

COCONINO COUNTY COMMUNITY COLLEGE DISTRICT



# Comprehensive Annual Financial Report



*Fourth Street Campus and Technology Center  
FMC Institute for Nursing Education*

Fiscal Year Ended June 30, 2007



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

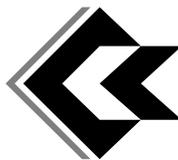
# **Coconino County Community College District**

**Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2007**

Prepared by

**District Business and Administrative Services Office**



**Coconino  
Community  
College**

# Coconino County Community College District Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2007

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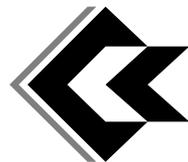
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# Introductory Section



**Coconino  
Community  
College**



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

February 20, 2008

To the Residents of Coconino County Community College District:

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

We at CCC are proud of our record for sound fiscal management. For more than a decade, the CCC accounting department has been honored with the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada. Thus, we believe you'll find this report to be another example of our commitment to good stewardship of your tax dollars while meeting the educational needs of our students.

Since 1991, CCC has been strengthening our northland communities and changing lives. We serve some 8,000 students annually through 35 degree programs ranging from environmental science to nursing, and 38 certificates in fields such as accounting and sheet metal work. In addition, our Community Enrichment Center offers a number of short courses and workshops in a variety of areas including cooking, art and computer skills.

Our campuses span 18,000 square miles with locations in Flagstaff, Williams, Page and at the Grand Canyon. We are continuously improving and enhancing our ability to bring educational opportunities to more students through interactive television and Web-based courses.

We strive to continue to add programs, courses and support services needed for the highest quality learning experiences and to meet community needs for a well-educated citizenry and well-prepared workforce.

In addition, we pledge to continually evaluate our operations to ensure that we are conducting the business of higher education efficiently and effectively.

Sincerely,

Leah L. Bornstein, Ph.D.  
President

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

FLAGSTAFF  
GRAND CANYON  
PAGE  
WILLIAMS

OFFICE OF THE  
PRESIDENT



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

February 20, 2008

To the Citizens of Coconino County Community College District:

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the Coconino County Community College District (the District) for the fiscal year ended June 30, 2007.

FLAGSTAFF

GRAND CANYON

PAGE

WILLIAMS

Arizona Revised Statutes (A.R.S.) §41-1279.07 requires community college districts of Arizona to prepare an annual budgeted expenditure limitation report and annual financial statements prepared in accordance with generally accepted accounting principles. The auditor general or a certified public accountant or public accountant performing the annual audit shall attest to the expenditure limitation report and financial statement. This report is published to fulfill these requirements for the fiscal year ended June 30, 2007.

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 are accurate in all material respects and are 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 are compiled to allow for the preparation of financial statements in conformity with general accounting principles.

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

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

**Reporting Entity**

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

**BUSINESS & ADMINISTRATIVE SERVICES**

VICE PRESIDENT

ACCOUNTING

BUDGET

FACILITIES

HUMAN RESOURCES

INFORMATION TECHNOLOGY SYSTEMS

PURCHASING

AUXILIARY SERVICES

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

### **Profile of Coconino County Community College District**

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

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

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

The District serves the educational needs of Coconino County through six facilities: the Flagstaff Lone Tree Campus and District Offices, the Flagstaff Fourth Street Campus and Technology Center/FMC Institute for Nursing Education, the Page/Lake Powell Campus, the Williams Campus, the Grand Canyon Leaning Center, and the Fredonia Campus. District-wide administrative and support services are centralized and administered by the President and the President's Advisory Council. The President's Advisory Council consists of: the Vice President for Business and Administrative Services, the Vice President for Academic Affairs, the Vice President for Student Affairs, the Executive Dean of the Page/Lake Powell Campus, the Chief Information Systems Officer, the Director of Development, the Director of Marketing and Public Relations, one faculty representative, one staff representative, and one student representative.

#### *History*

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

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

## *Geography/Population*

Coconino County is located in the northern portion of the State and encompasses an area of approximately 12 million acres. Its boundaries include the cities of Page, Fredonia, Tuba City, Grand Canyon, Williams, Sedona, and Flagstaff, as well as other smaller cities and towns, and all the unincorporated areas of the County. The County's 2006 population has been estimated at 124,953 by the U.S. Census Bureau.

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

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

## **Local Economy**

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

The State and National economy have improved this past year and property values in Coconino County have continued to grow. However, County unemployment rates (4.4%) have remained higher than both state (4.1%) and national levels and the District must contend with the continued limited funding from the State. The District is committed to improving and offering additional services to meet the county needs. These efforts are achieved through careful monitoring of costs, innovative partnerships, continual searching for cost saving opportunities, and seeking new revenue sources.

