	\$ 4,339,908
Private contracts	194,619
Bookstore income	75,857
Auxiliary enterprises	30,910
Other	148,312
Total operating revenues	<u>4,789,606</u>
Operating expenses:	
Educational and general:	
Instruction	6,916,228
Public service	143,232
Academic support	2,367,194
Student services	1,609,956
Institutional support	3,838,236
Operation and maintenance of plant	1,494,997
Scholarships	1,375,962
Auxiliary enterprises	33,044
Depreciation	1,040,268
Total operating expenses	<u>18,819,117</u>
Operating loss	<u>(14,029,511)</u>
Nonoperating revenues (expenses):	
Property taxes	7,787,131
State appropriations	3,334,600
Government grants and contracts	3,152,709
Share of state sales taxes	454,092
Investment earnings	508,331
Interest expense on debt	(904,946)
Total nonoperating revenues (expenses)	<u>14,331,917</u>
Income before other revenues, expenses, gains, or losses	302,406
Capital appropriations	423,800
Increase in net assets	<u>726,206</u>
Total net assets, July 1, 2007	<u>17,552,766</u>
Total net assets, June 30, 2008	<u><u>\$ 18,278,972</u></u>

See accompanying notes to financial statements.

Coconino County Community College District
Statement of Activities - Component Unit
Year Ended June 30, 2008

	<u>Coconino Community College Foundation</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>TOTAL</u>
Support and revenue				
Public contributions	\$ 24,797	\$ 475,071	\$ 69,561	\$ 569,429
Revenues	2,960	7,990	-	10,950
Investment earnings	-	21,257	-	21,257
Total support and revenue	<u>27,757</u>	<u>504,318</u>	<u>69,561</u>	<u>601,636</u>
Net assets released from restrictions	<u>425,750</u>	<u>(425,750)</u>	<u>-</u>	<u>-</u>
Total support, revenue, and other support	<u>453,507</u>	<u>78,568</u>	<u>69,561</u>	<u>601,636</u>
Expenses				
Program services	557,877	-	-	557,877
Supporting services	28,754	-	-	28,754
Total expenses	<u>586,631</u>	<u>-</u>	<u>-</u>	<u>586,631</u>
Change in net assets before other items	(133,124)	78,568	69,561	15,005
Unrealized loss on investments	<u>-</u>	<u>(67,352)</u>	<u>-</u>	<u>(67,352)</u>
Increase (decrease) in net assets	(133,124)	11,216	69,561	(52,347)
Net assets, July 1, 2007	198,987	302,055	176,462	677,504
Net assets, June 30, 2008	\$ <u><u>65,863</u></u>	\$ <u><u>313,271</u></u>	\$ <u><u>246,023</u></u>	\$ <u><u>625,157</u></u>

See accompanying notes to financial statements.

Coconino County Community College District
Statement of Cash Flows - Primary Government
Year Ended June 30, 2008

	Business-Type Activities
Cash flows from operating activities:	
Tuition and fees	\$ 4,772,912
Private contracts	84,393
Bookstore receipts	76,196
Auxiliary enterprises	31,327
Other receipts	146,048
Payments to employees for salaries and benefits	(12,119,150)
Payments to suppliers and providers of goods and services	(3,706,417)
Payments to students for scholarships	(1,782,162)
Net cash used for operating activities	<u>(12,496,853)</u>
Cash flows from noncapital financing activities:	
Property taxes - primary	5,685,814
State appropriations	3,334,600
Government grants	3,109,920
Share of state sales taxes	454,092
Federal direct lending receipts	1,882,136
Federal direct lending disbursements	(1,845,406)
Deposits held in custody for others received	584,787
Deposits held in custody for others disbursed	(577,454)
Net cash provided by noncapital financing activities	<u>12,628,489</u>
Cash flows from capital and related financing activities:	
Property taxes - secondary	2,029,976
Capital appropriations	423,800
Purchases of capital assets	(352,652)
Principal paid on capital debt	(1,198,840)
Interest paid on capital debt	(904,946)
Net cash used for capital and related financing activities	<u>(2,662)</u>
Cash flows from investing activities:	
Interest received on investments	<u>508,538</u>
Net cash provided by investing activities	<u>508,538</u>
Net increase in cash and cash equivalents	637,512
Cash and cash equivalents, July 1, 2007	8,866,830
Cash and cash equivalents, June 30, 2008	\$ <u><u>9,504,342</u></u>

See accompanying notes to financial statements.

(continued)

**Coconino County Community College District
Statement of Cash Flows - Primary Government
Year Ended June 30, 2008
(continued)**

	Business-Type Activities
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (14,029,511)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	1,040,268
Expenses related to installment purchase of noncapitalized items	286,345
Changes in assets and liabilities:	
Increase in:	
Other receivables	(58,377)
Inventories	(321)
Accrued payroll and employee benefits	13,063
Deferred revenues	18,566
Accounts payable	75,260
Compensated absences payable	75,223
Decrease in:	
Prepaid items	82,631
Net cash used for operating activities	<u><u>\$ (12,496,853)</u></u>
 Reconciliation of cash and cash equivalents to the Statement of Net Assets:	
Cash in bank and on hand	\$ 112,312
Cash and investments held by the County Treasurer	9,272,897
Investments	119,133
Cash and cash equivalents	<u><u>\$ 9,504,342</u></u>

See accompanying notes to financial statements.

Coconino County Community College District
Notes to Financial Statements
June 30, 2008

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).

For the year ended June 30, 2008, the District implemented the provisions of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Benefits Other Than Pensions*; and 50, *Pension Disclosures (an amendment of GASB Statements No. 25 and 27)*. GASB Statement No. 45 establishes governmental employer accounting and financial reporting requirements for postemployment benefits other than pensions. GASB Statement No. 50 amends GASB Statements No. 25 and 27 to require employers to present certain additional pension disclosures in the notes.

A. Reporting Entity

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

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

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

During the year ended June 30, 2008, the Foundation distributed \$177,414 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, 2008

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. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues such as tuition and bookstore are considered to be operating revenues. Other revenues, such as property taxes, state appropriations, and government grants, are not generated from exchange transactions and are considered to be nonoperating revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense on debt, are considered to be nonoperating expenses.

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

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized in the year for which they are levied. State appropriations are recognized as revenue in the year in which the appropriation is first made available for use. Grants and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. It is the District's policy to first apply restricted resources when an expense is incurred for purposes when both restricted and unrestricted net assets are available. 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, 2008

Note 1 - Summary of Significant Accounting Policies (continued)

The District follows Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The District has chosen 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		
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.

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.

Coconino County Community College District
Notes to Financial Statements
June 30, 2008

Note 1 - Summary of Significant Accounting Policies (concluded)

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.

Deposits—At June 30, 2008, the carrying amount of the District's deposits was \$110,326 and the bank balance was \$444,302. The District does not have a formal policy with respect to custodial credit risk.

