



COMPREHENSIVE ANNUAL FINANCIAL REPORT 2019-2020

Fiscal Year Ended June 30th, 2020 | Coconino County, Arizona | www.coconino.edu



COCONINO COUNTY COMMUNITY COLLEGE DISTRICT

Comprehensive Annual Financial Report

Prepared by

District Business and Administrative Services Office

Fiscal Year Ended June 30, 2020

(July 1, 2019 – June 30, 2020)



**Coconino
Community
College**

Coconino County, Arizona

**Coconino County Community College District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020**

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Introductory Section





November 30, 2020

To the Citizens of Coconino County:

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

Coconino Community College provides vital educational services to Coconino County residents. The CCC District Governing Board approved a new strategic plan in September 2020. Serving as a foundation for the new plan is the College's new vision, mission, and values that community members from throughout the County helped create. This new plan will help define how the College serves our communities for many years to come.

Despite the challenges of the COVID-19 pandemic, Coconino Community College continues to play a significant role in the lives of individuals throughout the County who seek affordable training and higher education opportunities. It is important that the citizens of Coconino County realize that the College's educational services are directly tied to limited funding sources, and the College is continually working to generate new revenue while maintaining its remarkable efficiency.

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

Sincerely,

Colleen A. Smith, PhD
President
Coconino Community College



November 30, 2020

To the Residents of Coconino County Community College District:

The Comprehensive Annual Financial Report (CAFR) of the Coconino County Community College District (the District) for the fiscal year ended June 30, 2020 is a detailed look at how Coconino Community College operates.

Arizona Revised Statutes (A.R.S.) §41-1279.07 requires community college districts of Arizona to prepare an annual budgeted expenditure limitation report and annual financial statements prepared in accordance with generally accepted accounting principles. The Auditor General or a certified public accountant 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, 2020. The expenditure limitation report is published separately.

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

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

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

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

Reporting Entity

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

Profile of Coconino County Community College District

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

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

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

Coconino Community College faculty and staff help to promote an environment of excellence to support our students. The District has helped create the region's skilled workforce, with the goal of improving the lives of our residents through workforce development and higher education. The District serves approximately 6,200 students a year currently, and has served over 85,000 students county-wide since opening the doors. The number of students served in the current year is down due to the impacts of COVID-19. The District provides affordable tuition and a wide variety of certificates and degrees including career/technical programs with nearly 50 certificate programs and two-year associate degrees in various fields including nursing, fire science, law enforcement and business. Many credit hours are delivered via alternative delivery methods including online, hybrid, and ITV, or at alternative times or places. The District offers Dual Enrollment, Programs of Study, CAVIAT and concurrent enrollment programs to jump start high schools students' higher education goals. The CCC2NAU and other university transfer programs offer a seamless transition to a four-year institution.

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

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

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

History

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

When the District first opened its doors, nearly 1,000 students enrolled at the Flagstaff campus in the first semester. Since then, the District has experienced an astounding growth rate and today serves, more than 6,200 students per year.

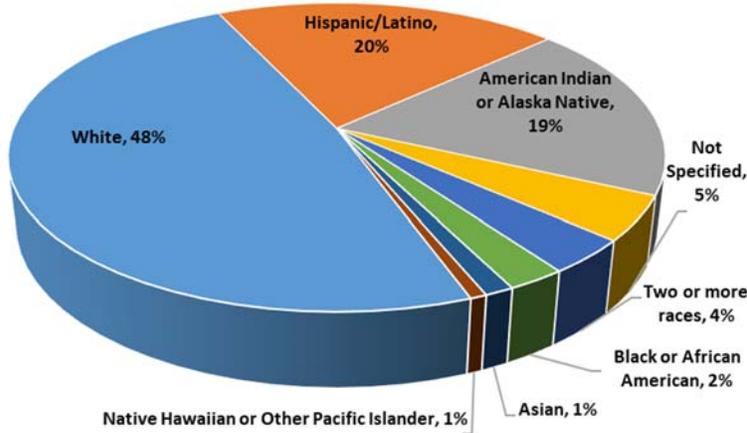
In June of 1992 the District began the process of seeking affiliation with the Commission on Institutions of Higher Education of the North Central Association of Colleges and Schools. In 1996 the District received initial accreditation from the Commission on Institutions of Higher

Education. The first commencement was held in 1993 with three graduates.

Student Population

Coconino Community College serves a diverse population of students each year. Most are seeking a degree or certificate, 53 percent are female, and nearly 13 percent are high school students earning college credit.

Geography/Population



Student Graduation Age

24 and under: 57%
25 and over: 43%

Attendance

Full-time: 29%
Part-time: 71%

Residency

In-State: 83%
Out of State: 17%

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

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

Tribal Lands comprise 39.1 percent of the County and are home to the Navajo, Hopi, Paiute, Havasupai, and Hualapai tribes. The U.S. Forest Service and Bureau of Land Management control 32.3 percent of the land; the state of Arizona owns 9.4 percent; the National Park Services controls 6.9 percent; and the remaining 12.3 percent is owned by individuals or corporations.

Local Economy

The share of the County's labor force is heavily weighted towards government, trade, and service employment. Relative to the rest of the state, the work force employed by government is high at 28% of the workforce. Part of the reasons for the large number of government workers in the County include the presence of several major national parks, Tribal Lands and the high percentage of public lands in the county.

Coconino County and Arizona tend to have higher unemployment rates than the national average. The County unemployment rate as of August 2020 (6.0%) is above the state (5.9%) but not the national level (7.6%). The state and national rates are higher than previous years due to

the impact of the pandemic on employment and the economy overall. And with the exception of one-time rural college funding received in the current fiscal year, the District must contend with the continued limited funding from the State due to defunding of over 40% of State aid in the past twelve years. The District is committed to improving and offering additional services to meet the County needs. These efforts are achieved through careful monitoring of costs, innovative partnerships, cost saving opportunities, and seeking new revenue sources.

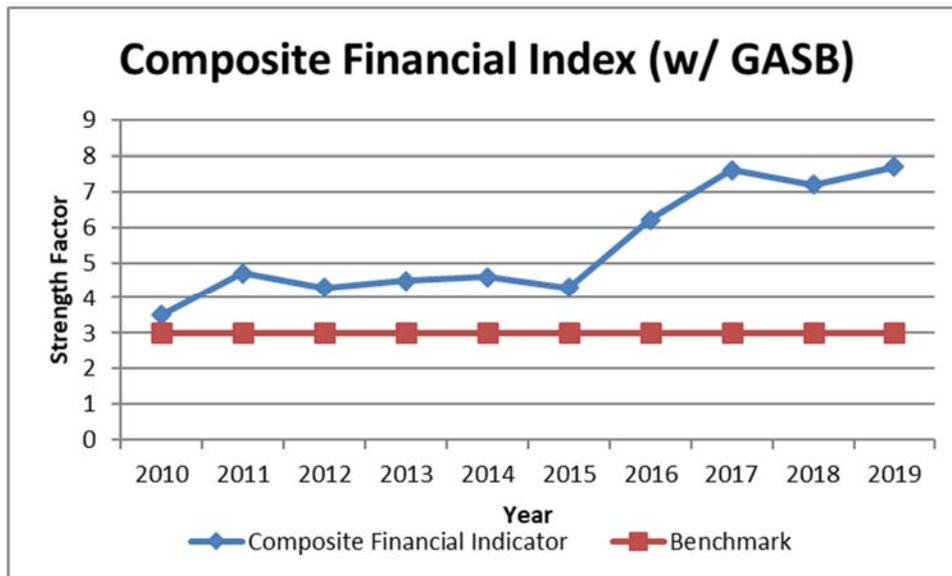
Long Term Strategic Financial and Operational Planning

Financial Reporting

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

Financial Indicators

Coconino Community College reports financial information with the HLC, the District's accrediting body. The HLC collects financial indicators to evaluate reserve strength, operating revenues, viability, and return on net assets. In addition, the HLC ratios lead to a composite financial index, which is a weighted average score to determine the overall financial health of the organization. The ratio shown here reflects the impact of the Government Accounting Standards Board (GASB) Statement 68, *Accounting & Financial Reporting for Pensions*, and Statement 75, *Accounting & Financial Reporting for Postemployment Benefits Other Than Pensions*. Through strategic and financial planning efforts, the District has been able to improve its composite financial index score over the past ten years and for FY2019* exceeded the 3.0 benchmark once again with a composite score of 7.7.



*2020 data not yet available

Budget

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

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

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

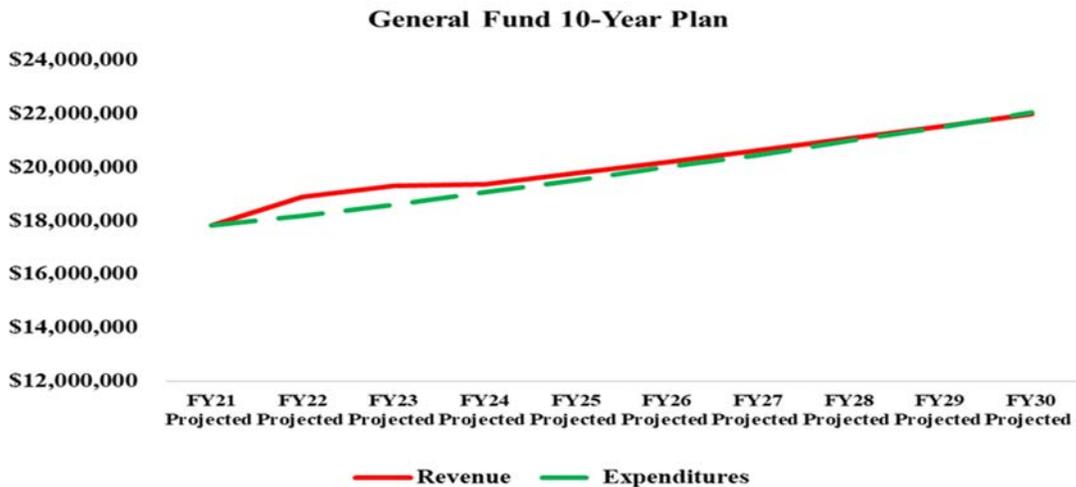
As part of the FY2018 budget development process, the District added a budget hearing process that expanded financial literacy and transparency. Open meetings were implemented so that all employees could participate in the budget development process, from the budget kick-off through budget hearings where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

Debt Administration

The District does not foresee any debt in the near future.

Long-term Financial Planning

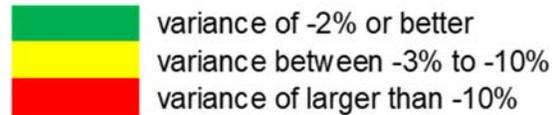
Coconino Community College has both the lowest property tax rate of all Arizona community colleges, and dwindling State funding as a percentage of the budget. The District continuously monitors revenues and expenditures, and adjusts program levels to maintain long-term financial stability. As shown below,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



Student Progress and Outcomes Reporting

In 2010, the presidents of all ten of the Arizona community college districts worked together to develop long-term performance measures called Vision 2020. (This has recently been renamed to Vision 2030.) The document identified 30 key indicators to measure progress toward three critical goals of access, retention, and completion. Many of the key indicators within each goal area are based on the American Association of Community Colleges Voluntary Framework of Accountability (VFA). The VFA created common measures by which community colleges can be held accountable including student progress, outcomes, workforce, economic, and community development metrics.

The performance measures and baseline data were published in February 2011. The Arizona colleges have since reported on the metrics for 2012 through 2019 and now have eight years of trend data. The District uses these performance measures to drive the development of the strategic plan and budget. The District selected various measures to focus on for improvement, and set target goals for annual improvement. The measures depicted below show the target goals the District selected for improvement through the strategic plan and resource allocation process.



Access Measures

Measure	Description	CCC FY19	State Average
1	Full-time Student Enrollment (FTSE)	1,986	
2	Total Enrollment	5,930	
5a	Minority	47%	47%
5b	Age 25+	26%	35%
5c	Pell Grant	21%	27%
6	Alternative Delivery	55%	68%
7	College-going	18%	30%
8	Cost	20%	13%

Retention Measures

Measure	Description	CCC FY19	State Average
9	Developmental Course Success - Math	89%	63%
10	Developmental Course Success - Reading	92%	74%
11	College Level Course Success - Math	39%	31%
12	College Level Course Success - English/Reading	66%	52%
13	College Level Course Success	93%	79%
15	Full Time	42%	48%
16	Part Time	55%	53%
17	FA-SP Retention	87%	91%
18	FA-FA Retention	66%	76%

Completion Measures

Measure	Description	CCC FY19	State Average
19	Annual Degree/Certificate Completion	673	
23	Number of in-state university transfers	261	
24	Transfer Rate after CCC Completion	71%	61%
26	Overall Transfer Rate	38%	30%

Strategic Planning

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

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

Objectives:

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

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

Objectives:

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

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

Objectives:

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

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

Objectives:

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

The District has just completed a new strategic plan, Students First: Vision 2025. It will guide decision-making and policy for the next five years.

Major Initiatives

CCC2NAU

In collaboration with Northern Arizona University (NAU), the District developed a unique partnership known as the CCC2NAU program. This award winning program helps students earn their CCC associate degree and transition from CCC to NAU seamlessly to earn a bachelor's degree. Advisors are trained in academic offerings and degree requirements across both institutions, and over 90 degree plans have been created that quickly identify courses at the community college that articulate to a designated major at NAU.

Program features include:

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

The CCC2NAU program began with the Fall 2008 term with an initial cohort of 15 students. Since then 4,593 have participated in the program and 703 have graduated from NAU.

Workforce Development and STEM

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

The State of Arizona allocates additional funding to community colleges to support Science, Technology, Engineering, and Mathematics (STEM) and Workforce Programs. This allocation

provides community college districts with funds for partnerships, faculty, technology equipment, student services, facilities, and property needs pursuant to A.R.S § 15-1464.

Efficiency through Partnerships

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

The District partners with the Coconino Association for Vocations, Industry, and Technology (CAVIAT) program to provide career and technical education (CTE) programs to high school students. This partnership allows students to step out of the classroom into the real world where they can gain a better understanding of the job skills required at the same time as graduating high school. The District also partners with eight school districts and two charter schools in Coconino County to provide Dual Enrollment (DE) courses in 11 high schools offering DE course credit for Arts and Science and CTE courses. DE allows high school students to earn college and high school credits simultaneously, save money on college tuition and text books, finish college faster and eliminate duplication of college coursework without leaving their high school campus.