## **Long Term Strategic Financial and Operational Planning**

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

The District has developed unique partnerships within the community, which continue to result in significant savings to our taxpayers. Specifically, partnerships with the City of Page, Northern

Arizona University, and the Williams Unified School District have resulted in donations of land for the construction of the three respective campuses. These donations and other partnering initiatives continue to provide leverage and maximum return on the community's investment in education.

### *Budget*

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

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

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

### *Cash Management*

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

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

During the year, idle funds were invested in demand deposits, notes, commercial paper, and certificates of deposit through the State of Arizona Local Government Investment Pool and the Coconino County Treasurer. The yield on investments at June 30 was 5.196 and 3.200 percent, respectively.

### *Financial Reporting*

The Comprehensive Annual Financial Report (CAFR) for the District was formulated with data from several sources, including District records and Coconino County Department of Finance reports. These statements present information on the financial condition of the District and whether resources were adequate to cover the costs of providing services during the reporting

period. The District's CAFR is distributed to the District Governing Board and executive management, the State legislature, Federal and State agencies, and financial institutions as well as others throughout the general public. Internal management reports are customized and provided to meet the information and decision-making needs at all levels of the organization to aid management in the allocation of resources.

#### *Debt Administration*

The District issued \$25 million of general obligation bonds in 1999 for capital developments throughout Coconino County. These developments have been completed and the District levies a secondary property tax to fund the debt retirement. The District does not foresee any additional debt in the near future, as the existing debt levels should be sufficient to meet the current and foreseeable future needs and requirements of the District.

#### *Risk Management*

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

#### **Major Initiatives**

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

#### *Personnel – Salaries and Benefits*

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

#### *Workforce Development*

The District has initiated a concentrated effort over the past several years to provide communities with more occupational and technical training. The voters of Arizona passed proposition 301 in November 2000, which provides a 0.6% sales tax to assist in this effort

beginning in fiscal year 2002. The use of these funds is restricted to workforce development programs, such as the CISCO Academy, the nursing program, and construction technology management. To meet the unique interests of individuals and groups within the service area of the District, customized workforce training services were developed. In addition, the District has responded to community education needs by offering more noncredit personal enrichment and professional development learning opportunities.

### *Efficiency through Partnerships*

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

The District is finding efficiencies by developing new instructional programs that can be fully funded by the fee revenue they generate, and is continuing to seek external funding through the Coconino Community College Foundation. In addition, along with Alliance partners such as the City of Flagstaff, Coconino County, Flagstaff Unified School District, and Northern Arizona University; the Synergistic Training and Resource Sharing (STARS) group was formed for local public employers to increase the variety, quality, and affordability of training resources in order to develop our workforce for today and tomorrow.

### *Growth*

Throughout its history, the District's full time student equivalency (FTSE) has grown an average of 10% per year, from 491 in fiscal year 1992 to a budgeted 2,193 for fiscal year 2008. This growth has corresponded to many changes over the years including increases in personnel as well as facilities. Coconino Community College conducts operations throughout the largest county in Arizona, including two campuses in Flagstaff, a campus in Page, an extension site in Williams, and distance learning facilities in both Grand Canyon and Tuba City. The Page campus offers classes on a limited basis to the community of Fredonia. The growth the District has experienced has led to the development of enrollment management strategies. To that end, the College has implemented a marketing plan to help the College recruit and retain targeted student populations.

### *New Programs*

The District has supported the continued expansion of several programs that include: non-credit/continuing education at the Flagstaff, Page, and Fredonia locations; performing and fine arts; Basic Detention Academy; nursing; phlebotomy for law enforcement; fire science and emergency medical services; and the Colorado Plateau studies.

### *Strengthening Communities*

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

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

### **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, 2006. This was the twelfth consecutive year that the Coconino County Community College District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### **Acknowledgment**

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

Respectfully submitted,

Jami Van Ess, Vice President  
Business and Administrative Services

Cindy L Cook  
Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Coconino County  
Community College District  
Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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