Investments—The District's investments at June 30, 2008, were as follows:

Investment Type	Amount
County Treasurer's investment pool	\$ 9,272,897
State Treasurer's investment pool	119,133
	<u>\$ 9,392,030</u>

Coconino County Community College District
Notes to Financial Statements
June 30, 2008

Note 2 – Deposits and Investments (concluded)

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

Credit risk-The District does not have a formal policy with respect to credit risk. Credit risk for the District's investments at June 30, 2008 was as follows:

Investment Type	Rating	Rating Agency	Amount
County Treasurer's investment pool	Unrated	Not applicable	\$ 9,272,897
State Treasurer's investment pool	Unrated	Not applicable	119,133
			<u>\$ 9,392,030</u>

Interest rate risk-The District does not have a formal policy with respect to interest rate risk. At June 30, 2008, the District had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity in Years
County Treasurer's investment pool	\$ 9,272,897	2.53
State Treasurer's investment pool 5	119,133	0.12
	<u>\$ 9,392,030</u>	

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

Cash, deposits, and investments:		Statement of Net Assets:	
Cash on hand	\$ 1,986	Cash in bank and on hand	\$ 112,312
Amount of deposits	110,326	Cash and investments held	
Amount of investments	9,392,030	by the County Treasurer	9,272,897
		Investments	119,133
	<u>\$ 9,504,342</u>		<u>\$ 9,504,342</u>

Coconino County Community College District
Notes to Financial Statements
June 30, 2008

Note 3 – Other Receivables

Other receivables are shown net of related allowances for uncollectibles. A summary for other receivables at June 30, 2008, follows:

	Receivable	Allowance	Net Receivable
Vendor	\$ 98,421	\$ -	\$ 98,421
Student	267,586	23,152	244,434
Employee	828	-	828
	<u>\$ 366,835</u>	<u>\$ 23,152</u>	<u>\$ 343,683</u>

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Increases	Decreases	Reclassifications	Balance June 30, 2008
Capital assets not being depreciated:					
Land	\$ 1,089,000	\$ -	\$ -	\$ -	\$ 1,089,000
Construction in progress	1,051			(1,051)	-
Total capital assets not being depreciated	<u>1,090,051</u>	<u>-</u>	<u>-</u>	<u>(1,051)</u>	<u>1,089,000</u>
Capital assets being depreciated:					
Buildings	32,342,383	9,270			32,351,653
Improvements other than buildings	551,560				551,560
Equipment	2,251,953	457,460	83,856	1,051	2,626,608
Vehicles	211,757	21,072			232,829
Library books	22,235				22,235
Total capital assets being depreciated	<u>35,379,888</u>	<u>487,802</u>	<u>83,856</u>	<u>1,051</u>	<u>35,784,885</u>
Less accumulated depreciation for:					
Buildings	4,608,278	808,791			5,417,069
Improvements other than buildings	119,485	36,771			156,256
Equipment	1,737,066	175,440	83,856		1,828,650
Vehicles	186,020	19,266			205,286
Library books	22,235				22,235
Total accumulated depreciation	<u>6,673,084</u>	<u>1,040,268</u>	<u>83,856</u>	<u>-</u>	<u>7,629,496</u>
Total capital assets being depreciated, net	<u>28,706,804</u>	<u>(552,466)</u>	<u>-</u>	<u>1,051</u>	<u>28,155,389</u>
Capital assets, net	<u>\$ 29,796,855</u>	<u>\$ (552,466)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,244,389</u>

Coconino County Community College District
Notes to Financial Statements
June 30, 2008

Note 5 - Long-Term Liabilities

The following schedule details the District's long-term liability and obligation activity for the year ended June 30, 2008:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due within 1 year
Compensated absences payable	\$ 564,196	\$ 537,720	\$ 462,497	\$ 639,419	\$ 74,825
General obligation bonds	19,425,000	-	1,105,000	18,320,000	1,185,000
Installment purchase contracts payable	-	267,027	70,433	196,594	63,177
Capital leases payable	-	154,469	23,407	131,062	28,672
Total long-term debt	<u>\$ 19,989,196</u>	<u>\$ 959,216</u>	<u>\$ 1,661,337</u>	<u>\$ 19,287,075</u>	<u>\$ 1,351,674</u>

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, 2008, 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%	\$18,320,000

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, 2008:

Year Ending June 30	General Obligation Bonds	
	Principal	Interest
2009	\$ 1,185,000	\$ 835,293
2010	1,265,000	784,338
2011	1,350,000	729,943
2012	1,440,000	670,543
2013	1,530,000	605,743
2014-2018	9,310,000	1,858,541
2019	2,240,000	100,800
Total	<u>\$ 18,320,000</u>	<u>\$5,585,201</u>

Coconino County Community College District
Notes to Financial Statements
June 30, 2008

Note 5 - Long-Term Liabilities (concluded)

Installment purchase contracts – The District has acquired computers under a contract agreement at a total purchase price of \$267,027. The computers did not meet the capitalization threshold. The following schedule details debt service requirements to maturity for the District's installment purchase contract payable at June 30, 2008:

	Principal	Interest
Year ending June 30		
2009	\$ 63,177	\$ 7,256
2010	65,500	4,932
2011	67,917	2,515
Total	<u>\$ 196,594</u>	<u>\$ 14,703</u>

Capital leases – The District has acquired equipment under provisions of a long-term lease agreement classified as a capital lease for accounting purposes because it provides for a bargain purchase option and a transfer of ownership by the end of the lease term.

The capital assets acquired meeting the District's capitalization policy through the capital lease are as follows:

Equipment - copiers	\$ 135,150
Less: accumulated depreciation	13,515
Carrying value	<u>\$ 121,635</u>

The following schedule details debt service requirements to maturity for the District's capital lease payable at June 30, 2008:

Year ending June 30	
2009	\$ 35,429
2010	35,429
2011	35,429
2012	35,429
2013	5,904
Total minimum lease payments	<u>147,620</u>
Less amount representing interest	<u>16,558</u>
Present value of net minimum lease payments	<u>\$ 131,062</u>

Coconino County Community College District
Notes to Financial Statements
June 30, 2008

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, 2008. The operating lease has a remaining noncancelable term of 16 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, 2008, were as follows:

Future Minimum Operating Lease Payments

Year ending June 30	
2009	\$ 28,833
2010	28,833
2011	28,833
2012	28,833
2013	28,833
2014-18	144,165
2019-23	144,165
2024	28,833
Total minimum lease payments at June 30, 2008	<u>\$ 461,328</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 – Pension and Other Postemployment Benefits

Arizona State Retirement System

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

Coconino County Community College District
Notes to Financial Statements
June 30, 2008

Note 8 – Pension and Other Postemployment Benefits (continued)

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, 2008, active plan members were required by statute to contribute at the actuarially determined rate of 9.6 percent (9.1 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll and the District was required by statute to contribute at the actuarially determined rate of 9.6 percent (8.05 percent for retirement, 1.05 percent for health insurance premium, and 0.5 percent for long-term disability) of the members' annual covered payroll.

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

	Retirement Fund	Health Benefit Supplemental Fund	Long-Term Disability Fund
Year ending June 30			
2008	\$ 547,095	\$ 71,077	\$ 33,908
2007	489,316	67,992	32,436
2006	361,792	70,457	31,040

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.