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

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Excellence in Financial Reporting to Coconino Community College for its comprehensive annual financial report for the year ended June 30, 2019. This was the twenty-fifth consecutive year that the Coconino County Community College District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgment

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

Respectfully submitted,

Jami Van Ess
Executive Vice President

Isabella Zagare
Executive Director of Accounting



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Coconino County
Community College District
Arizona**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Merrill

Executive Director/CEO

Coconino County Community College District

Principal Officers

District Governing Board

Dr. Nathaniel White, Member, District 1

Ms. Patricia Garcia, Chair, District 2

Dr. Marie Peoples, Vice Chair/Secretary, Member, District 3

Mr. Patrick Hurley, Member, District 4

Mr. Joseph Smith, Member, District 5

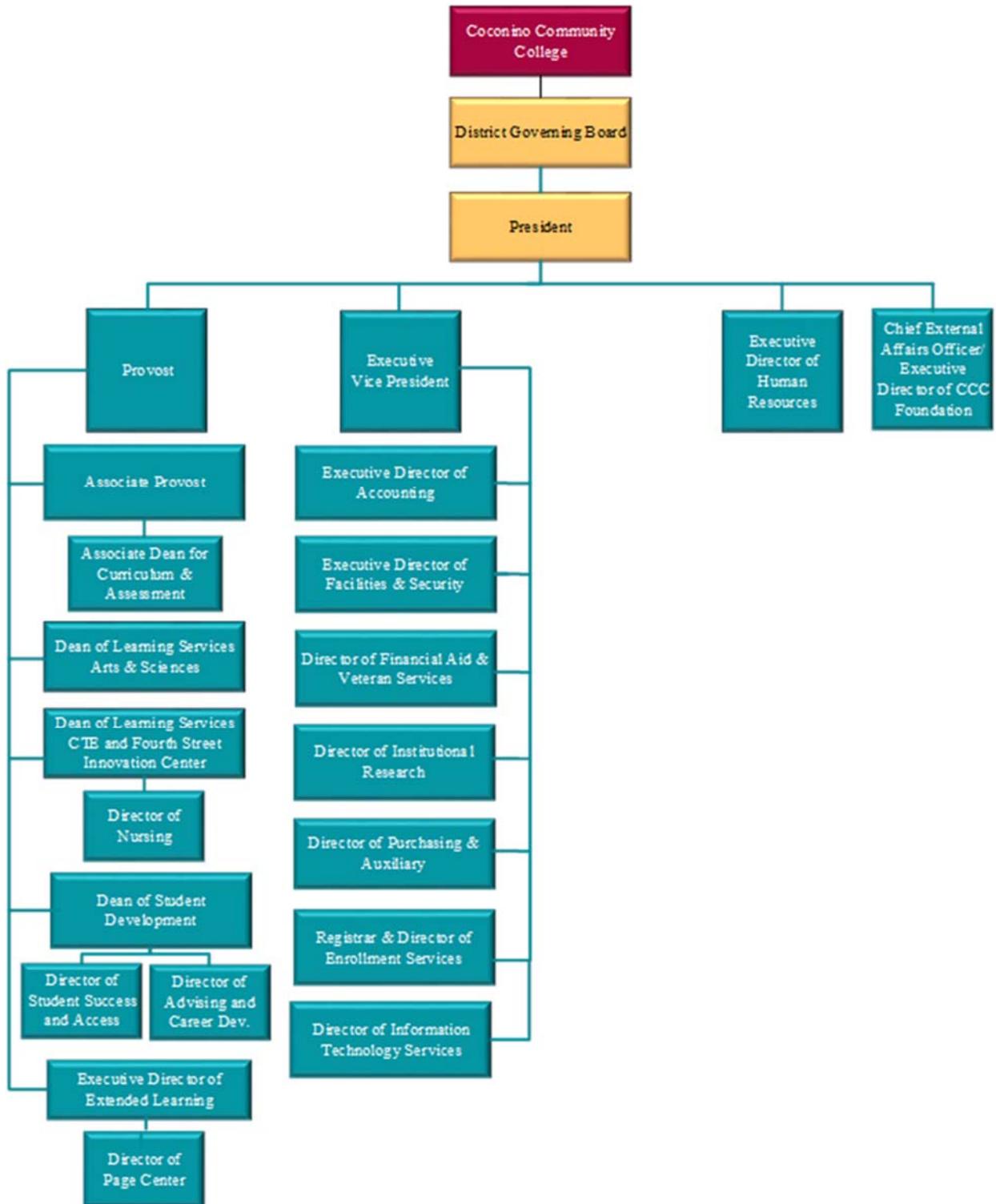
Senior Administration

Dr. Colleen A. Smith, President

Ms. Jami Van Ess, Executive Vice President

Dr. Nathaniel Southerland, Provost

Coconino County Community College District Administrative Organizational Chart





Coconino Community College

Vision, Mission, Diversity Statement, Purposes & Guiding Principles

Vision

Shaping the future of Coconino County. Empowering Individuals. Inspiring Communities.

Education with Purpose!

Mission

Coconino Community College is committed to providing accessible and affordable educational programs that prepare students for the future. Deeply engaged with the communities we serve, we promote student success through a welcoming and inclusive learning environment designed for innovative programming, career and workforce development, university transfer education, and continued life-long learning opportunities.

Valuing People: Diversity Statement

Coconino Community College recognizes and respects diversity and the value it brings to our communities. We appreciate and welcome cultures, identities, beliefs, experiences and all that makes us unique. CCC champions and takes action to build an inclusive work and learning environment. We are allies and advocates, navigating a respectful dialogue about our shared humanity.

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.

Guiding Principles

These principles guide the way we work and learn together through our commitment to:

- Put Students First
- Listen, Learn, and Collaborate
- Act and Respond with Integrity and Resilience
- Communicate with Honesty, Dignity, and Respect
- Demonstrate Exceptional Stewardship of Public Resources
- Continually Strive for Excellence as a Community of Learners
- Provide a Safe Environment that Reinforces Learning and Innovation

Financial Section





LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent auditors' report

Members of the Arizona State Legislature

The Governing Board of
Coconino County Community College District

Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Coconino County Community College District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other matters

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 21 through 31, schedule of the District's proportionate share of the net pension liability on page 64, schedule of the District's pension contributions on page 65, and schedule of District's changes in total OPEB liability on page 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

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

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lindsey A. Perry, CPA, CFE
Auditor General

November 30, 2020

Coconino County Community College District Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

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, 2020. Please read it in conjunction with the transmittal letter, which precedes this section, and the financial statements, which immediately follow.

Using This Annual Report

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

The *Statement of Net Position* reflects the financial position of the District at June 30, 2020. It shows the assets owned or controlled, deferred outflows of resources, related liabilities and other obligations, deferred inflows of resources, and the categories of net position. Net position is an accounting concept defined as total assets and deferred outflows of resources less total liabilities and deferred inflows of resources, and as such, represents the institutional equity or ownership in the total assets of the District.

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

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

The *Statement of Revenues, Expenses, and Changes in Net Position* reflects the results of operations and other changes for the year ended June 30, 2020. It shows the revenues and expenses, both operating and nonoperating, reconciling the beginning net position amount to the ending net position amount, which is shown on the Statement of Net Position described above.

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

The *Statement of Cash Flows* reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2020. It shows the cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the Statement of Net Position, described 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 Position, described above.

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020**

Although the primary focus of this document is on the results and activity for fiscal year 2019-20 (FY2020) comparative data is presented for the previous fiscal year 2018-19 (FY2019). 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.

Condensed Financial Information

Net Position

	<i><u>As of June 30, 2020</u></i>	<i><u>As of June 30, 2019</u></i>	<i><u>Percent Change</u></i>
Current assets	\$ 32,309,209	\$ 29,581,652	9.2%
Capital assets, net	20,623,867	20,641,686	-0.1%
Total assets	<u>52,933,076</u>	<u>50,223,338</u>	<u>5.4%</u>
Deferred Outflows of Resources	<u>2,346,215</u>	<u>3,511,396</u>	<u>-33.2%</u>
Other liabilities	2,029,954	1,963,114	3.4%
Noncurrent liabilities	<u>14,410,778</u>	<u>13,855,377</u>	<u>4.0%</u>
Total liabilities	<u>16,440,732</u>	<u>15,818,491</u>	<u>3.9%</u>
Deferred Inflows of Resources	<u>975,259</u>	<u>1,585,317</u>	<u>-38.5%</u>
Net investment in capital assets	20,623,867	20,641,686	-0.1%
Unrestricted net position	<u>17,239,433</u>	<u>15,689,240</u>	<u>9.9%</u>
Total net position	<u>\$ 37,863,300</u>	<u>\$ 36,330,926</u>	<u>4.2%</u>

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020**

Condensed Financial Information, cont.

Revenues, Expenses, and Changes in Net Position

	<i>For the Year Ended June 30, 2020</i>	<i>For the Year Ended June 30, 2019</i>	<i>Percent Change</i>
Operating revenues	\$ 7,653,996	\$ 6,757,231	13.3%
Operating expenses:			
Educational and general	22,632,784	20,981,592	7.9%
Auxiliary enterprises	25,779	30,658	-15.9%
Depreciation	1,233,395	1,168,064	5.6%
Total operating expenses	<u>23,891,958</u>	<u>22,180,314</u>	<u>7.7%</u>
Operating loss	(16,237,962)	(15,423,083)	5.3%
Nonoperating revenues and expenses	<u>17,770,336</u>	<u>18,262,394</u>	<u>-2.7%</u>
Income before other revenues, expenses, gains or losses	1,532,374	2,839,311	46.0%
Capital revenues	<u>-</u>	<u>95,940</u>	<u>100.0%</u>
Increase in net position	1,532,374	2,935,251	-47.8%
Net position, beginning of year	<u>36,330,926</u>	<u>33,395,675</u>	<u>8.8%</u>
Net position, end of year	<u>\$ 37,863,300</u>	<u>\$ 36,330,926</u>	<u>4.2%</u>

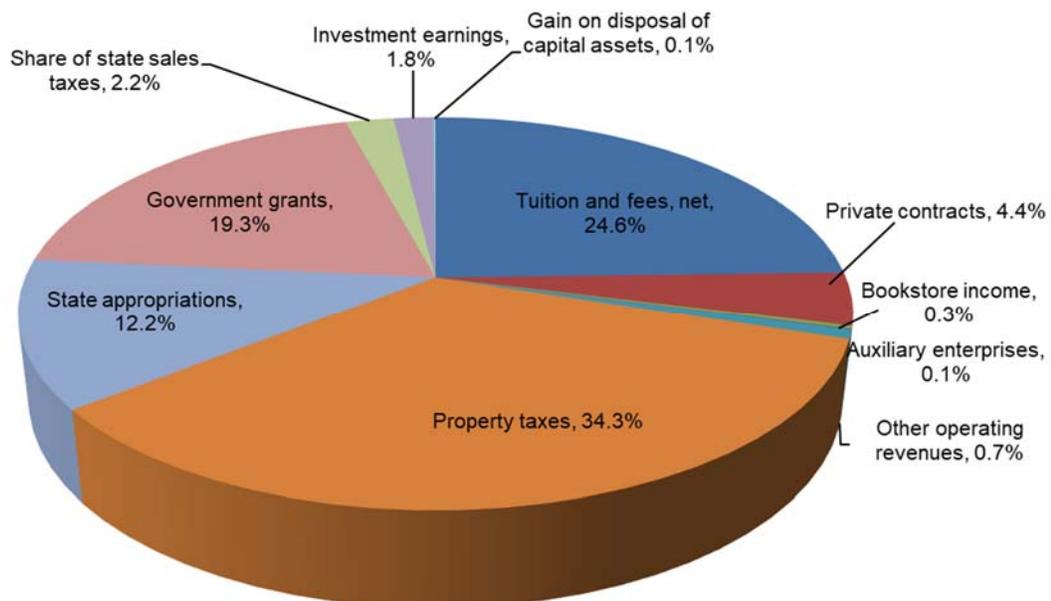
**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020**

The following schedule presents a summary of revenues for the fiscal year ended June 30, 2020 with comparative totals for June 30, 2019.

<i>Revenues by Source</i>	<u>FY2020</u>		<u>FY2019</u>		<u>Increase/(Decrease)</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent Change</u>
<u>Operating revenues</u>						
Tuition and fees, net of scholarship allowances	\$ 6,251,945	24.6%	\$ 6,215,054	24.7%	\$ 36,891	0.6%
Private contracts	1,111,378	4.4%	219,148	0.9%	892,230	407.1%
Bookstore income	64,222	0.3%	73,340	0.3%	(9,118)	-12.4%
Auxiliary enterprises	17,617	0.1%	22,515	0.1%	(4,898)	-21.8%
Other operating revenues	208,834	0.7%	227,174	0.9%	(18,340)	-8.1%
Total operating revenues	7,653,996	30.1%	6,757,231	26.8%	896,765	13.3%
<u>Nonoperating revenues</u>						
Property taxes	8,722,174	34.3%	10,749,180	42.6%	(2,027,006)	-18.9%
State appropriations	3,105,700	12.2%	2,164,800	8.6%	940,900	43.5%
Government grants	4,907,898	19.3%	4,440,451	17.6%	467,447	10.5%
Share of state sales taxes	565,021	2.2%	531,190	2.1%	33,831	6.4%
Investment earnings	467,013	1.8%	455,509	1.8%	11,504	2.5%
Gain on disposal of capital assets	2,530	0.1%	10,500	0.0%	(7,970)	-75.9%
Total nonoperating revenues	17,770,336	69.9%	18,351,630	72.8%	(581,294)	-3.2%
Capital gifts	-	0.0%	95,940	0.4%	(95,940)	100.0%
Total revenues	\$ 25,424,332	100.0%	\$ 25,204,801	100.0%	\$ 219,531	0.9%

Revenues by Source FY2020

(\$25,424,332 Total)



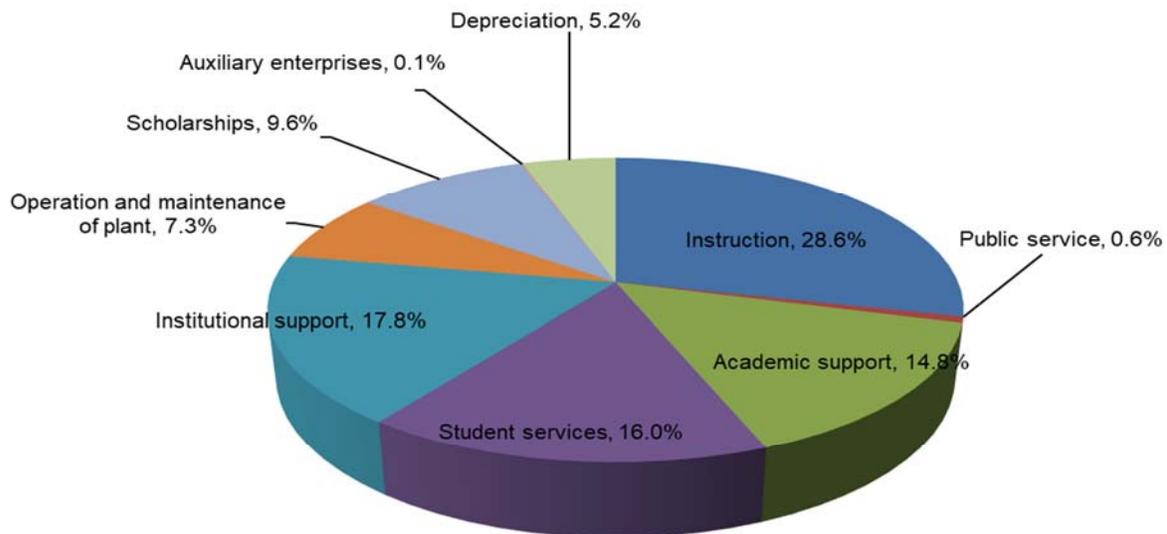
**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020**

The following schedule presents a summary of expenses by function for the fiscal year ended June 30, 2020, with a comparative total for June 30, 2019.