*Chloe S. Cox*

President

*Jeffrey R. Enev*

Executive Director

## **Coconino County Community College District**

### **Principal Officers**

#### **District Governing Board**

Dr. Nat White, Member, District 1

Ms. Jane Corona, Secretary, District 2

Mr. Erik Eickenberry, Member, District 3

Mr. Patrick Hurley, Member, District 4

Ms. Val Gleave, Chair, District 5

#### **Administration**

Dr. Leah L. Bornstein, President

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

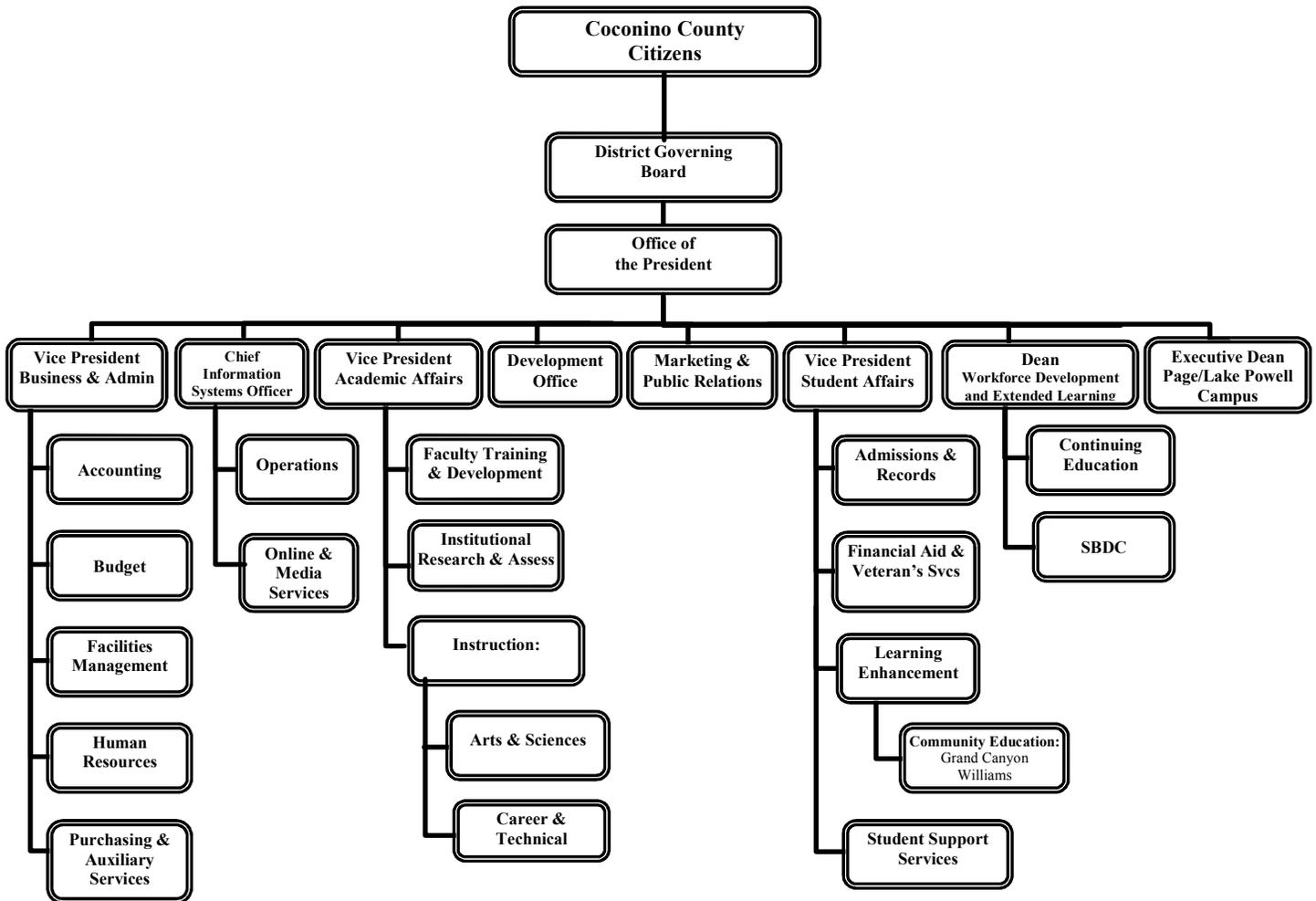
Dr. Kathleen Corak, Vice President for Academic Affairs

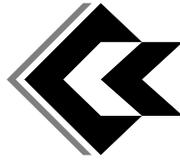
Mr. David L. Minger, Vice President for Student Affairs

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

Ms. Bonnie Stevens, Director of Public Relations and Marketing

# Coconino County Community College District Organizational Chart





# Coconino Community College

## Vision, Mission, Purposes & Core Values

### Vision

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

### Mission

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

### Purposes

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

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

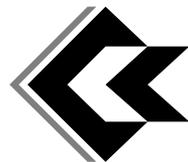
## Core Values

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

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

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# Financial Section



**Coconino  
Community  
College**



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Governing Board of  
Coconino County Community College District

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Coconino County Community College District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Coconino County Community College District as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. That information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Debbie Davenport  
Auditor General

February 21, 2008

**Coconino County Community College District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2007**

Our discussion and analysis introduces the basic financial statements and provides an overview of the District's financial activities for the year ended June 30, 2007. Please read it in conjunction with the transmittal letter, which precedes this section, and the financial statements, which immediately follow.