Coconino County Community College District
Notes to Financial Statements
June 30, 2008

Note 8 – Pension and Other Postemployment Benefits (concluded)

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, 2008, active participants were required to contribute 7.483 percent (7.0 percent retirement and 0.483 percent long-term disability) of the members' annual covered payroll. Members had the option to contribute 9.1 percent to retirement, as opposed to the 7.0 percent required contribution, depending on their retirement goals. The District was required to contribute 7.483 percent (7.0 percent retirement and 0.483 percent long-term disability) of the members' annual covered payroll.

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

Year ending June 30	Retirement Fund	Long-Term Disability Fund
2008	\$ 78,979	\$ 2,688
2007	73,319	2,711
2006	70,348	2,608

Note 9 – Insurance Claims

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

Coconino County Community College District
Notes to Financial Statements
June 30, 2008

Note 10 - Operating Expenses

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

Compensation and benefits	\$ 12,207,436
Contract services	1,472,794
Supplies and other services	1,125,985
Annual fixed charges	643,880
Communications and utilities	659,570
Travel	233,534
Scholarships	1,376,065
Depreciation	1,040,268
Other	59,585
Total	<u>\$ 18,819,117</u>

Note 11 – 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 Community College (College), thereby enhancing the opportunities of Coconino County residents. It is the fundraising organization for the solicitation, receipt and management of all private gifts, donations, and contributions, including gifts-in-kind. Funds are disbursed exclusively for charitable and educational purposes within the meaning of the Internal 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.

Coconino County Community College District
Notes to Financial Statements
June 30, 2008

Note 11 – Discretely Presented Component Unit Disclosures (continued)

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.

2. Cash and Cash Equivalents

The following were included in cash and cash equivalents as of June 30, 2008:

Checking	\$	41,024
Fidelity cash account		66,435
	\$	<u>107,459</u>

The Federal Deposit Insurance Corporation insures accounts up to \$100,000 per institution. As of June 30, 2008, 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.

Coconino County Community College District
Notes to Financial Statements
June 30, 2008

Note 11 – Discretely Presented Component Unit Disclosures (concluded)

The market value and cost of the Foundation's investments at June 30, 2008 are as follows:

	Market Value	Cost
Common stock	\$ 397,029	\$ 359,211
Corporate bonds	125,110	124,948
Other securities	27,435	25,000
	<u>\$ 549,574</u>	<u>\$ 509,159</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 designated by the donors to be spent by a specific campus, area, or department for general needs.

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

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Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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



**Coconino County Community College District
Net Assets by Component
Last Seven Fiscal Years**

(dollars in thousands)

	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Invested in capital assets, net of related debt	\$ 10,597	\$ 10,372	\$ 9,841	\$ 9,164	\$ 8,850	\$ 8,626	\$ 7,048
Restricted - expendable	3,056	2,739	2,500	2,838	3,025	2,292	4,117
Unrestricted	<u>4,626</u>	<u>4,442</u>	<u>3,780</u>	<u>3,576</u>	<u>3,701</u>	<u>3,474</u>	<u>3,635</u>
Total primary government net assets	<u>\$ 18,279</u>	<u>\$ 17,553</u>	<u>\$ 16,121</u>	<u>\$ 15,578</u>	<u>\$ 15,576</u>	<u>\$ 14,392</u>	<u>\$ 14,800</u>

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

Note: For comparability purposes, only the fiscal years that have been reported by GASB 34/35 criteria are displayed. Additional information will be presented as it becomes available.

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

(dollars in thousands)

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Instruction	\$ 6,916	\$ 6,564	\$ 6,393	\$ 5,631	\$ 4,837	\$ 4,539	\$ 3,701
Public service	143	113	133	180	214	150	142
Adademic support	2,367	2,118	2,113	1,957	1,693	1,634	1,591
Student services	1,610	1,540	1,412	1,380	1,372	1,329	1,351
Institutional support	3,838	3,614	3,175	3,135	2,901	2,785	3,924
Operation and maintenance of plant	1,495	1,280	1,280	1,212	1,195	1,035	973
Scholarships	1,376	1,321	1,249	1,388	1,282	1,095	1,053
Auxiliary enterprises	33	28	19	19	19	27	16
Depreciation	1,041	1,061	1,129	1,127	1,130	1,096	628
Total operating expenses	18,819	17,639	16,903	16,029	14,643	13,690	13,379
Interest expense on debt	905	958	1,013	1,064	1,128	1,182	1,188
Loss on disposal of capital assets	-	-	-	-	-	-	188
Total nonoperating expenses	905	958	1,013	1,064	1,128	1,182	1,376
Total expenses	<u>\$ 19,724</u>	<u>\$ 18,597</u>	<u>\$ 17,916</u>	<u>\$ 17,093</u>	<u>\$ 15,771</u>	<u>\$ 14,872</u>	<u>\$ 14,755</u>

(1)

(percent of total expenses)

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Instruction	35.0 %	35.2 %	35.7 %	32.9 %	30.6 %	30.5 %	25.1 %
Public service	0.7	0.6	0.7	1.1	1.4	1.0	1.0
Adademic support	12.0	11.4	11.8	11.5	10.7	11.0	10.8
Student services	8.2	8.3	7.9	8.1	8.7	8.9	9.2
Institutional support	19.4	19.4	17.7	18.3	18.4	18.7	26.5
Operation and maintenance of plant	7.6	6.9	7.1	7.1	7.6	7.0	6.6
Scholarships	7.0	7.1	7.0	8.1	8.1	7.4	7.1
Auxiliary enterprises	0.2	0.2	0.1	0.1	0.1	0.2	0.1
Depreciation	5.3	5.7	6.3	6.6	7.2	7.4	4.3
Total operating expenses	95.4	94.8	94.3	93.8	92.8	92.1	90.7
Interest expense on debt	4.6	5.2	5.7	6.2	7.2	7.9	8.0
Loss on disposal of capital assets	-	-	-	-	-	-	1.3
Total nonoperating expenses	4.6	5.2	5.7	6.2	7.2	7.9	9.3
Total expenses	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

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

Note: For comparability purposes, only the fiscal years that have been reported by GASB 34/35 criteria are displayed. Additional information will be presented as it becomes available.

(1) The District began depreciating the Lone Tree Campus in fiscal year 2001-02.