<i>Expenses by Function</i>	<u>FY2020</u>		<u>FY2019</u>		<u>Increase/(Decrease)</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent Change</u>
Operating expenses						
Educational and general:						
Instruction	\$ 6,830,118	28.6%	\$ 6,058,093	27.2%	\$ 772,025	12.7%
Public service	153,336	0.6%	98,303	0.4%	55,033	56.0%
Academic support	3,537,604	14.8%	3,723,634	16.7%	(186,030)	-5.0%
Student services	3,830,924	16.0%	3,029,283	13.6%	801,641	26.5%
Institutional support	4,261,734	17.8%	4,370,103	19.6%	(108,369)	-2.5%
Operation and maintenance of plant	1,737,444	7.3%	1,689,232	7.6%	48,212	2.9%
Scholarships	2,281,624	9.6%	2,012,944	9.0%	268,680	13.3%
Auxiliary enterprises	25,779	0.1%	30,658	0.1%	(4,879)	-15.9%
Depreciation	1,233,395	5.2%	1,168,064	5.2%	65,331	5.6%
Total operating expenses	23,891,958	100.0%	22,180,314	99.6%	1,711,644	7.7%
Nonoperating expenses						
Interest expense on debt	-	-	89,236	0.4%	(89,236)	-100.0%
Total nonoperating expenses	-	-	89,236	0.4%	(89,236)	-100.0%
Total expenses	\$ 23,891,958	100.0%	\$ 22,269,550	100.0%	\$ 1,622,408	7.3%

Expenses by Function FY2020

(\$23,891,958 Total)



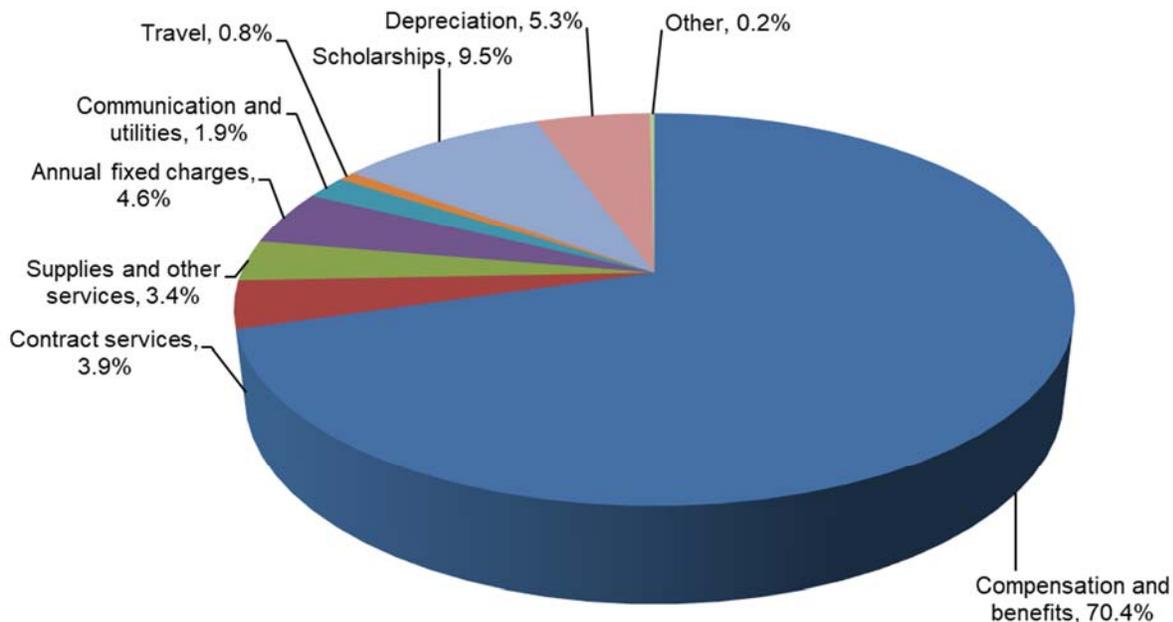
**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020**

The following schedule presents a summary of expenses by natural classification for the fiscal year ended June 30, 2020, with a comparative total for June 30, 2019.

<i>Expenses by Natural Classification</i>	FY2020		FY2019		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Operating expenses						
Compensation and benefits	\$ 16,828,060	70.4%	\$ 14,898,193	66.9%	\$ 1,929,867	13.0%
Contract services	937,420	3.9%	1,222,256	5.5%	(284,836)	-23.3%
Supplies and other services	805,433	3.4%	907,667	4.1%	(102,234)	-11.3%
Annual fixed charges	1,089,230	4.6%	1,133,846	5.1%	(44,616)	-3.9%
Communication and utilities	454,484	1.9%	533,006	2.4%	(78,522)	-14.7%
Travel	187,315	0.8%	270,159	1.2%	(82,844)	-30.7%
Scholarships	2,281,624	9.5%	2,012,944	9.0%	268,680	13.3%
Depreciation	1,233,395	5.3%	1,168,064	5.3%	65,331	5.6%
Other	74,997	0.2%	34,179	0.1%	40,818	119.4%
Total operating expenses	23,891,958	100.0%	22,180,314	99.6%	1,711,644	7.7%
Nonoperating expenses						
Interest expense on debt	-	-	89,236	0.4%	(89,236)	-100.0%
Total nonoperating expenses	-	-	89,236	0.4%	(89,236)	-100.0%
Total expenses	\$ 23,891,958	100.0%	\$ 22,269,550	100.0%	\$ 1,622,408	7.3%

Expenses by Natural Classification FY2020

(\$23,891,958 Total)



**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020**

Financial Highlights and Analysis

Statement of Net Position

Total net position for the Coconino County Community College District increased by \$1,532,374, or 4.2%, from fiscal year 2019 to fiscal year 2020. This increase was primarily a result of increased state appropriations (one-time funding) and greater private contracts.

Current assets increased by 9.2% with the largest increase in cash and investments. The increase in net position due to additional state appropriations created a net cash inflow that is being invested until the best use of these one-time funds can be determined. Capital assets decreased by 0.1% due to depreciation expense in excess of new capital additions. Deferred outflows of resources decreased by 33.2% overall from the previous year's balance. The decrease in the current year is due to the difference between the District's pension's expected and actual experience, as well as changes in assumptions, changes in proportion between contributions and proportionate share of contributions, and the District's contributions subsequent to the measurement date. By contrast, deferred outflows for the District's postemployment benefit plans (OPEB) increased, primarily as a result of differences between expected and actual experience and changes in assumptions.

Other liabilities increased 3.4% due to increases in pre-paid fall tuition revenue and accrued compensation at year-end. Long-term liabilities also increased, by 4.0%, primarily due to increases in pension liability. Deferred inflows of resources decreased 38.5% mostly due to changes in assumptions and lower levels of projected and actual earnings on the pension plan investments. More detail on FY2020 assets, deferred outflows of resources, liabilities, and deferred inflows of resources can be found on the Statement of Net Position.

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

Statement of Revenues, Expenses, and Changes in Net Position

The District has four major revenue sources that account for 90.4% of revenues. These are tuition and fees, property taxes, state appropriations, and government grants and contracts. Total revenue for the District increased \$220 thousand, or 0.9%, in fiscal year 2020 from the fiscal year 2019 total. Operating revenues increased by 13.3% due to tuition changes and a private grant from the Del E. Webb Foundation. Nonoperating revenues decreased 3.2% due to a decrease in property taxes. Additionally, a capital gift was recorded in 2019. Changes in each revenue source are described below:

- Tuition and fees (net of scholarship allowances) increased \$37 thousand, or 0.6%. The increase is due to the addition of an out-of-county/district tuition rate that is higher than the in-county rate.
- Private contracts increased \$892 thousand, or 407.1%. This increase is primarily due to the receipt of a nearly \$1 million grant from the Del E. Webb Foundation to the CCC Foundation for the District's Construction and Technology Programs. The project is still in progress as of year-end but the bulk of the funds were spent in FY2020. In addition, the Small Business Development Center (SBDC) program, which began halfway through FY2018 and incorporates government and private funding, continues to grow.
- The College collects a percentage of sales from the Bookstore through a contract with a third-party vendor. Bookstore income decreased \$9 thousand, or 12.4%, for

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020**

FY2020. This trend has been ongoing for several years due to a continued rise in competition from online retailers. An additional factor this year was COVID-19 which forced the closure of the bookstore to casual sales for some time during the spring term.

- Auxiliary enterprises revenue fell nearly \$5 thousand or 21.8% from FY2019. Vending commissions were down due to the campus lockdown in the spring term.
- Other operating revenue decreased \$18 thousand, or 8.1% from FY2019 due to fewer receipts from parking revenue and facilities use fees as a result of the campus closures from COVID-19 in the spring term.
- Property taxes decreased over \$2 million, or 18.9%. This is directly attributable to the cessation of secondary property taxes levied to fund the debt that was paid off in full in FY2019.
- State appropriations increased \$941 thousand, or 43.5%, due to the one-time rural funding received from the state of over \$1 million.
- Government grants increased \$467 thousand, or 10.5%. This is primarily due to the Higher Education Emergency Relief Fund (part of the Coronavirus Aid, Relief and Economic Security (CARES) Act) granted to the District in March as part of the COVID-19 response and stimulus. Much of these funds, \$552 thousand, were directly granted to students to assist their additional needs during the pandemic.
- Workforce development funding from State sales taxes increased \$34 thousand, or 6.4% from 2019 and is based on a percentage of taxable sales.
- Investment earnings increased \$12 thousand, or 2.5%, due to an increase in the average balance invested.
- The District recorded a gain on disposal of capital assets of just over \$2 thousand from the sale of a vehicle and equipment. This is \$8 thousand less than the prior year, or a decrease of 75.9%.

Total operating expenses increased by \$1.712 million, or 7.7%, from fiscal year 2019 to fiscal year 2020. The primary reasons for the increase relate to adjustments in FY2020 to record pension and postemployment benefit costs and compensation increases which were primarily cost of living increases. Additional changes by expense classification are as follows:

- Instruction expenses increased \$772 thousand, or 12.7%. This was primarily due to new faculty hires as well as additional expenses related to teaching delivery method changes due to COVID-19.
- Public service expenses increased by \$55 thousand, or 56.0%, as the SBDC and other public service programs continued to expand. The SBDC program also received some CARES Act funds in the current year.
- Academic support expenses decreased \$186 thousand, or 5.0%. There were decreases in supplies, fixed charges and travel primarily related to reduced expenses due to COVID-19 and the campus lockdowns. Additionally, some positions were reclassified to Student services.

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020**

- Student services expenses increased \$802 thousand, or 26.5%. This increase was primarily a result of certain positions being reclassified from Academic or Institutional support as well as additional expenses related to COVID-19.
- Institutional support expenses decreased \$108 thousand, or 2.5% from FY2019. Some of the decrease was a result of reclassification of positions and some a result of hiring in the prior year being higher than usual due to overlap in personnel during retirement transitions.
- Operation and maintenance of plant expenses increased \$48 thousand, or 2.9% due to increases in compensation. There were also some increases to contracted services and supplies, mostly a result of having to adjust the facilities to the pandemic.
- Scholarship expense increased, net of scholarship allowances, \$269 thousand, or 13.3% due, in large part, to emergency funds granted to students through the Higher Education Emergency Relief Fund from the CARES Act.
- Auxiliary enterprises expenses decreased \$5 thousand, or 15.9%, due to the campus lockdowns and lack of personnel on campus for casual sales.

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, 2020, these funds amounted to approximately \$5.3 million.

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

	FY 2020	FY 2019 (Restated)	Percent Change
Land	\$ 1,089,000	\$ 1,089,000	0.0%
Buildings and improvements	18,445,101	18,468,662	-0.1%
Improvements other than buildings	250,814	301,768	-16.9%
Equipment and vehicles	838,952	778,704	7.7%
Intangibles	-	3,552	-100.0%
Total capital assets	\$ 20,623,867	\$ 20,641,686	-0.1%

At this time, the District does not have any debt and does not plan on acquiring any debt in the near future.

Coconino County Community College District Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

Additional information on the District's capital assets can be found in Note 4 of the basic financial statements.

Current Factors Having Probable Future Financial Significance

The community college system-wide appropriation for state aid is provided by A.R.S. §15-1466. The formula is based on the current base and enrollment growth. During the past decade state aid to community colleges was cut drastically. Although state aid funding of \$3,130,800 represented 45.8% of total revenues in fiscal year 2001, fiscal year 2020 state aid operational funding, which excludes state STEM allocations and one-time rural funding, of \$1,703,400 only represents 6.7% of total revenues. State aid operational funding for fiscal year 2021 is appropriated at \$1,698,400, a decrease from FY2020. Due to this historical funding trend, and the recent elimination of urban funding, it is anticipated the trend of declining aid may continue. The District has incorporated state aid funding loss projections into its long-term planning scenarios and has developed a plan to balance the budget with future funding reductions. To accommodate the decline in state aid, tuition has increased from \$33 per credit hour in fiscal year 2001 to \$111 per credit hour in fiscal year 2020, a 236% increase over this twenty-year period.

As noted, in FY2020, the state approved a one-time appropriation for rural community colleges, awarding each college a set amount. The District received an additional \$1,003,100 in funding which it plans to carry forward over the next three years. The funds will be used as seed money for new programs which, if successful, will be continued and will provide additional revenue streams for the College.

The long-term impact of the closing of the Navajo Generating Station near Page is still uncertain but, in the short-term, the District is no longer receiving in lieu taxes related to the Salt River Project. Ultimately, property and sales taxes are likely to decline as well. Subsequent to year-end, the Transwestern Pipeline Company LLC court case has received a stipulated judgment. See note 12 of the basic financial statements for details. The reduced assessment, which will result in a reversal of property taxes previously assessed to Transwestern Pipeline, will impact the overall property taxes available for the county and, ultimately, are likely to reduce property taxes received by the District.

Through a generous \$1 million grant given to the Foundation from the Del E. Webb Foundation, the College has expanded and updated its construction technology spaces at the Fourth Street campus. This project, expected to be completed in FY2021, will allow for additional training facilities for students and additional trades offerings as well.

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

COVID-19

The impact of the pandemic that struck the United States in March of 2020 is ongoing. It has created uncertainty about many of the most basic operations of the District. Enrollment, teaching methods, staffing, facilities, and student satisfaction are the most obvious areas impacted but, in reality, every area has been touched by the changes brought about by the lockdowns, economic factors, required compliance, and the illness itself. We can anticipate continued and likely increased cuts to state appropriations and declines in property and sales taxes received. How this will impact future staffing and student offerings is unknown. Budgeting within these constraints has truly been a challenge and will continue to be for some time.

Additional information on the financial impact of COVID-19 on the District's finances can be found in Note 11 of the basic financial statements.

**Coconino County Community College District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020**

Requests for Information

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



Coconino County Community College District
Statement of Net Position - Primary Government
June 30, 2020

	Business-Type Activities
Assets	
Current assets:	
Cash in bank and on hand	\$ 487,173
Cash and investments held by the County Treasurer	30,512,532
Investments	5,011
Receivables (net of allowances for uncollectibles):	
Property taxes	217,259
Government grants and contracts	358,880
Other	621,131
Prepaid items	54,093
Inventories	53,130
Total current assets	32,309,209
Noncurrent assets:	
Capital assets, not being depreciated	1,089,000
Capital assets, net of depreciation	19,534,867
Total noncurrent assets	20,623,867
Total assets	52,933,076
Deferred Outflows of Resources	
Deferred outflows related to pensions	2,047,026
Deferred outflows related to OPEB	299,189
Total deferred outflows of resources	2,346,215
Liabilities	
Current liabilities:	
Accounts payable	133,482
Accrued payroll and employee benefits	999,053
Deposits held in custody for others	61,708
Unearned revenues	745,153
Current portion of compensated absences payable	90,558
Total current liabilities	2,029,954
Noncurrent liabilities:	
Compensated absences payable	578,128
OPEB liability	943,229
Net pension liability	12,889,421
Total noncurrent liabilities	14,410,778
Total liabilities	16,440,732
Deferred Inflows of Resources	
Deferred inflows related to pensions	935,814
Deferred inflows related to OPEB	39,445
Total deferred inflows of resources	975,259
Net Position	
Net investment in capital assets	20,623,867
Unrestricted	17,239,433
Total net position	\$ 37,863,300

See accompanying notes to financial statements.

**Coconino County Community College District
Statement of Financial Position - Component Unit
June 30, 2020**

	<u>Coconino Community College Foundation</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 296,988
Prepaid expenses	7,105
Contributions receivable, current	332,668
Total Current Assets	<u>636,761</u>
Long-Term Assets	
Investments, at market	1,653,484
	<u>1,653,484</u>
Total Assets	<u><u>\$ 2,290,245</u></u>
 Liabilities and Net Assets	
Current Liabilities	
CC College payable	\$ 194,578
Refundable advance	5,000
Total Current Liabilities	<u>199,578</u>
 Net Assets	
Net assets without donor restrictions	518,243
Net assets with donor restrictions	1,572,424
Total Net Assets	<u>2,090,667</u>
Total Liabilities and Net Assets	<u><u>\$ 2,290,245</u></u>

See accompanying notes to financial statements

Coconino County Community College District
Statement of Revenues, Expenses, and Changes in Net Position-Primary Government
Year Ended June 30, 2020

		Business-Type Activities
Operating revenues:		
Tuition and fees (net of scholarship allowances of \$1,529,425)	\$	6,251,945
Private contracts		1,111,378
Bookstore income		64,222
Auxiliary enterprises		17,617
Other		208,834
Total operating revenues		7,653,996
Operating expenses:		
Educational and general:		
Instruction		6,830,118
Public service		153,336
Academic support		3,537,604
Student services		3,830,924
Institutional support		4,261,734
Operation and maintenance of plant		1,737,444
Scholarships		2,281,624
Auxiliary enterprises		25,779
Depreciation		1,233,395
Total operating expenses		23,891,958
Operating loss		(16,237,962)
Nonoperating revenues (expenses):		
Property taxes		8,722,174
State appropriations		3,105,700
Government grants		4,907,898
Share of state sales taxes		565,021
Investment earnings		467,013
Gain on disposal of capital assets		2,530
Total nonoperating revenues and expenses		17,770,336
Increase in net position		1,532,374
Net position, July 1, 2019		36,330,926
Net position, June 30, 2020	\$	37,863,300

See accompanying notes to financial statements.