**Basic Financial Statements**

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

*Statement of Net Assets*

The Statement of Net Assets reflects the financial position of the District at June 30, 2007. It shows the assets owned or controlled, related liabilities and other obligations, and the categories of net assets. Net assets is an accounting concept defined as total assets less total liabilities, and as such, represents the institutional equity or ownership in the total assets of the District.

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

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

*Statement of Revenues, Expenses, and Changes in Net Assets*

The Statement of Revenues, Expenses, and Changes in Net Assets reflects the results of operations and other changes for the year ended June 30, 2007. It shows the revenues and expenses, both operating and nonoperating, reconciling the beginning net assets amount to the ending net assets amount, which is shown on the Statement of Net Assets described above.

**Coconino County Community College District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2007**

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. Nonoperating expense consists of interest expense on debt.

*The Statement of Cash Flows*

The Statement of Cash Flows reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2007. It shows the cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the Statement of Net Assets described above. In addition, this statement reconciles cash flows used for operating activities to the operating loss shown on the Statement of Revenues, Expenses, and Changes in Net Assets described above.

Although the primary focus of this document is on the results and activity for fiscal year 2006-07 (FY2007), comparative data is presented for the previous fiscal year 2005-06 (FY2006). This Management's Discussion and Analysis (MD&A) uses the prior year as a reference point in illustrating issues and trends for determining whether the institution's health may have improved or deteriorated.

**Coconino County Community College District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2007**

**Condensed Financial Information**

<i>Statement of Net Assets As of June 30</i>			
	<u>2007</u>	<u>2006</u>	<u>Percent Change</u>
Current assets	\$ 9,613,273	\$ 8,254,942	16.5 %
Capital assets, net	29,796,855	30,295,760	(1.6)
<b>Total assets</b>	<b>39,410,128</b>	<b>38,550,702</b>	<b>2.2</b>
Long-term liabilities outstanding	19,989,196	21,040,105	(5.0)
Other liabilities	1,868,166	1,389,223	34.5
<b>Total liabilities</b>	<b>21,857,362</b>	<b>22,429,328</b>	<b>(2.6)</b>
Invested in capital assets, net of related debt	10,371,855	9,840,760	5.4
Restricted net assets	2,738,896	2,500,266	9.5
Unrestricted net assets	4,442,015	3,780,348	17.5
<b>Total net assets</b>	<b>\$ 17,552,766</b>	<b>\$ 16,121,374</b>	<b>8.9 %</b>

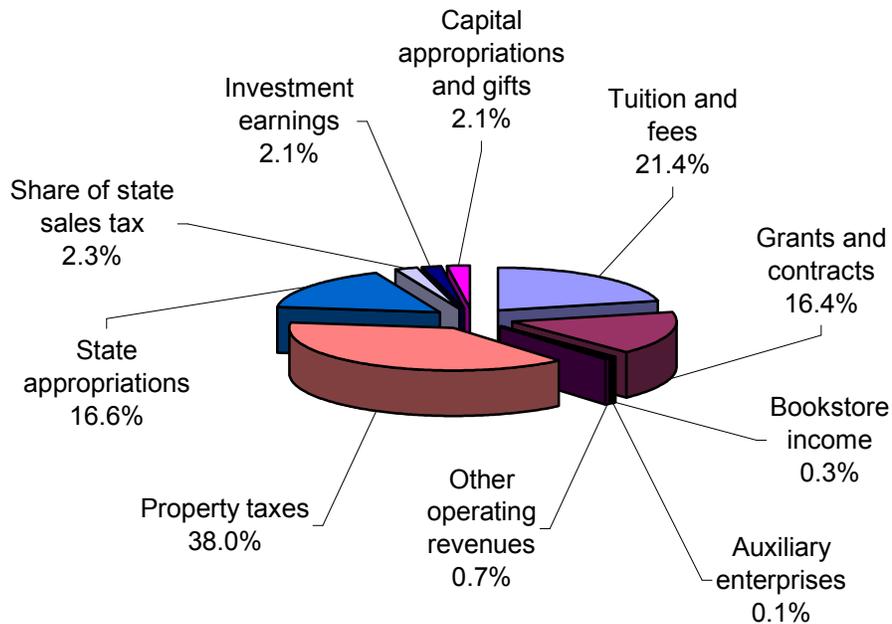
<i>Statement of Revenues, Expenses, and Changes in Net Assets For the Years Ended June 30</i>			
	<u>2007</u>	<u>2006</u>	<u>Percent Change</u>
Operating revenues:			
Tuition and fees (net of scholarship allowances)	\$ 4,285,966	\$ 3,700,169	15.8 %
Grants and contracts	3,291,506	2,972,328	10.7
Other operating revenue	218,097	100,600	116.8
Total operating revenue	7,795,569	6,773,097	15.1
Operating expenses:			
Educational and general	16,549,834	15,755,370	5.0
Auxiliary enterprises	28,275	18,584	52.1
Depreciation	1,061,009	1,128,824	(6.0)
Total operating expenses	17,639,118	16,902,778	4.4
Net operating loss	(9,843,549)	(10,129,681)	(2.8)
Nonoperating revenues and expenses	10,853,641	10,264,612	5.7
Income before other revenues, expenses, gains, or losses	1,010,092	134,931	648.6
Capital appropriations and gifts	421,300	408,000	3.3
Increase in net assets	1,431,392	542,931	
Net assets, beginning of year	16,121,374	15,578,443	3.5
<b>Net assets, end of year</b>	<b>\$ 17,552,766</b>	<b>\$ 16,121,374</b>	<b>8.9 %</b>