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

(dollars in thousands)

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Compensation and benefits	\$ 12,207	\$ 11,776	\$ 11,161	\$ 10,247	\$ 9,251	\$ 8,727	\$ 7,772
Contract services	1,473	1,086	920	932	843	685	692
Supplies and other services	1,126	785	884	981	800	919	2,218 (1)
Annual fixed charges	644	697	710	561	476	407	339
Communication and utilities	659	628	563	542	528	494	403
Travel	234	195	190	145	202	169	200
Scholarships	1,376	1,321	1,251	1,390	1,304	1,121	1,053
Depreciation	1,040	1,061	1,129	1,127	1,129	1,096	628 (2)
Other	60	90	95	104	110	72	74
Total operating expenses	18,819	17,639	16,903	16,029	14,643	13,690	13,379
Interest expense on debt	905	958	1,013	1,064	1,128	1,182	1,188
Loss on disposal of capital assets	-	-	-	-	-	-	188
Total nonoperating expenses	905	958	1,013	1,064	1,128	1,182	1,376
Total expenses	<u>\$ 19,724</u>	<u>\$ 18,597</u>	<u>\$ 17,916</u>	<u>\$ 17,093</u>	<u>\$ 15,771</u>	<u>\$ 14,872</u>	<u>\$ 14,755</u>

(percent of total expenses)

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Compensation and benefits	61.8 %	63.4 %	62.3 %	60.0 %	58.6 %	58.8 %	52.7 %
Contract services	7.5	5.8	5.1	5.5	5.3	4.6	4.7
Supplies and other services	5.7	4.2	4.9	5.7	5.1	6.2	15.0
Annual fixed charges	3.3	3.7	4.0	3.3	3.0	2.7	2.3
Communication and utilities	3.3	3.4	3.1	3.2	3.3	3.3	2.7
Travel	1.2	1.0	1.1	0.8	1.3	1.1	1.4
Scholarships	7.0	7.1	7.0	8.1	8.3	7.5	7.1
Depreciation	5.3	5.7	6.3	6.6	7.2	7.4	4.3
Other	0.3	0.5	0.5	0.6	0.7	0.5	0.5
Total operating expenses	95.4	94.8	94.3	93.8	92.8	92.1	90.7
Interest expense on debt	4.6	5.2	5.7	6.2	7.2	7.9	8.0
Loss on disposal of capital assets	-	-	-	-	-	-	1.3
Total nonoperating expenses	4.6	5.2	5.7	6.2	7.2	7.9	9.3
Total expenses	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

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

Note: For comparability purposes, only the fiscal years that have been reported by GASB 34/35 criteria are displayed. Additional information will be presented as it becomes available.

(1) The District started operations at the Lone Tree Campus in fiscal year 2001-02.

(2) The District began depreciating the Lone Tree Campus in fiscal year 2001-02.

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

(dollars in thousands)

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Tuition and fees (net of scholarship allowance)	\$ 4,340	\$ 4,286	\$ 3,700	\$ 3,144	\$ 2,618	\$ 2,215	\$ 1,864
Private contracts	195	212	131	241	276	235	97
Bookstore income	76	56	45	42	38	37	- (1)
Auxiliary enterprises	31	22	23	22	21	33	43
Other operating revenues	148	139	146 (4)	125 (4)	108 (4)	88 (4)	63 (4)
Total operating revenues	4,790	4,715	4,045	3,574	3,061	2,608	2,067
Property taxes	7,787	7,620	7,274	7,033	6,685	6,200	6,066
State appropriations	3,335	3,322	3,148	3,025	2,905	2,905	3,105
Government grants and contracts	3,152	3,080 (5)	2,841 (5)	2,552 (5)	2,466 (5)	2,175 (5)	2,057 (5)
Share of state sales taxes	454	456	425	370	1,348 (2)	330	318
Investment earnings	508	414	318	185	170	(72) (3)	329
Total nonoperating revenues	15,236	14,892	14,006	13,165	13,574	11,538	11,875
Total revenues before other revenues and gains	\$ 20,026	\$ 19,607	\$ 18,051	\$ 16,739	\$ 16,635	\$ 14,146	\$ 13,942

(percent of total revenues)

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Tuition and fees (net of scholarship allowance)	21.7 %	21.9 %	20.5 %	18.8 %	15.7 %	15.6 %	13.4 %
Private contracts	0.9	1.0	0.7	1.5	1.8	1.7	0.6
Bookstore income	0.4	0.3	0.3	0.3	0.2	0.3	-
Auxiliary enterprises	0.2	0.1	0.1	0.1	0.1	0.2	0.3
Other operating revenues	0.7	0.7	0.8	0.7	0.6	0.6	0.5
Total operating revenues	23.9	24.0	22.4	21.4	18.4	18.4	14.8
Property taxes	38.9	38.9	40.3	42.0	40.2	43.9	43.4
State appropriations	16.7	16.9	17.4	18.1	17.5	20.5	22.3
Government grants and contracts	15.7	15.8	15.7	15.2	14.8	15.4	14.8
Share of state sales taxes	2.3	2.3	2.4	2.2	8.1	2.3	2.3
Investment earnings	2.5	2.1	1.8	1.1	1.0	(0.5)	2.4
Total nonoperating revenues	76.1	76.0	77.6	78.6	81.6	81.6	85.2
Total revenues	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

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

Note: For comparability purposes, only the fiscal years that have been reported by GASB 34/35 criteria are displayed. Additional information will be presented as it becomes available.

- (1) The District contracted for Bookstore operations beginning in fiscal year 2002-03.
- (2) The District received \$1,000,000 from share of state sales taxes for deferred maintenance in fiscal year 2003-04.
- (3) The Local Government Investment Pool (LGIP) and the County Treasurer investments experienced a loss due to the NCFE bankruptcy in fiscal year 2002-03.
- (4) Nonoperating revenues were properly reclassified to operating revenues in fiscal year 2006-07. For comparability purposes, prior years have been reclassified.
- (5) Government grants and contracts were reclassified to nonoperating revenues in fiscal year 2007-08. For comparability purposes, prior years have been reclassified.

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

	(dollars in thousands)						
	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Income (loss) before other changes in net assets	\$ 302	\$ 1,010	\$ 135	\$ (353)	\$ 864	\$ (727)	\$ (813)
Capital appropriations	424	421	383	356	319	319	314
Capital gifts	-	-	25	-	-	-	-
Total change in net assets	<u>\$ 726</u>	<u>\$ 1,431</u>	<u>\$ 543</u>	<u>\$ 3</u>	<u>\$ 1,183</u>	<u>\$ (408)</u>	<u>\$ (499)</u>

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

Note: For comparability purposes, only the fiscal years that have been reported by GASB 34/35 criteria are displayed. Additional information will be presented as it becomes available.

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>
1999	\$ 8,817,955	\$ 8,817,954	1
2000	8,584,609	8,584,608	1
2001	8,294,190	8,294,189	1
2002	8,996,579	8,996,578	1
2003	9,843,252	9,843,251	1
2004	10,723,076	10,723,075	1
2005	11,075,088	11,075,087	1
2006	12,566,670	12,566,669	1
2007	13,231,427	13,231,426	1
2008 (3)	13,287,083	13,287,082	1

Source: District records.

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

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

Fiscal Year	Total Tax Levy (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 3,391,765	\$ 3,392,196	100.01 %	\$ 1,390	\$ 3,393,586	100.05 %
2000	5,386,607	5,383,652	99.95	3,181	5,386,833	100.00
2001	5,576,919	5,571,483	99.90	6,344	5,577,827	100.02
2002	5,895,431	5,686,488	96.46	169,970	5,856,458	99.34
2003	6,113,777	5,900,703	96.51	212,181	6,112,884	99.99
2004	6,504,373	6,459,745	99.31	43,045	6,502,790	99.98
2005	6,714,131	6,570,730	97.86	141,371	6,712,101	99.97
2006	7,049,232	6,938,140	98.42	107,782	7,045,922	99.95
2007	7,359,105	7,240,945	98.39	112,576	7,353,521	99.92
2008	7,627,578	7,450,465	97.68	-	7,450,465	97.68

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

(1) Tax levy is based on the levy limits of the calendar year at June 30. Amounts represent adjusted tax levy for each year as of June 30, 2008.