Coconino County Community College District
Statement of Activities - Component Unit
Year Ended June 30, 2020

	Coconino Community College Foundation		
	Without Donor Restrictions	With Donor Restrictions	TOTAL
Revenue, Gains and Other Support			
Public contributions and grants	\$ 45,059	\$ 398,164	\$ 443,223
Donated services	225,270	-	225,270
Investment earnings, net of fees	13,582	12,193	25,775
Realized gain on investments	23,738	24,159	47,897
Unrealized gain on investments	12,672	13,031	25,703
Net assets released from restrictions	1,003,785	(1,003,785)	-
	1,324,106	(556,238)	767,868
Expenses and Losses			
Program services	1,306,270	-	1,306,270
Supporting services	130,629	-	130,629
	1,436,899	-	1,436,899
Change in Net Assets	(112,793)	(556,238)	(669,031)
Net Assets, beginning of year, as restated	631,036	2,128,662	2,759,698
Net Assets, end of year	\$ 518,243	\$ 1,572,424	\$ 2,090,667

See accompanying notes to financial statements.

**Coconino County Community College District
Statement of Cash Flows - Primary Government
Year Ended June 30, 2020**

	Business-Type Activities
Cash flows from operating activities:	
Tuition and fees	\$ 6,184,574
Private contracts	952,181
Bookstore receipts	61,934
Auxiliary enterprises	21,479
Other receipts	330,381
Payments to suppliers and providers of goods and services	(3,547,242)
Payments for employee wages and benefits	(15,642,926)
Payments to students for scholarships	(2,281,624)
Net cash used for operating activities	(13,921,243)
Cash flows from noncapital financing activities:	
Property taxes	8,681,871
State appropriations	3,105,700
Government grants	4,711,842
Share of state sales taxes	565,021
Federal direct lending receipts	2,141,181
Federal direct lending disbursements	(2,141,181)
Deposits held in custody for others received	1,331,041
Deposits held in custody for others disbursed	(1,341,703)
Net cash provided by noncapital financing activities	17,053,772
Cash flows from capital and related financing activities:	
Proceeds from the sale of capital assets	8,825
Purchases of capital assets	(1,221,871)
Net cash used for capital and related financing activities	(1,213,046)
Cash flows from investing activities:	
Interest received on investments	467,013
Net cash provided by investing activities	467,013
Net increase in cash and cash equivalents	2,386,496
Cash and cash equivalents, July 1, 2019	28,618,220
Cash and cash equivalents, June 30, 2020	\$ 31,004,716

See accompanying notes to financial statements.

(continued)

**Coconino County Community College District
Statement of Cash Flows - Primary Government
Year Ended June 30, 2020**

	Business-Type Activities
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (16,237,962)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	1,233,395
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Net pension liability	350,140
OPEB liability	166,924
Deferred outflows of resources related to pensions and OPEB	1,165,181
Deferred inflows of resources related to pensions and OPEB	(610,058)
Prepaid items	12,884
Receivables	(107,062)
Inventories	(12,439)
Accounts payable	(14,368)
Accrued payroll and employee benefits	99,759
Unearned revenues	17,790
Compensated absences payable	14,573
 Net cash used for operating activities	 \$ (13,921,243)
 Reconciliation of cash and cash equivalents to the Statement of Net Position:	
Cash in bank and on hand	\$ 487,173
Cash and investments held by the County Treasurer	30,512,532
Investments	5,011
 Cash and cash equivalents	 \$ 31,004,716

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

During the year ended June 30, 2020, the Foundation distributed \$1,008,520 to the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the CCC Foundation Office, Coconino County Community College District, 2800 S. Lone Tree Road, Flagstaff, AZ 86005.

B. Basis of Presentation and Accounting

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

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

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

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

C. Cash and Investments

For the statement of cash flows, the District's cash and cash equivalents are considered to be cash on hand, 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 acquisition value.

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

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

E. Capital Assets (continued)

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

The asset class for buildings also includes building improvements.

F. Deferred Outflows and Inflows of Resources

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

G. Postemployment Benefits

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

H. Investment Earnings

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

I. Scholarship Allowances

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

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (concluded)

J. Compensated Absences

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

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

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

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

With the passage of Arizona Proposition 206, effective July 1, 2017, sick leave was extended to part-time and seasonal employees. The law mandates that for every 30 hours worked, an hour of paid sick leave be accrued to a maximum of 40 hours per year. While sick leave is tracked for all employees, it is not paid out at time of termination and, therefore, is not considered a liability in the financial statements.

Note 2 - Deposits and Investments

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

Deposits - At June 30, 2020, the carrying amount of the District's deposits was \$485,598 and the bank balance was \$611,493. The District does not have a formal policy with respect to custodial credit risk.

Investments - The District had the following investments in external investment pools measured at fair value:

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 2 - Deposits and Investments (continued)

External investment pools measured at fair value	Amount
County Treasurer's investment pool	\$ 30,512,532
State Treasurer's investment pool 5	5,011
Total external investment pools measured at fair value	<u>\$ 30,517,543</u>

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

Credit risk - The District does not have a formal policy with respect to credit risk. Credit risk for the District's investments at June 30, 2020 was as follows:

Investment Type	Rating	Rating Agency	Amount
County Treasurer's investment pool	Unrated	Not applicable	\$ 30,512,532
State Treasurer's investment pool 5	AAA f/S1+	Standard & Poor's	5,011
			<u>\$ 30,517,543</u>

Interest rate risk - The District does not have a formal policy with respect to interest rate risk. At June 30, 2020, the District had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity in Years
County Treasurer's investment pool	\$ 30,512,532	1.12
State Treasurer's investment pool 5	5,011	0.12
	<u>\$ 30,517,543</u>	

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

Cash, deposits and investments:		Statement of Net Position:	
Cash on hand	\$ 1,575	Cash in bank and on hand	\$ 487,173
		Cash and investments held by the County	
Amount of deposits	485,598	Treasurer	30,512,532
Amount of investments	30,517,543	Investments	5,011
	<u>\$ 31,004,716</u>		<u>\$ 31,004,716</u>

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 3 –Other Receivables

Other receivables are shown net of related allowances for uncollectibles. A summary for other receivables at June 30, 2020, follows:

	Receivable	Allowance	Net Receivable
Vendor	\$ 217,703	\$ -	\$ 217,703
Student	597,032	194,946	402,086
Employee	1,342	-	1,342
	<u>\$ 816,077</u>	<u>\$ 194,946</u>	<u>\$ 621,131</u>

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019 Restated	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 1,089,000	\$ -	\$ -	\$ 1,089,000
Total capital assets not being depreciated	<u>1,089,000</u>	<u>-</u>	<u>-</u>	<u>1,089,000</u>
Capital assets being depreciated:				
Buildings and improvements	32,828,861	863,510	-	33,692,371
Improvements other than buildings	1,002,164	-	-	1,002,164
Equipment	2,470,247	280,420	41,074	2,709,593
Intangibles	868,735	-	28,163	840,572
Vehicles	317,153	77,941	44,143	350,951
Total capital assets being depreciated	<u>37,487,160</u>	<u>1,221,871</u>	<u>113,380</u>	<u>38,595,651</u>
Less accumulated depreciation for:				
Buildings and improvements	14,360,199	887,071		15,247,270
Improvements other than buildings	700,396	50,954		751,350
Equipment	1,764,847	270,551	37,596	1,997,802
Intangibles	865,183	735	25,346	840,572
Vehicles	243,849	24,084	44,143	223,790
Total accumulated depreciation	<u>17,934,474</u>	<u>1,233,395</u>	<u>107,085</u>	<u>19,060,784</u>
Total capital assets being depreciated, net	<u>19,552,686</u>	<u>(11,524)</u>	<u>6,295</u>	<u>19,534,867</u>
Capital assets, net	<u>\$ 20,641,686</u>	<u>\$ (11,524)</u>	<u>\$ 6,295</u>	<u>\$ 20,623,867</u>

Beginning balances for July 1, 2019, were restated to better match appropriate asset classes for some assets. The District reclassified \$170,687 from Intangibles to Equipment, along with \$153,619 in accumulated depreciation. The total net capital assets did not change.

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 5 - Long-Term Liabilities

The following schedule details the District's long-term liability and obligation activity for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due within 1 year
Net pension liability	\$ 12,539,281	\$ 350,140		\$ 12,889,421	
OPEB liability	776,305	166,924		943,229	
Compensated absences payable	654,113	262,057	247,485	668,686	\$ 90,558
	<u>\$ 13,969,699</u>	<u>\$ 779,121</u>	<u>\$ 247,485</u>	<u>\$ 14,501,336</u>	<u>\$ 90,558</u>

Note 6 - Risk Management

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

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

Note 7 - Operating Leases

The District leases the land on which the Fourth Street campus resides. The lease agreement is classified as an operating lease for accounting purposes. Rental expenses under the terms of the operating lease were \$50,809 for the year ended June 30, 2020.

The operating lease has a remaining non-cancelable term of 4 years and allows four renewal options for eleven years each. Rental payments may be adjusted every five years based on changes in the Consumer Price Index (CPI). The following future minimum payments were required under the operating lease at June 30, 2020:

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 7 - Operating Leases (continued)

Year ending June 30	
2021	\$ 50,923
2022	50,923
2023	50,923
2024	50,923
Total minimum lease payments	\$ 203,692

Note 8 - Pension Benefits

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

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

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

*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 8 - Pension Benefits (continued)

all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and the employer's contributions, plus interest earned.

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of the benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2020, statute required active ASRS members to contribute at the actuarially determined rate of 11.94 percent for retirement of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 11.45 percent for retirement of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 10.29 percent for retirement of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District's contributions to the pension plan for the year ended June 30, 2020, were \$1,112,584.

Pension liability - At June 30, 2020, the District reported a liability of \$12,889,421 for its proportionate share of the ASRS' net pension liability.

The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019.

The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employer's contributions for the year ended June 30, 2019. The District's proportion measured as of June 30, 2019, was 0.08858%, down 0.0013 from its proportion measured as of June 30, 2018.

Pension expense and deferred outflows/inflows of resources - For the year ended June 30, 2020, the District recognized the pension expense of \$2,112,341.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 8 - Pension Benefits (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 232,851	\$ 2,423
Changes of assumptions or other inputs	54,484	513,282
Net difference between projected and actual earnings on pension plan investments	-	289,710
Changes in proportion and differences between district contributions and proportionate share of contributions	647,107	130,399
District contributions subsequent to the measurement date	1,112,584	-
Total	<u><u>\$ 2,047,026</u></u>	<u><u>\$ 935,814</u></u>

The \$1,112,584 reported as deferred outflows of resources related to the ASRS pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the ASRS pension will be recognized as expenses as follows:

Year ending June 30:	
2021	\$ 381,804
2022	(405,131)
2023	(55,637)
2024	77,592
Thereafter	-

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

Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 30, 2019
Actuarial cost method	Entry age normal
Asset valuation	Fair value
Discount rate	7.50%
Projected salary increases	2.7 - 7.2%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage; and by adding the expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 8 - Pension Benefits (concluded)

Asset Class	Target Allocation	Long-term expected geometric real rate of return
Equity	50%	6.09%
Credit	20%	5.36%
Interest rate sensitive bonds	10%	1.62%
Real estate	20%	5.85%
Total	<u>100%</u>	

Discount rate - The discount rate used to measure the ASRS total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the ASRS net pension liability to changes in the discount rate - The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the:			
Net pension liability	\$18,344,631	\$ 12,889,421	\$ 8,330,269

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

Pension plan contributions payable - The District's accrued payroll and employee benefits included \$76,773 of outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2020.

Note 9 - Other Postemployment Benefits (OPEB)

The District follows Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment health care benefits provided by the Northern Arizona Public Employee Benefit Trust (NAPEBT) and ASRS. Although an ASRS OPEB liability has been recorded at June 30, 2020, its plans have not been further disclosed due to the relative insignificance to the District's financial statements.

Plan descriptions - The District, as part of the NAPEBT, has a single-employer plan for

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 9 - Other Postemployment Benefits (OPEB) (continued)

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

The District does not cover any explicit subsidies.

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

If a covered retiree terminates coverage for any reason, coverage cannot be reinstated. And while the District does not issue a stand-alone, publicly available financial report for the plan, the NAPEBT trustees do issue annual audited financial statements covering all its constituents' plans.

At July 1, 2019, plan membership consisted of the following:

Retired employees currently receiving health benefits	4
Active participants*	130
Total	134

* Excludes 20 active employees currently waiving medical coverage

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

OPEB liability - At June 30, 2020, the District reported a total OPEB liability of \$943,229 of which \$909,963 relates to the NAPEBT plan. The plan's total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2019. The total OPEB liability as of June 30, 2019, reflects the following changes of actuarial assumptions and benefit terms for the NAPEBT plan:

- Higher than expected per capita health costs and demographic changes resulting in an actuarial experience loss
- Updated trend on per capita health costs; reflection of 2020/2021 actual premiums
- Valuation assumption changes due to the lowering of the discount rate

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

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 9 - Other Postemployment Benefits (OPEB) (continued)

	Total OPEB liability
Balance at June 30, 2019	\$ 761,872
Service cost	69,442
Interest	31,430
Change in benefit terms	-
Differences between expected and actual experience	56,668
Changes in assumptions	28,883
Expected benefit payments	(38,332)
Net change in total OPEB liability	148,091
Balance at June 30, 2020	\$ 909,963

OPEB Expense and Deferred outflows and inflows of resources – For the year ended June 30, 2020, the District recognized OPEB expense of \$118,973. The following chart reflects the deferred outflows and inflows of resources related to the OPEB single-employer plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in OPEB liability	\$ 88,249	\$ -
Changes of assumptions or other inputs	44,061	17,164
District contributions subsequent to the measurement date	35,970	-
Total	\$ 168,280	\$ 17,164

The \$35,970 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	OPEB Expense Amount
2021	\$ 18,101
2022	18,101
2023	18,101
2024	18,101
2025	18,101
Thereafter	24,641

Actuarial methods and assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 9 - Other Postemployment Benefits (OPEB) (concluded)

and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

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

Method/Assumption	
Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age, level percentage of salary
Salary increases	Wage inflation rate of 2.7% plus merit component
Discount rate	3.50%
Health care cost trend rates	5.79% for 2020/2021 and 7.25% for 2021/2022 graded down to 4.50% over 11 years
Contribution trend rates	Same as health care cost trend rates
Mortality rates	<i>Pre-Retirement</i> RP-2014 Employee mortality table projected generationally from 2014 in accordance with Ultimate MP 2017 scales
	<i>Retirees</i>
	<i>Healthy</i> 2019 State of Arizona mortality table projected generationally from 2017 in accordance with Ultimate MP 2017 scales
	<i>Disabled</i> RP-2014 Disabled retiree mortality table projected generationally from 2014 in accordance with Ultimate MP 2017 scales

Benefit projections assume the specified premium amount will follow the current practice of being paid for entirely by the retiree or on behalf of the retiree. The specified premium amounts are projected to increase at the contribution trend rates noted above. Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, and effective as of June 30, 2017.