**Coconino County Community College District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2007**

The following schedule presents a summary of revenues for the fiscal year ended June 30, 2007, with comparative totals for June 30, 2006.

<b>Revenues by Source</b>	<b>2007</b>		<b>2006</b>		<b>Increase/(Decrease)</b>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Change</u>
<b>Operating revenues</b>						
Tuition and fees (net of scholarship allowances)	\$ 4,285,966	21.4 %	\$ 3,700,169	20.0 %	\$ 585,797	15.8 %
Grants and contracts	3,291,506	16.4	2,972,328	16.2	319,178	10.7
Bookstore income	55,781	0.3	44,635	0.2	11,146	25.0
Auxiliary enterprises	22,271	0.1	23,340	0.1	(1,069)	(4.6)
Other operating revenues	140,045	0.7	32,625	0.2	107,420	329.3
<b>Total operating revenues</b>	<b>7,795,569</b>	<b>38.9</b>	<b>6,773,097</b>	<b>36.7</b>	<b>1,022,472</b>	<b>15.1</b>
<b>Nonoperating revenues</b>						
Property taxes	7,619,507	38.0	7,273,839	39.4	345,668	4.8
State appropriations	3,322,500	16.6	3,147,700	17.1	174,800	5.6
Share of state sales tax	455,793	2.3	425,004	2.3	30,789	7.2
Investment earnings	413,896	2.1	318,404	1.7	95,492	30.0
Other nonoperating revenues	-	-	112,633	0.6	(112,633)	(100.0)
<b>Total nonoperating revenues</b>	<b>11,811,696</b>	<b>59.0</b>	<b>11,277,580</b>	<b>61.1</b>	<b>534,116</b>	<b>4.7</b>
Capital appropriations and gifts	421,300	2.1	408,000	2.2	13,300	3.3
<b>Total revenues</b>	<b>\$ 20,028,565</b>	<b>100.0 %</b>	<b>\$ 18,458,677</b>	<b>100.0 %</b>	<b>\$ 1,569,888</b>	<b>8.5 %</b>

**Revenues by Source FY2007**

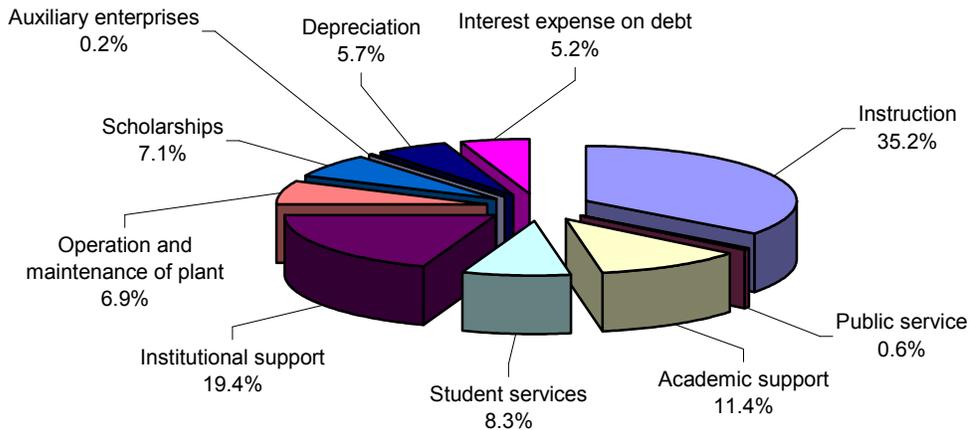


**Coconino County Community College District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2007**

The following schedule presents a summary of expenses for the fiscal year ended June 30, 2007, with comparative totals for June 30, 2006.