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

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

Assessed Value								
Tax Year		Utilities	Commercial	Vacant/ Agriculture	Residential	Railroads	Historic	Enterprise Zone
1998	Primary	\$ 228,342	\$ 252,654	\$ 122,030	\$ 323,660	\$ 12,654	\$ 1,495	\$ -
1998	Secondary	228,342	258,020	134,179	338,964	13,015	1,545	-
1999	Primary	223,475	271,262	130,259	355,587	11,965	2,642	-
1999	Secondary	223,644	279,254	145,796	365,847	12,894	2,721	-
2000	Primary	218,003	292,723	139,613	383,255	16,101	3,439	-
2000	Secondary	218,003	302,731	156,789	391,744	17,314	3,532	-
2001	Primary	236,455	295,262	145,648	413,841	17,682	2,151	181
2001	Secondary	236,455	307,515	160,435	421,345	18,656	2,170	195
2002	Primary	212,960	301,132	161,426	439,809	16,436	2,327	200
2002	Secondary	212,960	310,901	177,491	451,657	17,350	2,385	201
2003	Primary	255,187	297,565	174,423	481,484	15,857	2,314	200
2003	Secondary	255,187	302,990	189,384	495,712	17,065	2,327	998
2004	Primary	240,410	310,610	186,317	534,776	16,846	1,007	375
2004	Secondary	240,410	318,520	201,576	558,559	18,786	1,044	1,876
2005	Primary	238,464	326,562	207,823	590,946	17,941	1,054	608
2005	Secondary	238,464	333,713	225,164	617,419	19,467	1,070	3,037
2006	Primary	235,209	343,392	229,727	662,437	21,050	1,062	115
2006	Secondary	235,209	369,659	265,428	709,899	22,105	1,165	526
2007	Primary	236,638	371,049	262,501	757,337	17,520	1,160	130
2007	Secondary	236,638	411,811	331,057	886,140	19,133	1,322	595

Assessed Value								
		Environmental Technology	Certain Improvements on Government Property	Total Assessed Value	Less: Exempt Property	Net Assessed Value	Total Direct Tax Rate	Total Net Assessed Value as a Percent of Total Value
1998	Primary	\$ -	\$ 93	\$ 940,928	\$ 82,238	\$ 858,690	\$ 0.3949	14.36 %
1998	Secondary	-	93	974,158	86,602	887,556	-	14.24
1999	Primary	-	93	995,283	85,871	909,412	0.4001	14.07
1999	Secondary	-	96	1,030,252	90,337	939,915	0.1946	14.03
2000	Primary	-	93	1,053,227	85,258	967,969	0.3973	14.04
2000	Secondary	-	96	1,090,209	88,326	1,001,883	0.1751	14.04
2001	Primary	574	26	1,111,820	83,138	1,028,682	0.4010	14.06
2001	Secondary	589	26	1,147,386	85,304	1,062,082	0.1707	14.09
2002	Primary	615	-	1,134,905	86,404	1,048,501	0.4083	13.80
2002	Secondary	616	-	1,173,561	88,685	1,084,876	0.1726	13.80
2003	Primary	766	103	1,227,899	111,231	1,116,668	0.4098	13.52
2003	Secondary	766	127	1,264,556	113,074	1,151,482	0.1677	13.50
2004	Primary	1,906	110	1,292,357	118,240	1,174,117	0.4065	13.25
2004	Secondary	1,913	127	1,342,811	120,585	1,222,226	0.1595	13.23
2005	Primary	1,811	116	1,385,325	121,545	1,263,780	0.4031	13.13
2005	Secondary	1,817	127	1,440,278	123,301	1,316,977	0.1494	13.12
2006	Primary	2,013	125	1,495,130	127,167	1,367,963	0.3920	12.93
2006	Secondary	2,094	133	1,606,218	132,875	1,473,343	0.1349	12.93
2007	Primary	2,206	131	1,648,672	134,414	1,514,258	0.3717	12.72
2007	Secondary	2,322	131	1,889,149	144,326	1,744,823	0.1148	12.64

Source: Coconino County Assessor's Office.

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

- (1) Primary = Total Limited Property Value.
Secondary = Total Full Cash Value.

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

Primary Property Tax Rates									
	Coconino County Community College District	State of Arizona	Coconino County (1)	County Education District	Cities or Fire Districts Range		School Districts Range		Coconino Association for Vocation, Industry and Technology
Tax Year					From	To	From	To	
1999	\$ 0.4001	\$ -	\$ 0.8650	\$ 2.1654	\$ 0.7326	\$ 1.3138	\$ 1.9307	\$ 7.3800	\$ -
2000	0.3973	-	0.8556	2.1265	0.7326	1.2573	1.8239	6.4113	-
2001	0.4010	-	0.8407	2.0647	0.7326	1.2573	1.0763	7.8089	-
2002	0.4083	-	0.9042	2.0296	0.7326	1.4676	1.6887	6.6580	-
2003	0.4098	-	0.9470	1.9583	0.7326	1.6089	1.6760	8.2795	-
2004	0.4065	-	0.9313	1.8931	0.7326	1.6089	1.7445	8.2761	-
2005	0.4031	-	0.9111	1.8090	0.7861	1.6089	0.9221	10.4246	-
2006	0.3920	-	0.4622	1.7394	0.7563	1.4984	-	9.4606	-
2007	0.3717	-	0.4383	1.6020	0.7153	1.3167	-	9.4004	-
2008	0.3652	-	0.4338	1.4622	0.6803	1.1633	-	8.4487	-

Secondary Property Tax Rates									
	Coconino County Community College District	State of Arizona	Coconino County (1)	County Education District	Cities or Fire Districts Range		School Districts Range		Coconino Association for Vocation, Industry and Technology
Tax Year					From	To	From	To	
1999	\$ 0.1946	\$ -	\$ 0.2711	\$ -	\$ -	\$ 2.6000	\$ -	\$ 7.8837	\$ -
2000	0.1751	-	0.2780	-	-	2.6000	-	7.5159	-
2001	0.1707	-	0.2544	-	-	2.5000	-	6.6782	0.0500
2002	0.1726	-	0.2899	-	-	3.0000	-	7.8860	0.0500
2003	0.1677	-	0.2899	-	-	3.0000	-	9.6289	0.0500
2004	0.1595	-	0.2899	-	-	3.0000	-	6.3716	0.0500
2005	0.1494	-	0.2899	-	-	3.0000	-	3.5022	0.1605
2006	0.1349	-	0.2899	-	-	3.0000	-	4.7274	0.1500
2007	0.1148	-	0.3205	-	-	3.0000	-	4.7240	0.1500
2008	0.0991	-	0.3265	-	-	2.7500	-	4.6306	0.1500

2008 Tax Rates (Special Districts)	
Flood Control (3)	\$ 0.2160
Forest Lakes Domestic Water	1.3999
Page Hospital District	0.8118
Williams Facilities District	0.2180
Williams Hospital District	1.0300
Majestic Views Domestic Water	2.2300

Source: Coconino County Office of Planning and Budget.