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

Sensitivity analysis - The following shows the net impact of the OPEB liability calculated using the discount rate of 3.50%, as well as what the District's liability would be if the discount rate is 1% less than and 1% greater than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	(2.50%)	(3.50%)	(4.50%)
NAPEBT OPEB Liability	\$985,295	\$909,963	\$841,758

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

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
NAPEBT OPEB Liability	\$814,621	\$909,963	\$1,022,212

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 10 - Operating Expenses

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

Compensation and benefits	\$ 16,828,060
Contract services	937,420
Supplies and other services	805,433
Annual fixed charges	1,089,230
Communication and utilities	454,484
Travel	187,315
Scholarships	2,281,624
Depreciation	1,233,395
Other	74,997
Total	\$ 23,891,958

Note 11 - Financial Impact of COVID-19

The closure of the District's campuses and the switch to a virtual environment in March of 2020 had, and will continue to have, a significant impact on the District's finances. There were immediate unexpected expenses, like software that would allow more access to online teaching, additional technology support costs, supplies for creating social distancing and keeping up with CDC guidelines for sanitation during a pandemic, increased janitorial expenses, and others. Revenues have declined as well as there are no opportunities to rent facilities, sell in the bookstore, vending, or other items. The impact on enrollment is ongoing. Students experienced disruptions from COVID-19; unemployment rose and prices for basic goods and services increased. Fortunately, as part of the CARES Act, Higher Education Emergency Relief Fund (HEERF) monies were disbursed to more than 5,000 educational institutions nationwide, including Coconino Community College.

The District was allocated two portions, of \$551,835 each, from the HEERF apportionment. The first portion was designated as entirely for students, as emergency student aid. These funds were disbursed in two distributions, one in spring 2020 and one in the summer. Once disbursed, the District was reimbursed by HEERF. The distributions are included with scholarships under operating expenses and the reimbursement is part of government grants.

The second portion will be reimbursed to the District as spent. As of June 30, 2020, \$86,932 had been accrued as reimbursable to the District from this second portion, the institutional funds. \$54,234 of this total represents expenses included within operating expenses. Tuition refunds, made in the spring to students who could not continue their coursework online, totaled \$32,698. This is considered foregone revenue and is reimbursable. The District has one year from the granting of the HEERF award to use the remaining funds.

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 12 - Subsequent Event

On October 29, 2020, a stipulated judgment was reached in Transwestern Pipeline Company LLC vs the Arizona Department of Revenue. According to the judgment, properties taxed to the Transwestern Pipeline Company LLC since 2015 are to be re-assessed with a significantly reduced valuation. The District's portion of the estimated property tax refund to Transwestern Pipeline Company LLC as of June 30, 2020, is \$219,248. Since this amount was determined by the courts and not through a settlement, the District can defray payment for one year and levy these taxes in the following year. In FY2021, the refund is expected to increase by an additional \$45,279.

Note 13 - Discretely Presented Component Unit Disclosures

1. Nature of Organization

The Coconino Community College Foundation (Foundation) was founded in 1993 under Arizona law as a nonprofit organization. The mission of the Foundation is to promote the purposes and goals of Coconino Community College (College), thereby enhancing the opportunities of Coconino residents. It is the fundraising organization for the solicitation, receipt and management of all private gifts, donations, and contributions, including gifts-in-kind. Funds are disbursed exclusively for charitable and educational purposes within the meaning of the Internal Revenue Code Section 501(c)(3), including providing scholarships and financial aid, to fulfill the teaching and service functions of the College, and to make or receive grants and loans of corporate property for the purposes of the College. The Foundation's primary source of revenue is from private contributions. An operating agreement between the Foundation and the College is reviewed and renewed annually.

Basis of Accounting

The Foundation records financial statements using the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to not-for-profit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles. The Foundation is required to report information regarding its financial position and activities according to two classes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. The Board, through its investment policy, has designated net assets to safeguard against investment variability. These designated funds represent accumulated unrealized earnings that are not allocated to net assets with donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Foundation and/or the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity.

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 13 - Discretely Presented Component Unit Disclosures (continued)

Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

The Foundation reports investments at fair value in the Statement of Financial Position. Realized and unrealized gains and losses are included in the Statement of Activities. Donated securities are received directly into the Fidelity Investments account at market values as of the date executed. On an annual basis, all investment income, which consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expense, is allocated between net assets with donor restrictions and net assets without donor restrictions in accordance with the Foundation's policy.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and investments. The Foundation maintains its cash and cash equivalents in bank deposit accounts, which, for short periods of time, may exceed federally insured limits. At year end, the carrying amount of the Foundation's deposits was \$296,988 and the bank balance was \$296,586. At year end, none of the Foundation's deposits were uninsured and uncollateralized. To minimize risk, cash accounts are maintained at high-quality financial institutions and credit exposure is limited to any one institution. The Foundation's investments do not represent significant concentrations of market risk inasmuch as the Foundation's investment portfolio is adequately diversified among issuers. Additionally, funds deposited with Fidelity Investments and Edward Jones are protected by the Securities Investor Protection Corporation (SIPC) up to a ceiling of \$500,000 including a maximum of \$250,000 for cash claims.

Contributions Receivable

Unconditional promises to give are recognized as revenues when the promise is received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Unconditional promises to give that are expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in periods greater than one year are recorded at net present value of expected cash flows. Management does not believe an allowance for uncollectible amounts is necessary based on historical experience with this donor, and accordingly has made no allowance for doubtful accounts.

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 13 - Discretely Presented Component Unit Disclosures (continued)

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments for future events received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Donated Services and In-Kind Contributions

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies net assets with donor restrictions to net assets without restrictions at that time.

Volunteers contribute significant amounts of time to the Foundation’s program services, administration, and fundraising activities; however the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed in generally accepted accounting principles.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Primary function
All other expenses	Full time equivalent

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State of Arizona tax provisions. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Foundation’s Form 990, *Return of Organization Exempt from Income Taxes* is generally subject to examination by the Internal Revenue Service for three years after the date filed.

New Accounting Pronouncement

During the fiscal year, the Foundation adopted Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The update provides clarifying guidance on accounting for the grants and contracts of nonprofit organizations as they relate to the new revenue standard (ASU 2014-09 *Revenue from Contracts with Customers*), and aims to minimize diversity in

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 13 - Discretely Presented Component Unit Disclosures (continued)

the classification of grants and contracts that exists under current guidance. The Foundation has adjusted the presentation of these statements accordingly.

Date of Management's Review

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 30, 2020, which is the date the financial statements were available to be issued.

2. Cash and Cash Equivalents

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

	2020
Checking	\$172,584
Money market	109,460
Petty cash	200
Investment cash	14,744
	<u>\$296,988</u>

3. Liquidity and Availability

The following represents the Foundation's financial assets at fiscal year end:

Cash and cash equivalents	\$ 296,988
Contributions receivable	332,668
Investments	<u>1,653,484</u>
Total financial assets	2,283,140
Less amounts not available to be used within one year:	
Net assets with donor restrictions	1,572,424
Less: Net assets with purpose restrictions to be met in less than one year	<u>(117,885)</u>
	<u>1,454,539</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 828,601</u></u>

The Board requires that at least 5% of investments be available in cash equivalents. Additionally, it is general practice that all significant endowment gifts are sent to the investment account as soon as practical.

The Board designated net assets represent accumulated unallocated unrealized gains on investments and are being accounted for separately as per the Foundation's investment policy. The funds represent a cushion against down turning investment markets.

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 13 - Discretely Presented Component Unit Disclosures (continued)

4. Investments and Fair Value Measurements

Fair value is defined as the price that the Foundation would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting standards establish a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques. Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Observable inputs are those that reflect the assumptions that market participants would use in pricing the asset and are based on market data obtained from independent sources. Unobservable inputs reflect the Foundation's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1: Quoted prices in active markets for identical investments.
- Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Unobservable inputs for the asset or liability.

The level of fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured in fair value.

Investments	Hierarchy Level	Fair Value
Fixed income investments	Level 1	\$ 529,678
Equities	Level 1	750,094
Mutual funds	Level 1	31,808
ETPs	Level 1	341,904
Total investment assets		\$ 1,653,484

Investments – Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

The Foundation recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels during the current fiscal year.

5. Contributions Receivable

Unconditional contributions receivable consist of the following:

Coconino County Community College District
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June 30, 2020

Note 13 - Discretely Presented Component Unit Disclosures (continued)

Contributions receivable before unamortized discount	\$	332,668
Less unamortized discount		-
Total		332,668
Less allowance for uncollectibles		-
Net contributions receivable	\$	332,668
Amounts due in:		
Less than one year	\$	332,668
More than one year		-
Total	\$	332,668

6. Endowments

The Foundation's endowment consists of approximately 25 individual funds established for a variety of purposes. Its endowment includes donor-restricted funds. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the State of Arizona's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gifts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purpose of the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the Foundation
- g. The investment policies of the Foundation

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 13 - Discretely Presented Component Unit Disclosures (concluded)

Endowment Net Asset Composition by Type of Fund as of year end:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor		\$ 675,971	\$ 675,971
Accumulated investment gains		109,670	109,670
Board-designated endowment funds	\$ 81,589	-	81,589
	<u>\$ 81,589</u>	<u>\$ 785,641</u>	<u>\$ 867,230</u>

Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of four percent, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Foundation has a policy of appropriating for distribution each year four percent of its endowment fund's prior year-end balance. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to continue to grow. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

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

Scholarship values vary based on the annual interest earned on the endowment. At the Foundation's discretion, an award or awards may be granted for an entire academic year or for a period of less than one full academic year. If the earnings and income of a scholarship

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 13 - Discretely Presented Component Unit Disclosures (continued)

are not sufficient to fund one full award, then the Foundation may, in its discretion, grant an award equal to the amount of such earnings and income or determine not to make any award for the year, in which case, the amount of such earnings and income shall be carried forward to the next academic year.

7. Net Assets

Changes in Endowment Net Assets as of year end:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 81,403	\$ 737,304	\$ 818,707
Contributions		33,720	33,720
Investment return, net	186	36,352	36,538
Amounts appropriated for expenditure		(21,735)	(21,735)
Endowment net assets, end of year	<u>\$ 81,589</u>	<u>\$ 785,641</u>	<u>\$ 867,230</u>

Net assets without donor restrictions are as follows:

Total	\$ 518,243
Less: Board designation in accordance with investment policy	81,589
Undesignated	<u>\$ 436,654</u>

Net assets with donor restrictions are as follows:

Specific Purpose	
Scholarships	\$ 1,040,095
Programs	199,661
Construction program enhancements	332,668
	<u>\$1,572,424</u>

Net assets released from donor restrictions are as follows:

Satisfaction of purpose restrictions	\$ 1,003,785
	<u>\$ 1,003,785</u>

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 13 - Discretely Presented Component Unit Disclosures (concluded)

8. Donated Services

The fair value of donated services included as contributions in the financial statements and the corresponding program expenses for the current year ended is as follows:

Salaries and benefits	\$	214,125
Facilities expense		11,145
	<u>\$</u>	<u>225,270</u>

9. Concentrations

The Foundation has consistently retained long-term donors, one of which gives in excess of \$100,000 annually, representing more than 12 percent of revenues in a typical year. Loss of such a donor in the near-term could cause a significant reduction in the Foundation's ability to disburse grants and awards.

In the prior fiscal year, the Foundation received a nearly \$1 million grant from the Del E. Webb Foundation. The grant, payable over three years, is for the College's Construction and Technology programs and will go towards updating the teaching facilities and expanding program offerings.

10. Contingent Liability

For the year ended June 30, 2020, the Foundation had scholarships that have been awarded but not paid in the amount of \$117,885. These scholarships are awarded in two payments, with the first payment given upon enrollment for the fall semester; the second payment is made conditionally upon enrollment for the spring semester. As the scholarships are contingent upon enrollment and paid out over the following fiscal year, they are not recorded as a liability as of June 30, 2020.

11. Related Party Transactions

Coconino Community College contributes to the Foundation certain supporting services per a written agreement. Employees of the College perform the Foundation administrative and accounting duties. The amounts included in public contributions without donor restrictions for these services were \$214,125. An additional \$11,145 was contributed for facilities related expenses. In the opinion of management, such transactions were on substantially the same terms as those that would prevail with other unrelated persons and entities.

12. Prior Period Reclassification

The July 1, 2019 beginning net assets do agree to the prior year financial statements. However, there was a reclassification of \$18,075 from net assets with donor restrictions to net assets without donor restrictions to conform to a reclassification error between unrealized and realized gains. There was no impact on total assets or changes in total net assets reported.

13. Risk Management and COVID-19

During March of 2020, most of the nation went into lockdown due to the COVID-19 pandemic. Numerous activities and events had to be canceled or postponed including the Foundation's annual Palate to Palette fundraiser as well as other group meetings. The College also went into lockdown and all classes shifted to a virtual format. Students were given the option to

Coconino County Community College District
Notes to Financial Statements
June 30, 2020

Note 13 - Discretely Presented Component Unit Disclosures (continued)

have their tuition refunded and some did take advantage of this. Additionally, some scholarships were given back as well. The College has experienced enrollment declines as a result of the pandemic as students are opting out of online learning. The long-term impacts are unknown and the College has developed additional contingency plans accordingly. Likewise, the future of the Foundation's fundraising and social events is also uncertain. Scholarships are being given out but there is a risk that students may decide to not attend.

**Coconino County Community College District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
June 30, 2020**

Arizona State Retirement System	Reporting Fiscal Year (Measurement Date)		
	2020 (2019)	2019 (2018)	2018 (2017)
District's proportion of the net pension liability	0.088580%	0.089910%	0.078750%
District's proportionate share of the net pension liability	\$ 12,889,421	\$ 12,539,281	\$ 12,267,715
District's covered payroll	\$ 9,359,141	\$ 8,965,176	\$ 7,698,344
District's proportionate share of the net pension liability as a percentage of its covered payroll	137.72%	139.87%	159.36%
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%

Arizona State Retirement System	Reporting Fiscal Year (Measurement Date)			2014 through 2011
	2017 (2016)	2016 (2015)	2015 (2014)	
District's proportion of the net pension liability	0.072570%	0.074850%	0.079400%	Information not available
District's proportionate share of the net pension liability	\$ 11,713,527	\$ 11,659,453	\$ 11,748,434	
District's covered payroll	\$ 6,812,134	\$ 6,892,054	\$ 7,168,033	
District's proportionate share of the net pension liability as a percentage of its covered payroll	171.95%	169.17%	163.90%	
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%	

See accompanying notes to pension plan schedules.

**Coconino County Community College District
Required Supplementary Information
Schedule of the District's Pension Contributions
June 30, 2020**

Arizona State Retirement System

	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 1,112,584	\$ 1,044,822	\$ 974,512	\$ 827,449	\$ 737,143
District's contributions in relation to the statutorily required contribution	\$ 1,112,584	\$ 1,044,822	\$ 974,512	\$ 827,449	\$ 737,143
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 9,741,824	\$ 9,359,141	\$ 8,965,176	\$ 7,698,344	\$ 6,812,134
District's contributions as a percentage of covered payroll	11.42%	11.16%	10.87%	10.75%	10.82%

Arizona State Retirement System

	Reporting Fiscal Year				
	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 749,680	\$ 765,832	\$ 730,288	\$ 641,450	\$ 563,266
District's contributions in relation to the statutorily required contribution	\$ 749,680	\$ 765,832	\$ 730,288	\$ 641,450	\$ 563,266
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 6,892,054	\$ 7,168,033	\$ 7,141,693	\$ 6,498,984	\$ 6,251,563
District's contributions as a percentage of covered payroll	10.88%	10.68%	10.23%	9.87%	9.01%

See accompanying notes to pension plan schedules.

Coconino County Community College District
Required Supplementary Information
Notes to Pension Plan Schedules
June 30, 2020

Note 1 - Factors That Affect Trends

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

In FY2016 the College experienced significant turnover in executive leadership positions from retirements and resignations that resulted in higher than typical vacancy savings. The covered payroll for FY2017 increased compared to FY2016 as a result of having more positions filled. The College's concerted effort to hire more full time faculty resulted in a continued increase in covered payroll for FY2018 and again in FY2019 as additional vacancies were filled.