<b>Expenses by Function</b>	2007		2006		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
<b>Operating expenses</b>						
<b>Education and general:</b>						
Instruction	\$ 6,564,191	35.2 %	\$ 6,393,009	35.7 %	\$ 171,182	2.7 %
Public service	112,715	0.6	133,496	0.7	(20,781)	(15.6)
Academic support	2,117,756	11.4	2,113,464	11.8	4,292	0.2
Student services	1,540,409	8.3	1,411,693	7.9	128,716	9.1
Institutional support	3,613,667	19.4	3,175,049	17.7	438,618	13.8
Operation and maintenance of plant	1,280,453	6.9	1,279,708	7.1	745	0.1
Scholarships	1,320,643	7.1	1,248,951	7.0	71,692	5.7
Auxiliary enterprises	28,275	0.2	18,584	0.1	9,691	52.1
Depreciation	1,061,009	5.7	1,128,824	6.3	(67,815)	(6.0)
<b>Total operating expenses</b>	<b>17,639,118</b>	<b>94.8</b>	<b>16,902,778</b>	<b>94.3</b>	<b>736,340</b>	<b>4.4</b>
<b>Nonoperating expenses</b>						
Interest expense on debt	958,055	5.2	1,012,968	5.7	(54,913)	(5.4)
<b>Total nonoperating expenses</b>	<b>958,055</b>	<b>5.2</b>	<b>1,012,968</b>	<b>5.7</b>	<b>(54,913)</b>	<b>(5.4)</b>
<b>Total expenses</b>	<b>\$ 18,597,173</b>	<b>100.0 %</b>	<b>\$ 17,915,746</b>	<b>100.0 %</b>	<b>\$ 681,427</b>	<b>3.8 %</b>

**Expenses by Function FY2007**

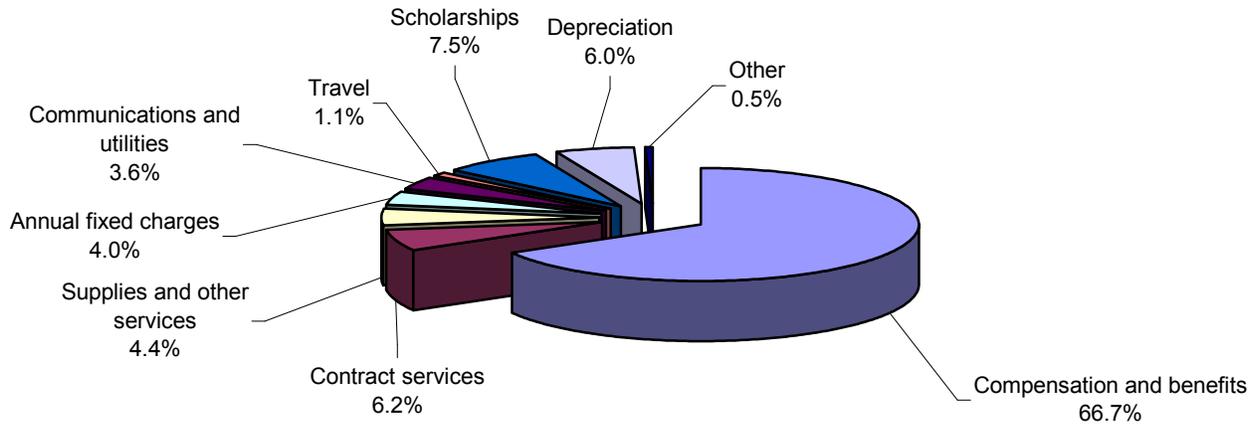


**Coconino County Community College District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2007**

The following schedule presents a summary of operating expenses by natural classification for the fiscal year ended June 30, 2007, with comparative totals for June 30, 2006.

<b>Operating Expenses by Natural Classification</b>	2007		2006		Increases/(Decreases)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Compensation and benefits	\$ 11,775,826	66.7 %	\$ 11,160,691	66.1 %	\$ 615,135	5.5 %
Contract services	1,086,017	6.2	920,068	5.4	165,949	18.0
Supplies and other services	784,715	4.4	883,726	5.2	(99,011)	(11.2)
Annual fixed charges	697,574	4.0	710,515	4.2	(12,941)	(1.8)
Communications and utilities	627,632	3.6	562,892	3.3	64,740	11.5
Travel	195,225	1.1	190,172	1.1	5,053	2.7
Scholarships	1,321,105	7.5	1,251,085	7.4	70,020	5.6
Depreciation	1,061,009	6.0	1,128,824	6.7	(67,815)	(6.0)
Other	90,015	0.5	94,805	0.6	(4,790)	(5.1)
<b>Total operating expenses</b>	<b>\$ 17,639,118</b>	<b>100.0 %</b>	<b>\$ 16,902,778</b>	<b>100.0 %</b>	<b>\$ 736,340</b>	<b>4.4 %</b>

**Operating Expenses by Natural Classification FY2007**



**Coconino County Community College District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2007**

**Financial Highlights and Analysis**

**Statement of Net Assets**

The District's overall financial position improved in fiscal year 2007. Total net assets for the District grew by \$1.4 million, or 8.9%, from fiscal year 2006 to fiscal year 2007.