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

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

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

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

Taxpayer	Type of Business	2008				1999			
		Secondary Assessed		Percentage of District's Total Secondary Assessed		Secondary Assessed		Percentage of District's Total Secondary Assessed	
		Value	Rank	Value		Value	Rank	Value	
Arizona Public Service Company	Utility	\$ 76,116,627	1	4.36%		\$ 62,856,423	1	7.08%	
Transwestern Pipeline Co	Utility	22,551,997	2	1.29%		17,750,052	4	2.00%	
El Paso Natural Gas Co	Utility	19,936,454	3	1.14%		15,700,177	6	1.77%	
Unisource Energy Corporation	Utility	19,058,521	4	1.09%		*			
BNSF Railway Company	Railroad	18,609,840	5	1.07%		12,857,286	9	1.45%	
City of Los Angeles Department of Water & Power	Utility	17,956,533	6	1.03%		35,026,486	3	3.95%	
W.L. Gore & Associates Inc	Manufacturing	17,080,905	7	0.98%		10,907,598	10	1.23%	
Qwest Corporation	Utility	13,638,712	8	0.78%		13,687,102	8	1.54%	
Nevada Power Company (T&D)	Utility	10,671,042	9	0.61%		17,128,552	5	1.93%	
Lone Tree Investments LLC	Commercial	5,595,500	10	0.32%		*			
Salt River Project	Utility	*				38,768,747	2	4.37%	
Tuscon Electric Power	Utility	*				15,655,680	7	1.76%	
Total Principal Taxpayers		<u>\$ 221,216,131</u>		<u>12.68%</u>		<u>\$ 240,338,103</u>		<u>27.08%</u>	
Secondary Assessed Value		<u>\$ 1,744,822,563</u>		<u>100.00%</u>		<u>\$ 887,556,466</u>		<u>100.00%</u>	

Source: Arizona Department of Revenue.

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

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

District Historic Tuition (1)				
Fiscal Year	General Tuition Per Credit Hour	Annual Cost Per Full-time Student	Increase (Decrease)	
			Dollars	Percent
1998-99	\$ 27.00	\$ 810.00	\$ -	- %
1999-00	30.00	900.00	90.00	11.1
2000-01	33.00	990.00	90.00	10.0
2001-02	34.00	1,020.00	30.00	3.0
2002-03	37.00	1,110.00	90.00	8.8
2003-04 (2)	44.00	1,056.00	(54.00)	(4.9)
2004-05	48.00	1,152.00	96.00	9.1
2005-06	56.00	1,344.00	192.00	16.7
2006-07	61.00	1,464.00	120.00	8.9
2007-08 (7)	65.00	1,690.00	226.00	15.4

National and Statewide Comparisons (Based on Full-time Enrollment for the Academic Year)						
Fiscal Year	Arizona Public 2-year Institution Average (3)		National Public 2-year Institution Average (3)		Arizona Universities Average (4)	
	Annual Cost	Percent Change	Annual Cost	Percent Change	Annual Cost	Percent Change
1998-99	\$ 857	4.6 %	\$ 1,327	1.0 %	\$ 2,158	4.9 %
1999-00	902	5.3	1,338	0.8	2,259	4.7
2000-01	924	2.4	1,333	(0.4)	2,344	3.8
2001-02	963	4.2	1,380	3.5	2,486	6.1
2002-03	1,029	6.9	1,483	7.5	2,583	3.9
2003-04	1,141	10.9	1,702	14.8	3,593	39.1
2004-05	1,226	7.4	1,847	8.5	4,074	13.4
2005-06	1,344	9.6	1,935	4.8	4,428	8.7
2006-07	1,456	8.3	2,017	4.2	4,662	5.3
2007-08	1,521 (5)	4.5	2,361 (6)	17.1	4,949	6.2

(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.

(4) Arizona Board of Regents Tuition History.

(5) Arizona Community College Districts.

(6) American Association of Community Colleges.

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

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

	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
Secondary Assessed Value of Real and Personal Property	<u>\$1,744,822,563</u>	<u>\$1,473,342,694</u>	<u>\$1,316,977,311</u>	<u>\$1,222,225,551</u>	<u>\$1,151,482,204</u>
Debt Limit, 15% of Secondary Assessed Value	<u>\$ 261,723,384</u>	<u>\$ 221,001,404</u>	<u>\$ 197,546,597</u>	<u>\$ 183,333,833</u>	<u>\$ 172,722,331</u>
Amount of Debt Applicable to Debt Limit:					
General Obligation Bonded Debt	19,425,000	20,455,000	21,410,000	22,295,000	23,115,000
Leases and lease-purchase agreements for real property (COPs)	-	-	-	-	-
	<u>19,425,000</u>	<u>20,455,000</u>	<u>21,410,000</u>	<u>22,295,000</u>	<u>23,115,000</u>
Total Debt Applicable to the Limit	<u>19,425,000</u>	<u>20,455,000</u>	<u>21,410,000</u>	<u>22,295,000</u>	<u>23,115,000</u>
Legal Debt Margin	<u>\$ 242,298,384</u>	<u>\$ 200,546,404</u>	<u>\$ 176,136,597</u>	<u>\$ 161,038,833</u>	<u>\$ 149,607,331</u>
	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>
Secondary Assessed Value of Real and Personal Property	<u>\$1,084,875,819</u>	<u>\$1,062,082,181</u>	<u>\$1,001,883,154</u>	<u>\$ 939,914,689</u>	<u>\$ 887,556,466</u>
Debt Limit, 15% of Secondary Assessed Value	<u>\$ 162,731,373</u>	<u>\$ 159,312,327</u>	<u>\$ 150,282,473</u>	<u>\$ 140,987,203</u>	<u>\$ 133,133,470</u>
Amount of Debt Applicable to Debt Limit:					
General Obligation Bonded Debt	23,835,000	24,460,000	25,000,000	25,000,000	-
Leases and lease-purchase agreements for real property (COPs)	-	-	175,000	510,000	825,000
	<u>23,835,000</u>	<u>24,460,000</u>	<u>25,175,000</u>	<u>25,510,000</u>	<u>825,000</u>
Total Debt Applicable to the Limit	<u>23,835,000</u>	<u>24,460,000</u>	<u>25,175,000</u>	<u>25,510,000</u>	<u>825,000</u>
Legal Debt Margin	<u>\$ 138,896,373</u>	<u>\$ 134,852,327</u>	<u>\$ 125,107,473</u>	<u>\$ 115,477,203</u>	<u>\$ 132,308,470</u>

Source: District records.