**Coconino County Community College District
Required Supplementary Information
Schedule of District's Changes in Total OPEB Liability
June 30, 2020**

**Northern Arizona Public Employees Benefit Trust
Other Postemployment Benefits**

Reporting date Measurement date	Reporting fiscal year (Measurement date)			2017 through 2011
	2020 (2019)	2019 (2018)	2018 (2017)	
Service cost	\$ 69,442	\$ 52,258	\$ 59,900	Information not available
Interest	31,430	24,387	19,000	
Change in benefit terms	-	-	-	
Differences between expected and actual experience	56,668	47,731	5,931	
Changes in assumptions	28,883	25,668	(27,223)	
Expected benefit payments	<u>(38,332)</u>	<u>(34,222)</u>	<u>(36,666)</u>	
Net change in total OPEB Liability	148,091	115,822	20,942	
Total OPEB liability, beginning of year	<u>761,872</u>	<u>646,050</u>	<u>625,108</u>	
Total OPEB liability, end of year	<u>\$ 909,963</u>	<u>\$ 761,872</u>	<u>\$ 646,050</u>	
Covered employee payroll	9,912,011	8,622,723	7,107,649	
Plan total OPEB liability as a percentage of covered employee payroll	9.2%	8.8%	9.1%	

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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



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

(dollars in thousands)

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
Net investment in capital assets	\$20,624	\$20,642	\$19,125	\$18,041	\$17,183	\$16,067	\$15,243	\$14,266	\$14,062	\$13,113
Restricted - expendable	-	-	-	-	-	123	236	383	525	509
Unrestricted	<u>17,239</u>	<u>15,689</u>	<u>14,271</u>	<u>12,518</u>	<u>9,551</u>	<u>5,504</u>	<u>15,510</u>	<u>14,808</u>	<u>13,300</u>	<u>11,916</u>
Total primary government net position	<u>\$37,863</u>	<u>\$36,331</u>	<u>\$33,396</u>	<u>\$30,559</u>	<u>\$26,734</u>	<u>\$21,694</u>	<u>\$30,989</u>	<u>\$29,457</u>	<u>\$27,887</u>	<u>\$25,538</u>

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

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

(dollars in thousands)

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Tuition and fees (net of scholarship allowance)	\$ 6,252	\$ 6,215	\$ 6,310	\$ 6,500	\$ 6,434	\$ 5,999	\$ 5,825	\$ 5,720	\$ 6,163	\$ 6,011
Private contracts	1,111	219	218	175	158	172	230	260	405	248
Bookstore income	64	73	76	84	96	111	110	107	118	93
Auxiliary enterprises	18	23	21	25	25	23	32	30	28	32
Other operating revenues	209	227	224	198	211	202	173	187	193	197
Total operating revenues	7,654	6,757	6,849	6,982	6,924	6,507	6,370	6,304	6,907	6,581
Property taxes	8,722	10,749	10,160	9,872	9,347	9,147	8,822	8,666	8,624	8,434
State appropriations	3,106	2,165	2,140	2,174	2,194	2,203	1,988	1,848	1,836	2,679
Government grants and contracts	4,908	4,441	4,421	4,334	5,122	5,832	5,877	5,757	6,595	6,272
Share of state sales taxes	565	531	505	477	458	444	411	1,397 (2)	386	383
Investment earnings	467	456	304	218	210	152	157	220	267	249
Other nonoperating revenues	2	11 (3)	287	288	303	233	243	166	99	230 (1)
Total nonoperating revenues	17,770	18,353	17,817	17,363	17,634	18,011	17,498	18,054	17,807	18,247
Total revenues before other revenues and gains	\$ 25,424	\$ 25,110	\$ 24,666	\$ 24,345	\$ 24,558	\$ 24,518	\$ 23,868	\$ 24,358	\$ 24,714	\$ 24,828

(percent of total revenues)

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Tuition and fees (net of scholarship allowance)	24.6 %	24.7 %	25.6 %	26.7 %	26.2 %	24.5 %	24.4 %	23.5 %	24.9 %	24.2 %
Private contracts	4.4	0.9	0.9	0.7	0.6	0.7	1.0	1.1	1.6	1.0
Bookstore income	0.3	0.3	0.3	0.3	0.4	0.5	0.5	0.4	0.5	0.4
Auxiliary enterprises	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other operating revenues	0.8	0.9	0.9	0.8	0.9	0.8	0.7	0.8	0.8	0.8
Total operating revenues	30.1	26.9	27.8	28.7	28.2	26.6	26.7	25.9	27.9	26.5
Property taxes	34.3	42.6	41.2	40.6	38.1	37.3	37.0	35.6	34.9	34.0
State appropriations	12.2	8.6	8.7	8.9	8.9	9.0	8.3	7.6	7.4	10.8
Government grants and contracts	19.3	17.6	17.9	17.8	20.9	23.8	24.6	23.6	26.7	25.3
Share of state sales taxes	2.2	2.1	2.0	2.0	1.9	1.8	1.7	5.7	1.6	1.5
Investment earnings	1.8	1.8	1.2	0.9	0.8	0.6	0.7	0.9	1.1	1.0
Other nonoperating revenues	0.1	0.4	1.2	1.2	1.2	0.9	1.0	0.7	0.4	0.9
Total nonoperating revenues	69.9	73.1	72.2	71.3	71.8	73.4	73.3	74.1	72.1	73.5
Total revenues	100.0 %									

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

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

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

(3) In lieu and property excise taxes were reclassified to "property taxes," balance is gain on disposal of capital assets.

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

(dollars in thousands)

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
Instruction	\$ 6,830	\$ 6,058	\$ 5,892	\$ 5,244	\$ 5,312	\$ 5,892	\$ 7,012	\$ 6,969	\$ 7,288	\$ 6,658
Public service	153	98	73	-	35	128	188	278	290	284
Academic support	3,538	3,724	3,575	2,980	2,834	2,748	2,133	1,530	1,807	1,582
Student services	3,831	3,029	2,833	2,642	2,461	2,433	2,297	2,058	1,997	1,771
Institutional support	4,262	4,370	4,091	4,230	3,386	4,054	4,594	4,625	4,199	3,940
Operation and maintenance of plant	1,737	1,689	1,610	1,666	1,600	1,818	1,610	1,783	1,627	1,553
Scholarships	2,282	2,013	2,336	2,302	2,375	2,598	2,826	3,193	3,454	3,988
Auxiliary enterprises	26	31	21	44	39	44	43	48	39	33
Depreciation	1,233	1,168	1,142	1,186	1,196	1,171	1,159	1,152	1,176	1,170
Total operating expenses	<u>23,892</u>	<u>22,180</u>	<u>21,573</u>	<u>20,294</u>	<u>19,238</u>	<u>20,886</u>	<u>21,862</u>	<u>21,636</u>	<u>21,877</u>	<u>20,979</u>
Interest expense on debt	-	89	169	224	280	332	473	430	462	493
Loss on disposal of capital assets	-	-	-	2	-	27	-	722	27	-
Total nonoperating expenses	<u>-</u>	<u>89</u>	<u>169</u>	<u>226</u>	<u>280</u>	<u>359</u>	<u>473</u>	<u>1,152</u>	<u>489</u>	<u>493</u>
Total expenses	<u>\$23,892</u>	<u>\$22,269</u>	<u>\$21,742</u>	<u>\$20,520</u>	<u>\$19,518</u>	<u>\$21,245</u>	<u>\$22,335</u>	<u>\$22,788</u>	<u>\$22,366</u>	<u>\$21,472</u>

(percent of total expenses)

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
Instruction	28.6 %	27.2 %	27.1 %	25.6 %	27.2 %	27.7 %	31.4 %	30.6 %	32.6 %	31.0 %
Public service	0.6	0.4	0.3	-	0.2	0.6	0.8	1.2	1.3	1.3
Academic support	14.8	16.7	16.4	14.5	14.5	12.9	9.5	6.7	8.1	7.4
Student services	16.0	13.6	13.0	12.9	12.6	11.5	10.3	9.0	8.9	8.2
Institutional support	17.8	19.6	18.8	20.6	17.4	19.1	20.6	20.3	18.8	18.4
Operation and maintenance of plant	7.3	7.6	7.4	8.1	8.2	8.6	7.2	7.8	7.3	7.2
Scholarships	9.6	9.1	10.7	11.2	12.2	12.2	12.7	14.0	15.4	18.6
Auxiliary enterprises	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Depreciation	5.2	5.3	5.3	5.8	6.1	5.5	5.2	5.1	5.2	5.4
Total operating expenses	<u>100.0</u>	<u>99.6</u>	<u>99.2</u>	<u>98.9</u>	<u>98.6</u>	<u>98.3</u>	<u>97.9</u>	<u>94.9</u>	<u>97.8</u>	<u>97.7</u>
Interest expense on debt	-	0.4	0.8	1.1	1.4	1.6	2.1	1.9	2.1	2.3
Loss on disposal of capital assets	-	-	-	0.0	-	0.1	-	3.2	0.1	-
Total nonoperating expenses	<u>-</u>	<u>0.4</u>	<u>0.8</u>	<u>1.1</u>	<u>1.4</u>	<u>1.7</u>	<u>2.1</u>	<u>5.1</u>	<u>2.2</u>	<u>2.3</u>
Total expenses	<u>100.0 %</u>									

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

(dollars in thousands)

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
Compensation and benefits	\$ 16,828	\$ 14,898	\$ 14,442	\$ 12,391	\$ 11,586	\$ 12,652	\$ 13,145	\$ 13,061	\$ 12,758	\$ 12,040
Contract services	937	1,222	917	1,496	1,649	1,748	2,145	1,597	1,986	1,528
Supplies and other services	806	908	1,010	1,223	867	1,073	974	1,085	899	831
Annual fixed charges	1,089	1,134	937	876	803	781	798	741	800	650
Communication and utilities	455	533	526	533	524	540	508	561	553	517
Travel	187	270	232	229	207	209	180	178	173	160
Scholarships	2,282	2,013	2,336	2,319	2,376	2,607	2,849	3,210	3,467	3,988
Depreciation	1,233	1,168	1,142	1,186	1,196	1,171	1,159	1,152	1,176	1,170
Other	75	34	31	41	30	105	104	51	65	95
Total operating expenses	<u>23,892</u>	<u>22,180</u>	<u>21,573</u>	<u>20,294</u>	<u>19,238</u>	<u>20,886</u>	<u>21,862</u>	<u>21,636</u>	<u>21,877</u>	<u>20,979</u>
Interest expense on debt	-	89	169	224	280	332	473	430	462	493
Loss on disposal of capital assets	-	-	-	2	-	27	-	722	27	-
Total nonoperating expenses	<u>-</u>	<u>89</u>	<u>169</u>	<u>226</u>	<u>280</u>	<u>359</u>	<u>473</u>	<u>1,152</u>	<u>489</u>	<u>493</u>
Total expenses	<u>\$ 23,892</u>	<u>\$ 22,269</u>	<u>\$ 21,742</u>	<u>\$ 20,520</u>	<u>\$ 19,518</u>	<u>\$ 21,245</u>	<u>\$ 22,335</u>	<u>\$ 22,788</u>	<u>\$ 22,366</u>	<u>\$ 21,472</u>

(percent of total expenses)

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
Compensation and benefits	70.4 %	66.9 %	66.4 %	60.4 %	59.4 %	59.5 %	58.8 %	57.3 %	57.0 %	56.1 %
Contract services	3.9	5.5	4.2	7.3	8.4	8.2	9.6	7.0	8.9	7.1
Supplies and other services	3.4	4.1	4.6	6.0	4.4	5.1	4.4	4.8	4.0	3.9
Annual fixed charges	4.6	5.1	4.3	4.3	4.1	3.7	3.6	3.2	3.6	3.0
Communication and utilities	1.9	2.4	2.4	2.6	2.7	2.5	2.3	2.5	2.5	2.4
Travel	0.8	1.2	1.1	1.1	1.1	1.0	0.8	0.8	0.8	0.8
Scholarships	9.6	9.0	10.7	11.3	12.2	12.3	12.7	14.1	15.5	18.6
Depreciation	5.2	5.2	5.3	5.8	6.1	5.5	5.2	5.0	5.2	5.4
Other	0.3	0.2	0.1	0.2	0.2	0.5	0.5	0.2	0.3	0.4
Total operating expenses	<u>100.0</u>	<u>99.6</u>	<u>99.2</u>	<u>98.9</u>	<u>98.6</u>	<u>98.3</u>	<u>97.9</u>	<u>94.9</u>	<u>97.8</u>	<u>97.7</u>
Interest expense on debt	-	0.4	0.8	1.1	1.4	1.6	2.1	1.9	2.1	2.3
Loss on disposal of capital assets	-	-	-	0.0	-	0.1	-	3.2	0.1	-
Total nonoperating expenses	<u>-</u>	<u>0.4</u>	<u>0.8</u>	<u>1.1</u>	<u>1.4</u>	<u>1.7</u>	<u>2.1</u>	<u>5.1</u>	<u>2.2</u>	<u>2.3</u>
Total expenses	<u>100.0 %</u>									

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

(dollars in thousands)

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
Income (loss) before other revenues, expenses, gains, or losses	\$ 1,532	\$ 2,839	\$ 2,924	\$ 3,825	\$ 5,040	\$ 3,273	\$ 1,532	\$ 1,570	\$ 2,348	\$ 3,356
Capital appropriations	-	-	-	-	-	-	-	-	-	-
Capital gifts	-	96	-	-	-	-	-	-	-	-
Total change in net position	<u>\$ 1,532</u>	<u>\$ 2,935</u>	<u>\$ 2,924</u>	<u>\$ 3,825</u>	<u>\$ 5,040</u>	<u>\$ 3,273</u>	<u>\$ 1,532</u>	<u>\$ 1,570</u>	<u>\$ 2,348</u>	<u>\$ 3,356</u>

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

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

	<u>2019-20</u>	<u>2018-19</u> (7)	<u>2017-18</u> (7)	<u>2016-17</u> (7)	<u>2015-16</u> (7)	<u>2014-15</u> (7)	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
(1) Primary Reserve Ratio	(6)	0.78	0.68	0.63	0.51	0.29	0.70	0.68	0.63	0.60
(2) Net Operating Revenues	(6)	0.12	0.12	0.17	0.21	0.15	0.08	0.11	0.11	0.13
(3) Viability Ratio	(6)	-	-	5.09	2.24	0.95	1.92	1.56	1.23	0.88
(4) Return on Net Asset Ratio	(6)	0.12	0.10	0.14	0.22	0.17	0.05	0.06	0.08	0.14
(5) Composite Financial Index	(6)	7.69	7.20	7.60	6.20	4.30	4.60	4.50	4.30	4.70

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

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

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

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

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

(6) Information not yet available

(7) For FY15, FY16 and FY17, ratios are presented net of GASB 68 adjustments. For fiscal years beyond FY17, they are presented net of GASB 68 and GASB 75 adjustments.

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

Fiscal Year	Statutory Expenditure Limitation	(1)	Budgeted Expenditures Subject to the Limitation	(2)	Unused Legal Limit
2011	\$ 16,038,742		\$ 14,585,517		\$ 1,453,225
2012	15,833,517		15,500,935		332,582
2013	15,525,510		15,525,509		1
2014	14,735,451		11,792,201		2,943,250
2015	14,596,198		14,596,197		1
2016	14,811,935		14,416,789		395,146
2017	14,828,763		14,828,763		-
2018	15,939,858		15,939,858		-
2019	16,541,299		16,541,299		-
2020	16,762,835		16,762,835		-

Source: District records.

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

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

Fiscal Year	Total Tax Levy (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	8,387,461	8,073,310	96.25	311,368	8,384,678	99.97
2012	8,548,017	8,314,386	97.27	226,724	8,541,110	99.92
2013	8,588,537	8,391,991	97.71	188,428	8,580,419	99.91
2014	8,927,690	8,755,919	98.08	159,715	8,915,634	99.86
2015	9,170,579	8,937,745	97.46	219,607	9,157,352	99.86
2016	9,384,040	9,187,297	97.90	182,368	9,369,665	99.85
2017	9,822,996	9,610,307	97.83	201,209	9,811,516	99.88
2018	10,171,265	9,979,002	98.11	172,044	10,151,046	99.80
2019	10,325,433	10,135,197	98.16	157,560	10,292,757	99.68
2020	8,410,436	8,176,825	97.22	-	8,176,825	97.22

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, 2020.