Total assets of the District increased \$859,426, or 2.2%, from fiscal year 2006 to fiscal year 2007, primarily due to increased balances in cash and investment accounts.

Total liabilities of the District decreased \$571,966, or 2.6%, from fiscal year 2006 to fiscal year 2007. Long-term liabilities, which consist of long-term debt and compensated absences payable, decreased by \$1,050,909, or 5%. This was due to scheduled debt service payments and employee leave accruals less leave payouts. Other liabilities increased \$478,943, or 34.5%, due to increased balances in accounts payable, accrued payroll and employee benefits, deferred revenue, and deposits held in custody for others.

**Statement of Revenues, Expenses, and Changes in Net Assets**

The District has four major revenue sources. These are property taxes, tuition and fees, state appropriations, and grants and contracts. Total revenue for the District increased \$1.6 million from fiscal year 2006 to fiscal year 2007. The revenue sources primarily responsible for the increase are as follows:

- Tuition and fees (net of scholarship allowances) increased \$586 thousand due to a combination of (1) an in-state tuition increase of \$5 per credit hour, (2) an increase in out-of-state tuition of \$81 per credit hour, and (3) an increase of full time student equivalents (FTSE) of 34.2. Out-of-state tuition increased four times the in-state rate in fiscal year 2006 to five times the in-state rate in fiscal year 2007.
- Government grants and contracts increased \$239 thousand primarily due to the Adult Education Program, of which the District became the fiscal agent effective July 1, 2006, for Coconino County.
- Property taxes increased \$346 thousand due to higher property valuations and new construction.
- State appropriations increased \$175 thousand due to prior year growth in enrollment (FTSE) in the District.
- Investment earnings increased \$95 thousand due to more favorable interest rates.
- Other operating revenues increased due to a reclassification of nonoperating revenues to operating revenues.

Total expenses increased by \$681 thousand, from fiscal year 2006 to fiscal year 2007. The functional expense classifications primarily responsible for the increase are as follows:

**Coconino County Community College District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2007**

- Institutional support expenses increased by \$439 thousand. Increases were primarily due to increased development efforts, election costs for the November 2007 election in which the District was seeking a property tax override, and increased wage and employee benefits expense.
- Instruction expenses increased by \$171 thousand. Increases were primarily due to a 41% increase in dual enrollment, as well as increased wage and employee benefits.
- Student services expenses increased by \$129 thousand. Increases were primarily due to the increased need of interpreters for disabled students, implementation of Proposition 300 which requires proof of lawful status of all students for resident tuition charges, and verification of proof of residency.

**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. For the year ended June 30, 2007, these funds amounted to approximately \$2,440,179.

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

<b>Capital Assets</b>			<u>Percent</u>
	<u>2007</u>	<u>2006</u>	<u>Change</u>
Land	\$ 1,089,000	\$ 1,089,000	- %
Buildings	27,734,105	28,542,664	(2.8)
Improvements other than buildings	432,075	321,759	34.3
Equipment	514,887	262,512	96.1
Vehicles	25,737	53,312	(51.7)
Construction in progress	1,051	26,513	(96.0)
Total capital assets	<u>\$ 29,796,855</u>	<u>\$ 30,295,760</u>	(1.6) %

At June 30, 2007, the District had one bond issue outstanding, consisting of a general obligation bond issue for \$25,000,000. Total long-term debt at June 30, 2007, is \$19,425,000. No new debt was issued during the fiscal year.

Equipment purchases in fiscal year 2007 totaled \$438,952 and included network infrastructure replacement, a five year Vista perpetual license, and CommVault backup software.

**Coconino County Community College District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2007**

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

**Current Factors Having Probable Future Financial Significance**

The community college system-wide appropriation for state aid is provided by A.R.S. §15-1466. The formula is based on the current base and enrollment growth. During fiscal years 2002, 2003, and 2004, due to declining state revenues, state aid to community colleges was cut drastically. Although state aid funding of \$3,130,800 represented 45.8% of total gross revenues in fiscal year 2001, fiscal year 2007 state aid funding of \$3,322,500 only represents 16.7% of total gross revenues. To accommodate the decline in state aid, tuition has increased from \$33 per credit hour in fiscal year 2001 to \$61 per credit hour in fiscal year 2007, an 84.9% increase over a seven-year period. An additional increase of \$4 per credit hour has been approved for fiscal year 2008.