**Coconino County Community College District
Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
June 30, 2008**

Direct Debt:

Coconino County Community College District	\$ 18,320,000
	<hr/>
Net general obligation debt	18,320,000

Overlapping Debt:

City of Flagstaff	39,865,000
City of Williams	-
Flagstaff Unified School District #1	33,185,000
Fredonia-Moccasin Unified School District #6	-
Grand Canyon Unified School District #4	1,920,000
Page Unified School District #8	-
Sedona-Oak Creek Unified School District #9	25,000,000
Tuba City Unified School District #15	755,000
Williams Unified School District #2	450,000
	<hr/>
Overlapping debt	101,175,000
	<hr/>
Total direct general obligation and overlapping debt	\$ 119,495,000
	<hr/> <hr/>

Source: RBC Capital Markets

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

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

Fiscal Year	Secondary Property Tax Revenues (cash basis)	Debt Service Requirements			Coverage Ratio
		Principal	Interest	Total	
1999-00	\$ 1,762,403	\$ -	\$ 1,829,089	\$ 1,829,089	0.96
2000-01	1,750,415	540,000	1,219,393	1,759,393	0.99
2001-02	1,799,156	625,000	1,188,343	1,813,343	0.99
2002-03	1,860,893	720,000	1,152,405	1,872,405	0.99
2003-04	1,931,365	820,000	1,111,005	1,931,005	1.00
2004-05	1,944,298	885,000	1,063,855	1,948,855	1.00
2005-06	1,963,702	955,000	1,012,968	1,967,968	1.00
2006-07	1,990,513	1,030,000	958,055	1,988,055	1.00
2007-08	2,018,822	1,105,000	898,830	2,003,830	1.01

Source: District records.

Note: General Obligation Bonds were first issued in fiscal year 1998-99.

Coconino County Community College District
Ratios of Outstanding Debt
Last Ten Fiscal Years
(dollars in thousands, except "per capita" and "per student")

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
General Bonded Debt										
General obligation bonds	\$ 18,320	\$ 19,425	\$ 20,455	\$ 21,410	\$ 22,295	\$ 23,115	\$ 23,835	\$ 24,460	\$ 25,000	\$ 25,000
Total general bonded debt	18,320	19,425	20,455	21,410	22,295	23,115	23,835	24,460	25,000	25,000
Per capita	\$ 147.90	\$ 156.82	\$ 165.14	\$ 174.41	\$ 183.80	\$ 184.30	\$ 202.14	\$ 194.40	\$ 202.71	\$ 206.87
Per student	\$ 8,927.01	\$ 9,465.45	\$ 10,136.27	\$ 10,671.92	\$ 12,223.14	\$ 13,647.64	\$ 15,236.85	\$ 14,803.61	\$ 15,587.01	\$ 16,760.53
As a percentage of personal income	(5)	0.52%	0.59%	0.66%	0.74%	0.79%	0.85%	0.92%	1.02%	1.08%
As a percentage of secondary net assessed valuation	1.05%	1.32%	1.55%	1.75%	1.94%	2.13%	2.24%	2.44%	2.66%	N/A
Other Debt										
Certificates of participation	-	-	-	-	-	-	-	-	175	510
Total other debt	-	-	-	-	-	-	-	-	175	510
Total outstanding debt	\$ 18,320	\$ 19,425	\$ 20,455	\$ 21,410	\$ 22,295	\$ 23,115	\$ 23,835	\$ 24,460	\$ 25,175	\$ 25,510
Per capita	\$ 143.74	\$ 154.07	\$ 164.00	\$ 173.65	\$ 183.54	\$ 191.98	\$ 202.34	\$ 209.58	\$ 218.33	\$ 222.07
Per student	\$ 9,214.36	\$ 9,465.45	\$ 10,136.27	\$ 10,671.92	\$ 12,223.14	\$ 13,647.64	\$ 15,236.85	\$ 14,803.61	\$ 15,696.12	\$ 17,102.44
As a percentage of personal income	(5)	0.52%	0.59%	0.66%	0.74%	0.79%	0.85%	0.92%	1.03%	1.10%
As a percentage of secondary net assessed valuation	1.05%	1.32%	1.55%	1.75%	1.94%	2.13%	2.24%	2.44%	2.68%	N/A
Estimated County population (1)	127,450	126,083	124,728	123,293	121,472	120,404	117,799	116,711	115,307	114,874
Full Time Student Equivalent (2)	1,988.2	2,052.2	2,018.0	2,006.2	1,824.0	1,693.7	1,564.3	1,652.3	1,603.9	1,491.6
Personal Income (3)	(5)	\$ 3,767,194	\$ 3,493,415	\$ 3,258,728	\$ 2,999,350	\$ 2,908,992	\$ 2,787,863	\$ 2,661,712	\$ 2,448,155	\$ 2,319,364
Secondary Net Assessed Valuation (4)	\$ 1,744,823	\$ 1,473,343	\$ 1,316,977	\$ 1,222,226	\$ 1,151,482	\$ 1,084,876	\$ 1,062,082	\$ 1,001,883	\$ 939,915	\$ 887,556

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

(2) District records.

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

(4) Coconino County Assessor.

(5) Not yet available.

N/A = Not applicable

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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (1) (dollars in thousands)</u>	<u>Personal Income per Capita (1)</u>	<u>Unemployment Rate (2)</u>
1998	114,874	\$ 2,319,364	\$ 20,191	7.7 %
1999	115,307	2,448,155	21,232	6.9
2000	116,711	2,661,712	22,806	4.5
2001	117,799	2,787,863	23,666	4.8
2002	120,404	2,908,992	24,160	5.4
2003	121,472	2,999,350	24,692	5.7
2004	123,293	3,258,728	26,431	5.2
2005	124,728	3,493,415	28,008	4.9
2006	126,083	3,767,194	29,879	4.2
2007	127,450	(3)	(3)	3.7

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

(2) Arizona Workforce Informer.

(3) Not yet available.

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

<u>Employer (1)</u>	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Northern Arizona University	3,778	1	5.7 %
Flagstaff Medical Center	1,985	2	3.0
Flagstaff Unified School District	1,560	3	2.4
W.L. Gore & Associates	1,300	4	2.0
Coconino County	1,205	5	1.8
City of Flagstaff	901	6	1.4
Coconino Community College	580	7	0.9
Grand Canyon Railway	402	8	0.6
Wal-Mart	400	9	0.6
Walgreen's Distribution Center	352	10	0.5
Total County Employment (2)	65,900		100.0 %

Source: (1) Flagstaff Chamber of Commerce.
(2) Arizona Workforce Informer.