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

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

Tax Year		Assessed Value						Enterprise Zone (2)
		Utilities	Commercial	Vacant/ Agriculture	Residential	Railroads	Historic	
2010	Primary	275,480	404,652	341,972	1,072,490	14,315	1,953	224
2010	Secondary	275,480	427,513	397,449	1,134,935	16,755	2,157	941
2011	Primary	235,287	402,970	336,997	973,394	15,701	1,936	474
2011	Secondary	235,287	410,962	354,772	980,209	17,272	2,076	863
2012	Primary	234,448	391,280	315,866	944,927	18,779	1,969	-
2012	Secondary	234,448	393,752	322,418	947,568	19,096	2,017	-
2013	Primary	226,361	353,390	284,788	792,746	19,977	1,543	-
2013	Secondary	226,361	355,756	292,369	798,200	20,143	1,547	-
2014	Primary	234,528	328,415	270,212	816,384	21,883	1,463	-
2014	Secondary	234,528	331,747	276,129	827,352	22,063	1,473	-
2015	Primary	231,359	327,798	267,556	856,645	20,898	1,310	-
2015	Secondary	231,359	336,561	279,644	901,974	21,222	1,321	-
2016	Primary	230,386	333,847	254,212	900,115	22,341	925	-
2016	Secondary	230,387	357,149	272,661	961,199	23,573	943	-
2017	Primary	233,731	350,717	258,957	950,609	26,413	973	-
2017	Secondary	233,731	380,229	279,182	1,060,388	29,832	996	-
2018	Primary	251,103	378,663	258,352	1,011,286	28,321	1,040	-
2018	Secondary	251,103	418,159	287,441	1,159,874	32,596	1,062	-
2019	Primary	253,652	401,467	259,951	1,087,342	28,472	1,116	-
2019	Secondary	253,652	444,503	294,093	1,267,071	33,359	1,141	-

Tax Year		Assessed Value				Net Assessed Value	Total Direct Tax Rate	Total Value (1)	Total Net Assessed Value as a Percent of Total Value
		Environmental Technology	Certain Improvements on Government Property	Total Assessed Value	Less: Exempt Property				
2010	Primary	976	28	2,112,091	161,492	1,950,598	0.3352	16,230,436	12.02
2010	Secondary	994	28	2,256,252	172,336	2,083,916	0.0956	17,326,884	12.03
	Total weighted direct tax rate						0.2114		
2011	Primary	2,867	133	1,969,759	158,736	1,811,023	-	15,229,795	11.89
2011	Secondary	2,867	133	2,004,441	164,302	1,840,139	-	15,460,397	11.90
	Total weighted direct tax rate						-		
2012	Primary	2,143	145	1,909,557	159,230	1,750,327	0.3875	13,456,101	13.01
2012	Secondary	2,143	145	1,921,587	162,023	1,759,564	0.1052	13,536,087	13.00
	Total weighted direct tax rate						0.2460		
2013	Primary	1,996	155	1,680,956	159,464	1,521,492	0.4636	12,899,534	11.79
2013	Secondary	2,008	159	1,696,543	166,194	1,530,349	0.1243	13,015,348	11.76
	Total weighted direct tax rate						0.2935		
2014	Primary	1,956	165	1,675,006	163,285	1,511,721	0.4788	13,037,432	11.60
2014	Secondary	1,959	169	1,695,420	168,393	1,527,027	0.1268	13,203,352	11.57
	Total weighted direct tax rate						0.3019		
2015	Primary	1,842	223	1,707,631	169,278	1,538,353	0.4864	13,486,314	11.41
2015	Secondary	1,849	231	1,774,161	173,903	1,600,258	0.1241	14,065,840	11.38
	Total weighted direct tax rate						0.3017		
2016	Primary	1,882	229	1,743,937	165,516	1,578,421	0.4909	14,076,532	11.21
2016	Secondary	1,883	239	1,848,034	171,794	1,676,240	0.1305	14,949,977	11.21
	Total weighted direct tax rate						0.3053		
2017	Primary	2,814	253	1,824,467	169,946	1,654,521	0.4816	14,766,066	11.20
2017	Secondary	2,814	261	1,987,433	176,394	1,811,039	0.1326	16,186,664	11.19
	Total weighted direct tax rate						0.2992		
2018	Primary	2,754	309	1,931,829	199,666	1,732,163	0.4741	15,652,800	11.07
2018	Secondary	2,754	313	2,153,302	209,986	1,943,316	0.1218	17,583,390	11.05
	Total weighted direct tax rate						0.2878		
2019	Primary	1,702	331	2,034,033	201,725	1,832,308	0.4592	16,537,154	11.08
2019	Secondary	1,702	339	2,295,861	215,169	2,080,692	-	18,835,093	11.05
	Total weighted direct tax rate						0.2150		

Source: Coconino County Assessor's Office.

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

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

(2) Enterprise Zone sunset adopted per HB2001

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

Tax Year	Coconino County Community College District			Coconino County (1)	State Education Equalization	Cities or Fire Districts	School Districts	Joint Technology Districts
	Primary Levy	Secondary Levy	Total					
2010	0.3352	0.0956	0.4308	0.9745	0.3564	0.27 - 3.00	1.45 - 8.45	0.05
2011	0.3649	0.1085	0.4734	1.0156	0.4259	0.27 - 3.25	1.77 - 8.59	0.05
2012	0.3875	0.1052	0.4927	1.0347	0.4717	0.30 - 3.25	1.96 - 10.70	0.05
2013	0.4636	0.1243	0.5879	1.1522	0.5123	0.35 - 3.25	2.13 - 11.95	0.05
2014	0.4788	0.1268	0.6056	1.1702	0.5089	0.40 - 3.25	2.11 - 13.08	0.05
2015	0.4864	0.1241	0.6105	1.1791	0.5054	0.60 - 3.25	2.10 - 13.32	0.05
2016	0.4909	0.1305	0.6214	1.1844	0.5010	0.60 - 3.25	2.22 - 13.40	0.05
2017	0.4816	0.1326	0.6142	1.1734	0.4875	0.60 - 3.495	2.47 - 13.37	0.05
2018	0.4741	0.1218	0.5959	1.1734	0.4741	0.60 - 3.495	2.42 - 13.28	0.05
2019	0.4592	-	0.4592	1.1645	0.4741	0.75 - 3.495	2.42 - 13.28	0.05

2019 Tax Rates (Special Districts) (2)

Hospital Districts	1.13 - 1.21
Domestic Water Districts	1.70
Flood Control (3)	0.18
Williams Facilities District	0.43

Source: Coconino County Office of Planning and Budget.

(1) Coconino County applies to the General Fund, Library District, Fire District Assistance Tax, and Public Health Services District Assistance Funds.

(2) Special District boundaries lie within the total boundary of the Coconino Community College District, but are not district-wide.

(3) Prior to FY19 Flood Control District applied to all property outside the cities of Flagstaff, Page and Fredonia.

As of FY19 Flood Control District includes Flagstaff, Page and Fredonia.

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

Taxpayer	Type of Business	2020			2011		
		Secondary Assessed Value	Rank	Percentage of District's Total Secondary Assessed Value	Secondary Assessed Value	Rank	Percentage of District's Total Secondary Assessed Value
Arizona Public Service Company	Utility	\$ 83,878,709	1	4.03%	\$ 74,141,215	1	3.56%
Transwestern Pipeline Co	Utility	27,594,236	2	1.33%	38,105,312	2	1.83%
BNSF Railway Company	Railroad	26,373,531	3	1.27%	16,506,384	7	0.79%
Unisource Energy Corporation	Utility	22,563,150	4	1.08%	17,903,028	5	0.86%
W.L. Gore & Associates Inc.	Manufacturing	21,265,038	5	1.02%	18,558,228	3	0.89%
El Paso Natural Gas Co	Utility	18,873,801	6	0.91%	17,927,358	4	0.86%
CCC-Flagstaff LLC	Student Housing	10,085,148	7	0.48%	*		
Standard at Flagstaff LLC	Student Housing	9,352,938	8	0.45%	*		
Nestle Purina Petcare Co	Manufacturing	8,370,066	9	0.40%	*		
GCR Acquisitions LLC	Lodging & Restaurants	7,914,614	10	0.38%	*		
City of Los Angeles Department of Water & Power	Utility	*			17,054,644	6	0.82%
Nevada Power Company	Utility	*			9,695,758	8	0.47%
Qwest Corporation	Utility	*			9,270,370	9	0.44%
Fidelity National Title Insurance	Commercial	*			6,061,403	10	0.29%
Total Principal Taxpayers		\$ 236,271,231		11.36%	\$ 225,223,700		10.81%
Secondary Assessed Value		\$ 2,080,691,733		100.00%	\$ 2,083,915,983		100.00%

Source: Coconino County Assessor (2020) & District Records (2011).

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

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

District Historic Tuition (1)

Fiscal Year	General Tuition Per Credit Hour (2)	Annual Cost Per Full-time Student	Increase (Decrease)	
			Dollars	Percent
			2010-11	85.00
2011-12	88.00	2,640.00	240.00	10.0
2012-13	90.00	2,700.00	60.00	2.3
2013-14	92.00	2,760.00	60.00	2.2
2014-15	94.00	2,820.00	60.00	2.2
2015-16	99.00	2,970.00	150.00	5.3
2016-17	102.00	3,060.00	90.00	3.0
2017-18	105.00	3,150.00	90.00	2.9
2018-19	109.00	3,270.00	120.00	3.8
2019-20	111.00	3,330.00	60.00	1.8

**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 (3)	
	Annual Cost	Percent Change	Annual Cost	Percent Change	Annual Cost	Percent Change
	2010-11	1,648	3.9	2,331	6.5	7,457
2011-12	1,782	8.1	2,513	7.8	8,527	14.3
2012-13	2,170	21.8	3,131	24.6	9,350	9.7
2013-14	2,288	5.4	3,264	4.2	10,301	10.2
2014-15	2,438	6.6	3,347	2.5	10,398	0.9
2015-16	2,480	1.7	3,435	2.6	10,650	2.4
2016-17	2,550	2.8	3,520	2.5	10,960	2.9
2017-18	2,610	2.4	3,570	1.4	11,220	2.4
2018-19	2,580	-1.1	3,660	2.5	11,540	2.9
2019-20	2,603	0.9	3,700	1.1	11,879	2.9

(1) District records.

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

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

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

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Secondary Assessed Value of Real and Personal Property	<u>\$ 2,080,691,733</u>	<u>\$ 1,943,315,850</u>	<u>\$ 1,811,038,890</u>	<u>\$ 1,676,239,971</u>	<u>\$ 1,600,258,450</u>
Debt Limit, 15% of Secondary Assessed Value	<u>\$ 312,103,760</u>	<u>\$ 291,497,378</u>	<u>\$ 271,655,834</u>	<u>\$ 251,435,996</u>	<u>\$ 240,038,768</u>
Amount of Debt Applicable to Debt Limit:					
General Obligation Bonded Debt	<u>-</u>	<u>-</u>	<u>2,120,000</u>	<u>4,105,000</u>	<u>5,990,000</u>
Total Debt Applicable to the Limit	<u>-</u>	<u>-</u>	<u>2,120,000</u>	<u>4,105,000</u>	<u>5,990,000</u>
Legal Debt Margin	<u>\$ 312,103,760</u>	<u>\$ 291,497,378</u>	<u>\$ 269,535,834</u>	<u>\$ 247,330,996</u>	<u>\$ 234,048,768</u>
	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
Secondary Assessed Value of Real and Personal Property	<u>\$ 1,527,026,413</u>	<u>\$ 1,530,349,256</u>	<u>\$ 1,759,564,000</u>	<u>\$ 1,840,139,122</u>	<u>\$ 2,083,915,983</u>
Debt Limit, 15% of Secondary Assessed Value	<u>\$ 229,053,962</u>	<u>\$ 229,552,388</u>	<u>\$ 263,934,600</u>	<u>\$ 276,020,868</u>	<u>\$ 312,587,397</u>
Amount of Debt Applicable to Debt Limit:					
General Obligation Bonded Debt	<u>7,775,000</u>	<u>9,465,000</u>	<u>11,085,000</u>	<u>12,630,000</u>	<u>14,115,000</u>
Total Debt Applicable to the Limit	<u>7,775,000</u>	<u>9,465,000</u>	<u>11,085,000</u>	<u>12,630,000</u>	<u>14,115,000</u>
Legal Debt Margin	<u>\$ 221,278,962</u>	<u>\$ 220,087,388</u>	<u>\$ 252,849,600</u>	<u>\$ 263,390,868</u>	<u>\$ 298,472,397</u>

Source: District records.

**Coconino County Community College District
 Computation of Direct and Overlapping Bonded Debt
 General Obligation Bonds
 June 30, 2020**

Direct Debt:

Coconino County Community College District	\$	-
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Net general obligation debt		-
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Overlapping Debt:

City of Flagstaff		34,894,492
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Flagstaff Unified School District #1		48,345,000
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Page Unified School District #8		-
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Sedona-Oak Creek Unified School District #9		33,450,000
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Overlapping debt		116,689,492
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Total direct general obligation and overlapping debt	\$	116,689,492
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Source: RBC Capital Markets

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

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

Fiscal Year	Secondary Property Tax Revenues (cash basis)	Debt Service Requirements			Coverage Ratio
		Principal	Interest	Total	
2010-11	\$ 1,938,720	\$ 1,420,000	\$ 489,471	\$ 1,909,471	1.02
2011-12	1,928,151	1,485,000	460,662	1,945,662	0.99
2012-13	1,799,284	1,545,000	430,536	1,975,536	0.91
2013-14	1,863,501	1,620,000	473,431	2,093,431	0.89
2014-15	1,922,564	1,690,000	331,951	2,021,951	0.95
2015-16	1,907,996	1,785,000	279,840	2,064,840	0.92
2016-17	2,069,337	1,885,000	224,120	2,109,120	0.98
2017-18	2,197,008	1,985,000	168,579	2,153,579	1.02
2018-19	2,110,949	2,120,000	89,236	2,209,236	0.96
2019-20	-	-	-	-	-

Source: District records.

(1) Debt was paid off in 2018-19. Coverage ratio is no longer applicable.

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

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
General Bonded Debt										
General obligation bonds	\$ -	\$ -	\$ 2,120	\$ 4,105	\$ 5,990	\$ 7,775	\$ 9,465	\$ 11,085	\$ 12,630	\$ 14,115
Total general bonded debt	-	-	2,120	4,105	5,990	7,775	9,465	11,085	12,630	14,115
Per capita	\$ -	\$ -	\$ 15.06	\$ 29.13	\$ 43.06	\$ 56.47	\$ 69.32	\$ 81.50	\$ 93.90	\$ 105.01
Per student	\$ -	\$ -	\$ 1,060.53	\$ 2,005.34	\$ 2,984.55	\$ 3,764.22	\$ 4,524.81	\$ 5,279.58	\$ 5,361.92	\$ 5,885.17
As a percentage of personal income	0.00%	0.00%	0.03%	0.07%	0.10%	0.14%	0.19%	0.23%	0.27%	0.30%
As a percentage of secondary net assessed valuation	0.00%	0.00%	0.12%	0.24%	0.37%	0.51%	0.62%	0.63%	0.69%	0.68%
Other Debt										
Installment purchase contract	-	-	-	-	-	-	-	-	-	-
Capital lease	-	-	-	-	-	-	-	-	-	41
Total other debt	-	-	-	-	-	-	-	-	-	41
Total outstanding debt	\$ -	\$ -	\$ 2,120	\$ 4,105	\$ 5,990	\$ 7,775	\$ 9,465	\$ 11,085	\$ 12,630	\$ 14,156
Per capita	\$ -	\$ -	\$ 15.06	\$ 29.13	\$ 43.06	\$ 56.47	\$ 69.32	\$ 81.50	\$ 93.90	\$ 105.31
Per student	\$ -	\$ -	\$ 1,060.53	\$ 2,005.34	\$ 2,984.55	\$ 3,764.22	\$ 4,524.81	\$ 5,279.58	\$ 5,361.92	\$ 5,902.27
As a percentage of personal income	(5)	(5)	0.03%	0.07%	0.10%	0.14%	0.19%	0.23%	0.27%	0.30%
As a percentage of secondary net assessed valuation	0.00%	0.00%	0.12%	0.24%	0.37%	0.51%	0.62%	0.63%	0.69%	0.68%
Estimated County population (1)	140,217	142,854	140,776	140,908	139,097	137,682	136,539	136,011	134,511	134,421
Full Time Student Equivalent (2)	1,877.0	1,986.0	1,999.0	2,047.0	2,007.0	2,065.5	2,091.8	2,099.6	2,355.5	2,398.4
Personal Income (3)	(5)	\$ 6,748,504	\$ 6,513,074	\$ 5,926,168	\$ 5,705,476	\$ 5,399,899	\$ 4,906,294	\$ 4,735,934	\$ 4,620,811	\$ 4,725,407
Secondary Net Assessed Valuation (4)	\$ 2,080,692	\$ 1,943,316	\$ 1,811,039	\$ 1,676,240	\$ 1,600,258	\$ 1,527,026	\$ 1,530,349	\$ 1,759,564	\$ 1,840,139	\$ 2,083,915

- (1) U.S.Census Bureau
- (2) District records.
- (3) U.S. Bureau of Economic Analysis.
- (4) Coconino County Assessor.
- (5) Not yet available.

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

<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>
2010	134,421	4,725,407	35,154	9.7
2011	134,511	4,620,811	34,353	9.2
2012	136,011	4,735,934	34,820	8.1
2013	136,539	4,906,294	35,933	7.7
2014	137,682	5,399,899	39,220	7.2
2015	139,097	5,705,476	41,018	6.2
2016	140,908	5,926,168	42,057	5.8
2017	140,776	6,513,074	46,266	5.6
2018	140,217	6,748,504	48,129	5.1
2019	(3)	(3)	(3)	5.9

- (1) U.S Department of Commerce Bureau of Economic Analysis & U. S. Department of Commerce
- (2) Office of Economic Opportunity - Monthly Employment Report
- (3) Not yet available.

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

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

(1) Economic Collaborative of Northern AZ - 2018-19 updates have not been posted on website

(2) Flagstaff Chamber of Commerce

(3) Arizona Workforce Informer

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

Coconino County Community College District Historic Enrollment Last Ten Fiscal Years

Fall Historic Headcount (1)

College/Center	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Flagstaff	2,187	2,247	2,789	2,948	2,941	3,038	3,587	3,304	3,236	3,370
Online only (3)	629	547								
Page	65	85	72	76	96	78	100	106	176	245
Tuba City	127	137	143	129	78	79	4	3	53	37
Williams	-	-	-	-	-	29	-	2	43	35
Fredonia	-	-	-	-	-	-	-	-	12	5
Grand Canyon	-	-	-	-	-	-	-	1	-	5
Off Site	31	-	-	-	-	-	-	-	-	-
NAU	549	710	514	461	426	388	7	-	839	555
Total	3,588	3,726	3,518	3,614	3,541	3,612	3,698	3,416	4,359	4,252

Historic FTSE (2)

Semester	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Fall/Spring Average	1,657	1,738	1,770	1,812	1,780	1,827	1,854	1,837	2,071	2,067
Summer	161	173	165	146	157	153	161	176	197	220
Short	45	62	47	77	63	72	58	63	68	94
Adult Basic Education	14	14	17	13	7	14	18	23	20	18
Total	1,877	1,987	1,999	2,048	2,007	2,066	2,091	2,099	2,356	2,398

Source: District records.

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

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

(3) As of FY19 online classes have separate designation

(4) Off site category added in 2019. Includes non-traditional classroom settings.

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

<u>Fall Semester</u>	<u>Attendance (%)</u>		<u>Residency (%)</u>			<u>Gender (%)</u>	
	<u>FT</u>	<u>PT</u>	<u>County Resident</u>	<u>Out of County</u>	<u>Out of State</u>	<u>M</u>	<u>F</u>
2010	31	69	82	7	10	42	58
2011	31	69	85	9	6	33	67
2012	31	69	81	11	8	44	56
2013	27	73	77	11	12	42	58
2014	30	70	74	13	13	45	55
2015	31	69	64	22	14	48	52
2016	31	69	57	28	15	49	51
2017	28	72	58	28	14	47	53
2018	30	70	57	25	17	47	53
2019	29	71	61	22	17	47	53

<u>Fall Semester</u>	<u>Mean Age</u>	<u>Ethnic Background (%)</u>					
		<u>Native American</u>	<u>Asian</u>	<u>African American</u>	<u>Hispanic</u>	<u>Anglo</u>	<u>Other</u>
2010	28	25	1	2	9	60	3
2011	27	24	1	2	6	60	7
2012	28	20	1	1	12	57	9
2013	25	20	1	1	11	50	17
2014	25	18	1	2	16	56	7
2015	24	17	2	2	17	54	8
2016	24	19	1	3	18	52	7
2017	23	20	1	2	19	48	9
2018	23	19	1	1	20	47	10
2019	23	19	1	2	20	49	9

Source: District records.

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

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
Faculty										
Full-time faculty	40.0	38.0	37.0	34.0	30.0	35.0	40.9	39.0	40.0	39.0
Part-time faculty FTE (1)	<u>44.2</u>	<u>38.4</u>	<u>48.1</u>	<u>50.2</u>	<u>64.4</u>	<u>81.6</u>	<u>85.3</u>	<u>69.7</u>	<u>74.8</u>	<u>71.4</u>
Total faculty FTE	<u>84.2</u>	<u>76.4</u>	<u>85.1</u>	<u>84.2</u>	<u>94.4</u>	<u>116.6</u>	<u>126.2</u>	<u>108.7</u>	<u>114.8</u>	<u>110.4</u>
Administrative and support staff (2)										
Full-time Admin and Support Staff	111.0	111.0	108.0	103.0	105.0	106.0	105.0			
Part-time Staff FTE (3)	<u>15.0</u>	<u>16.3</u>	<u>20.0</u>	<u>21.2</u>	<u>16.0</u>	<u>16.3</u>	<u>22.0</u>			
	<u>126.0</u>	<u>127.3</u>	<u>128.0</u>	<u>124.2</u>	<u>121.0</u>	<u>122.3</u>	<u>127.0</u>	<u>106.9</u>	<u>128.2</u>	<u>109.9</u>
Total employees	<u>210.2</u>	<u>203.7</u>	<u>213.1</u>	<u>208.4</u>	<u>215.4</u>	<u>238.9</u>	<u>253.2</u>	<u>215.6</u>	<u>243.0</u>	<u>220.3</u>
Average class size	20.5	21.1	19.9	20.8	19.4	19.0	18.6	18.0	18.0	18.9

Source: District records.

(1) PT Faculty FTE calculated by dividing the number of credits taught in the academic year by the full-time faculty load of 30 credits.

(2) The breakdown of administrative and support staff prior to FY14 is not available.

(3) PT Staff FTE is calculated by taking the part time staff total headcount and dividing by 3 or 1/3rd of headcount.

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

	2019-20		2018-19		2017-18		2016-17		2015-16		2014-15		2013-14		2012-13		2011-12		2010-11		
	Count	Percent																			
Ethnicity																					
Asian Pacific Islander	10	1.5 %	12	1.8 %	8	1.3 %	3	1.4 %	3	0.8 %	-	- %	4	1.4 %	-	- %	2	0.7 %	3	1.1 %	
African American	5	0.7	2	0.3	3	0.5	5	2.3	1	0.3	3	0.8	2	0.7	2	0.7	1	0.3	2	0.7	
Hispanic	129	18.8	98	14.6	89	14.1	43	20.2	48	13.6	37	10.4	35	12.2	21	7.4	31	10.1	20	7.1	
Native American	141	20.5	138	20.5	107	16.9	29	13.6	61	17.2	75	21.1	61	21.3	52	18.3	46	15.0	53	18.9	
White	351	51.1	376	55.9	386	61.1	119	55.9	219	61.9	229	64.5	174	60.6	194	68.3	205	67.0	187	66.5	
Other	51	7.4	47	7.0	39	6.2	14	6.6	22	6.2	11	3.1	11	3.8	15	5.3	21	6.9	16	5.7	
Age																					
<20	28	4.0	28	4.2	1	0.2	1	0.5	2	0.6	4	1.1	5	1.7	9	3.2	8	2.6	5	1.8	
20-24	341	48.5	319	47.4	348	55.1	118	55.4	147	41.5	133	37.5	101	35.2	97	34.2	113	36.9	105	37.4	
25-29	124	17.6	121	18.0	117	18.5	39	18.3	95	26.8	79	22.3	73	25.4	77	27.1	71	23.2	63	22.4	
30-39	154	21.9	150	22.3	112	17.7	33	15.5	58	16.4	77	21.7	68	23.7	64	22.5	68	22.2	63	22.4	
40-49	43	6.1	42	6.2	31	4.9	14	6.6	34	9.6	30	8.5	21	7.3	21	7.4	30	9.8	28	10.0	
50-59	8	1.1	8	1.2	19	3.0	3	1.4	16	4.5	26	7.3	16	5.6	12	4.2	14	4.6	16	5.7	
>60	5	0.7	5	0.7	4	0.6	5	2.3	2	0.6	6	1.7	3	1.0	4	1.4	2	0.7	1	0.4	
Average age	27		27		27		28		29		31		30		30		30		28		
High School Graduation Dates																					
September 2017 - current	59	7.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
September 2016 - August 2017	104	13.8	86	12.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
September 2015 - August 2016	85	11.3	68	10.1	70	11.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
September 2014 - August 2015	73	9.7	84	12.5	86	13.6	1	0.5	-	-	-	-	-	-	-	-	-	-	-	-	
September 2013 - August 2014	72	9.5	62	9.2	93	14.7	24	11.3	21	5.9	-	-	-	-	-	-	-	-	-	-	
September 2012 - August 2013	39	5.2	34	5.1	57	9.0	32	15.0	37	10.5	11	3.1	-	-	-	-	-	-	-	-	
September 2011 - August 2012	37	4.9	30	4.5	45	7.1	30	14.1	37	10.5	27	7.6	14	4.9	10	3.5	-	-	-	-	
September 2010 - August 2011	17	2.3	39	5.8	37	5.9	22	10.3	33	9.3	34	9.6	15	5.2	8	2.8	6	2.0	4	1.4	
September 2009 - August 2010	16	2.1	23	3.4	18	2.8	16	7.5	27	7.6	35	9.9	32	11.1	25	8.8	10	3.3	-	-	
September 2008 - August 2009	17	2.3	25	3.7	19	3.0	10	4.7	25	7.1	31	8.7	21	7.3	21	7.4	22	7.2	5	1.8	
September 2007 - August 2008	20	2.7	12	1.8	23	3.6	9	4.2	21	5.9	25	7.0	30	10.5	24	8.5	32	10.5	29	10.3	
September 2006 - August 2007	7	0.9	24	3.6	18	2.8	6	2.8	13	3.7	16	4.5	13	4.5	23	8.1	20	6.5	26	9.3	
September 2005 - August 2006	11	1.5	22	3.3	20	3.2	5	2.3	18	5.1	13	3.7	14	4.9	16	5.6	28	9.2	27	9.6	
September 2004 - August 2005	20	2.7	19	2.8	13	2.1	7	3.3	11	3.1	10	2.8	18	6.3	20	7.0	16	5.2	23	8.2	
September 2003 - August 2004	10	1.3	18	2.7	15	2.4	4	1.9	13	3.7	18	5.1	13	4.5	7	2.5	25	8.2	29	10.3	
September 2002 - August 2003	74	9.8	14	2.1	6	0.9	4	1.9	8	2.3	11	3.1	116	40.4	17	6.0	12	3.9	10	3.6	
Prior to September 2002	90	11.9	106	15.8	100	15.8	40	18.8	85	24.0	122	34.4	1	0.3	113	39.8	135	44.1	128	45.6	
Not Given	3	0.4	7	1.0	12	1.9	3	1.4	5	1.4	2	0.6	-	-	-	-	-	-	-	-	
Sex																					
Female	403	58.7	421	62.6	349	55.2	110	51.6	201	56.8	210	59.2	179	62.4	173	60.9	199	65.0	176	62.6	
Male	284	41.3	252	37.4	283	44.8	103	48.4	153	43.2	145	40.8	108	37.6	111	39.1	107	35.0	105	37.4	
Degree Type																					
Advanced Certificate	1	0.1	1	0.1	1	0.2	1	0.5	2	0.6	1	0.3	1	0.4	4	1.4	-	-	1	0.4	
Associate of Applied Science	111	16.2	115	17.1	137	21.7	39	18.3	114	32.2	87	24.5	95	33.8	95	33.5	90	29.4	66	23.5	
Associate of Arts	229	33.3	194	28.8	224	35.4	110	51.6	179	50.6	197	55.5	154	54.8	130	45.8	145	47.4	133	47.3	
Associate of Business	2	0.3	1	0.1	4	0.6	-	-	1	0.3	-	-	1	0.4	1	0.4	6	2.0	7	2.5	
Associate of Fine Arts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	0.3	-	-	
Associate of General Studies	1	0.1	5	0.7	7	1.1	35	16.4	13	3.7	30	8.5	9	3.2	17	6.0	17	5.6	17	6.0	
Associate of Science	13	1.9	26	3.9	21	3.3	13	6.1	24	6.8	18	5.1	8	2.8	15	5.3	9	2.9	13	4.6	
Basic Certificate	1	0.1	21	3.1	3	0.5	1	0.5	2	0.6	2	0.6	6	2.1	6	2.1	20	6.5	12	4.3	
Certificate of Completion	315	45.9	303	45.0	233	36.9	14	6.6	18	5.1	16	4.5	6	2.1	9	3.2	17	5.6	27	9.6	
Intermediate Certificate	14	2.0	7	1.0	2	0.3	-	-	1	0.3	4	1.1	1	0.4	7	2.5	1	0.3	5	1.8	

Source: District records.

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

Square Footage:	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Academic areas:										
Laboratories - Lone Tree Campus	6,840	6,840	6,840	6,840	6,840	6,840	6,840	6,840	6,840	6,840
Instructional - Lone Tree Campus	97,607	97,607	97,607	97,607	97,607	97,607	97,607	97,607	97,607	97,607
Instructional - 4th Street Campus	48,900	48,900	48,900	48,900	48,900	48,900	48,900	48,900	48,900	48,900
Instructional - Williams Campus	-	-	-	-	-	-	-	-	4,108	4,108
Instructional - Page Campus	19,325	19,325	19,325	19,325	19,325	19,325	19,325	19,325	19,325	19,325
Administrative areas:										
Lone Tree Campus	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600
4th Street Campus	700	700	700	700	700	700	700	700	700	700
Williams Campus	-	-	-	-	-	-	-	- (1)	240	240
Page Campus	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080
Library	500	500	500	500	500	500	500	500	500	500
Dining	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560
Bookstore	2,210	2,210	2,210	2,210	2,210	2,210	2,210	2,210	2,210	2,210
Childcare	-	-	-	-	-	-	-	-	-	-
Total square footage	<u>199,322</u>	<u>203,670</u>	<u>203,670</u>							
Library - number of volumes	229	229	360	360	360	360	360	360	511	511
Dining - seating capacity	40	40	40	40	40	40	40	40	40	40
Dining - average daily customers	120	120	120	120	120	130	145	175	175	175
Number of Vehicles:										
Street vehicles	7	5	5	5	5	5	5	5	5	5
Forklift	1	1	1	1	1	1	1	1	1	1
Bobcat loader	1	1	1	1	1	1	1	1	1	1
Tractor	1	1	1	1	1	1	1	1	1	1
Dump truck	-	-	1	1	1	1	1	1	1	1
Backhoe	1	1	1	1	1	1	1	1	1	1
Trailer	4	3	3	2	2	2	2	2	2	2
Snow plow	-	-	-	-	-	-	-	-	-	-
Parking Capacity:										
Lone Tree Campus	500	500	500	500	500	500	500	500	500	500
4th Street Campus	235	235	235	235	235	235	235	235	235	235
Williams Campus	-	-	-	-	-	-	-	- (1)	24	24
Page Campus	78	78	78	78	78	78	78	78	78	78
Total parking capacity	<u>813</u>	<u>837</u>	<u>837</u>							

Source: District records.

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