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

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

Fall Historic Headcount (1)

<u>College/Center</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Flagstaff	3,656	3,754	3,722	3,540	3,165	3,108	2,621	2,767	2,736	2,518
Page	263	222	249	330	280	331	309	348	286	226
Tuba City	77	218	50	87	8	8	1	-	37	-
Williams	27	36	37	62	39	39	42	27	38	28
Fredonia	7	8	6			Reported with Page headcount.				
Grand Canyon	-	8	9	2	15	15	16	32	40	15
NAU	314	315	320	359	260	284	369	406	436	486
Total	<u>4,344</u>	<u>4,561</u>	<u>4,393</u>	<u>4,380</u>	<u>3,767</u>	<u>3,785</u>	<u>3,358</u>	<u>3,580</u>	<u>3,573</u>	<u>3,273</u>

Historic FTSE (2)

<u>Semester</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>
Fall/Spring Average	1,718.5	1,774.2	1,717.0	1,691.7	1,538.1	1,439.8	1,334.8	1,403.9	1,371.8	1,280.8
Summer	161.2	173.0	192.0	187.7	181.7	160.8	149.2	162.8	160.8	165.5
Short	85.7	85.0	84.0	89.5	104.2	93.1	80.3	85.6	71.3	45.3
Adult Basic Education	22.8	20.0	25.0	37.3	-	-	-	-	-	-
Total	<u>1,988.2</u>	<u>2,052.2</u>	<u>2,018.0</u>	<u>2,006.2</u>	<u>1,824.0</u>	<u>1,693.7</u>	<u>1,564.3</u>	<u>1,652.3</u>	<u>1,603.9</u>	<u>1,491.6</u>

Source: District records.

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

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

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

Fall Semester	Attendance			Residency						Gender			
	FT	PT		County Resident	Out of County		Out of State		M		F		
1998	14	86	%	85	%	8	%	7	%	41	%	59	%
1999	14	86		86		4		10		41		59	
2000	19	81		94		5		1		41		59	
2001	16	84		94		5		1		42		58	
2002	20	80		93		6		1		41		59	
2003	20	80		94		5		1		41		59	
2004	20	80		93		6		1		44		56	
2005	24	76		93		6		1		44		56	
2006	23	77		93		6		1		43		57	
2007	24	76		88		10		2		43		57	

		Ethnic Background											
Fall Semester	Mean Age	Native American		Asian		African American		Hispanic		Anglo		Other	
1998	29	15	%	1	%	1	%	9	%	73	%	1	%
1999	29	16		1		2		9		71		1	
2000	28	17		1		1		9		71		1	
2001	29	18		2		1		9		69		1	
2002	29	19		2		2		8		67		2	
2003	28	18		2		1		9		68		2	
2004	27	20		2		1		8		67		2	
2005	27	21		1		1		9		66		2	
2006	27	22		1		2		8		65		2	
2007	30	23		1		2		8		64		2	

Source: District records.

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

	2007-08		2006-07		2005-06	
	Count	Percent	Count	Percent	Count	Percent
Ethnicity						
Asian Pacific Islander	3	1.4 %	3	1.6 %	3	1.7 %
African American	4	1.8	4	2.2	2	1.1
Hispanic	19	8.5	8	4.3	9	5.1
Native American	42	18.8	35	19.0	26	14.6
White	151	67.7	132	71.8	133	74.7
Other	4	1.8	2	1.1	5	2.8
Age						
<20	6	2.7	-	-	-	-
20-24	71	31.8	50	27.2	63	35.3
25-29	51	22.9	65	35.3	43	24.2
30-39	54	24.2	38	20.7	40	22.5
40-49	18	8.1	21	11.4	20	11.2
50-59	17	7.6	7	3.8	9	5.1
>60	6	2.7	3	1.6	3	1.7
Average age	31.6		30.5		30.9	
High School Graduation Dates						
September 2006 - current	2	0.9	-	-	-	-
September 2005 - August 2006	32	14.4	-	-	-	-
September 2004 - August 2005	111	49.8	2	1.1	-	-
September 2003 - August 2004	4	1.8	14	7.6	7	3.9
September 2002 - August 2003	10	4.5	14	7.6	13	7.3
September 2001 - August 2002	11	4.9	11	5.9	11	6.2
Prior to September 2001	52	23.3	142	76.7	144	80.9
Not Given	1	0.4	2	1.1	3	1.7
Sex						
Female	135	60.5	111	60.3	112	62.9
Male	88	39.5	73	39.7	66	37.1
Degree Type						
Advanced Certificate		-	2	1.1	4	2.1
Associate of Applied Science	65	25.8	48	25.4	48	25.5
Associate of Arts	98	38.9	80	42.3	74	39.4
Associate of Business	14	5.6	11	5.8	14	7.4
Associate of General Studies	24	9.5	19	10.1	9	4.8
Associate of Science	14	5.6	7	3.7	3	1.6
Basic Certificate	2	0.8	4	2.1	7	3.7
Certificate		-	-	-	2	1.1
Certificate of Completion	34	13.5	17	9.0	18	9.6
Intermediate Certificate	1	0.4	1	0.5	9	4.8

Source: District records.

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

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

	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>
Faculty										
Full-time faculty	44.0	40.0	40.0	36.0	32.0	30.0	28.0	30.0	27.0	26.0
Part-time faculty headcount								180.0	175.0	175.0
Part-time faculty FTE	<u>90.4</u>	<u>97.0</u>	<u>98.0</u>	<u>100.3</u>	<u>82.1</u>	<u>83.0</u>	<u>87.0</u>			
Total faculty headcount								210.0	202.0	201.0
Total faculty FTE	134.4	137.0	138.0	136.3	114.1	113.0	115.0			
Administrative and support staff	124.5	124.8	119.6	117.4	111.0	108.0	104.0	98.0	85.0	83.0
Total employees	<u>258.9</u>	<u>261.8</u>	<u>257.6</u>	<u>253.7</u>	<u>225.1</u>	<u>221.0</u>	<u>219.0</u>	<u>308.0</u>	<u>287.0</u>	<u>284.0</u>
Average class size	15.4	14.6	14.1	14.1	12.9	14.2	16.5	16.0	15.5	15.5

Source: District records.

Note: Beginning with fiscal year 2001-02, the college reports part-time faculty in full-time equivalents (FTE).

Coconino County Community College District
Capital Asset Information
Last Three Fiscal Years

Square Footage:	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Academic areas:			
Laboratories - Lone Tree Campus	5,400	5,400	5,400
Instructional - Lone Tree Campus	102,917	102,917	102,917
Instructional - 4th Street Campus	48,900	48,900	48,900
Instructional - Williams Campus	4,108	4,108	4,108
Instructional - Page Campus	19,325	19,325	19,325
Administrative areas:			
Lone Tree Campus	20,600	20,600	20,600
4th Street Campus	700	700	700
Williams Campus	240	240	240
Page Campus	1,080	1,080	1,080
Library	500	500	500
Dining	1,560	1,560	1,560
Bookstore	2,210	2,210	2,210
Childcare	2,678	2,678	2,678
Total square footage	<u>210,218</u>	<u>210,218</u>	<u>210,218</u>
Library - number of volumes	1,775	1,775	1,775
Dining - seating capacity	40	40	40
Dining - average daily customers	175	175	175
Number of Vehicles:			
Street vehicles	5	4	4
Forklift	1	1	1
Bobcat loader	1	1	1
Tractor	1	1	1
Dump truck	1	1	1
Backhoe	1	1	1
Trailer	1	1	1
Snow plow	1	1	1
Parking Capacity:			
Lone Tree Campus	500	500	500
4th Street Campus	235	235	235
Williams Campus	24	24	24
Page Campus	78	78	78
Total parking capacity	<u>837</u>	<u>837</u>	<u>837</u>

Source: District records.

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