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

Employee benefit expenses continue to rise. To combat the rising costs, the Northern Arizona Public Employee Benefits Trust (NAPEBT), of which the District is a member, became self-funded beginning July 1, 2006. The District contributes 100% of the premium for medical, vision and dental insurance for employees, as well as 32% of family medical and vision premiums. Employees have a choice of three medical plans: a base plan, a buy-up plan, and a high deductible plan with a Health Savings Account. These options have been developed by NAPEBT in order to provide additional choices for employees and as an attempt to control rising insurance costs.

In fiscal year 2005, the District, in conjunction with Northland Pioneer College, received a Title III – Strengthening Institutions Program grant from the U.S. Department of Education. The grant provides approximately \$2.5 million over a five-year period to develop distance learning, and requires a \$100,000 phase in of expenses to the general fund over the five-year period.

**Requests for Information**

This discussion and analysis is designed to provide a general overview of the Coconino County Community College District's finances for all those with an interest in such matters. Questions concerning any of the information provided in this Comprehensive Annual Financial Report or requests for additional financial information should be addressed to the Controller, Coconino County Community College District, 2800 S. Lone Tree Road, Flagstaff, AZ 86001.

**Coconino County Community College District  
Statement of Net Assets - Primary Government  
June 30, 2007**

	<u>Business-Type Activites</u>
<b>Assets</b>	
Current assets:	
Cash in bank and on hand	\$ 284,318
Cash and investments held by the County Treasurer	8,532,423
Investments	50,089
Receivables:	
Property taxes (net of allowances of \$43,748)	100,543
Government grants and contracts	178,961
Interest	567
Other (net of allowances of \$19,986)	285,306
Inventories	20,946
Prepaid items	160,120
Total current assets	<u>9,613,273</u>
Noncurrent assets:	
Capital assets, not being depreciated	1,090,051
Capital assets, being depreciated, net	<u>28,706,804</u>
Total noncurrent assets	<u>29,796,855</u>
Total assets	<u>39,410,128</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	511,043
Accrued payroll and employee benefits	840,435
Deferred revenues	453,203
Deposits held in custody for others	63,485
Current portion of compensated absences payable	65,671
Current portion of long-term debt	1,105,000
Total current liabilities	<u>3,038,837</u>
Noncurrent liabilities:	
Compensated absences payable	498,525
Long-term debt	<u>18,320,000</u>
Total noncurrent liabilities	<u>18,818,525</u>
Total liabilities	<u>21,857,362</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	10,371,855
Restricted:	
Expendable:	
Capital projects	2,416,404
Debt service	322,492
Unrestricted	4,442,015
Total net assets	<u>\$ 17,552,766</u>

See accompanying notes to financial statements.

**Coconino County Community College District  
Statement of Financial Position - Component Unit  
June 30, 2007**

	Coconino Community College Foundation
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 112,850
Investments, at market	574,103
Total current assets	\$ 686,953
 <b>Liabilities</b>	
Current liabilities:	
Accrued expenses	\$ 610
CCC College payable	8,839
Total current liabilities	9,449
 <b>Net Assets</b>	
Unrestricted	198,987
Temporarily restricted	302,055
Permanently restricted	176,462
Total net assets	677,504
Total liabilities and net assets	\$ 686,953

See accompanying notes to financial statements.

**Coconino County Community College District**  
**Statement of Revenues, Expenses, and Changes in Net Assets-Primary Government**  
**Year Ended June 30, 2007**

	Business-Type Activities
Operating revenues:	
Tuition and fees (net of scholarship allowances of \$351,880)	\$ 4,285,966
Government grants and contracts	3,079,635
Private grants and contracts	211,871
Bookstore income	55,781
Auxiliary enterprises	22,271
Other	140,045
Total operating revenues	7,795,569
Operating expenses:	
Educational and general:	
Instruction	6,564,191
Public service	112,715
Academic support	2,117,756
Student services	1,540,409
Institutional support	3,613,667
Operation and maintenance of plant	1,280,453
Scholarships	1,320,643
Auxiliary enterprises	28,275
Depreciation	1,061,009
Total operating expenses	17,639,118
Operating loss	(9,843,549)
Nonoperating revenues (expenses):	
Property taxes	7,619,507
State appropriations	3,322,500
Share of state sales taxes	455,793
Investment earnings	413,896
Interest expense on debt	(958,055)
Total nonoperating revenues (expenses)	10,853,641
Income before other revenues, expenses, gains, or losses	1,010,092
Capital appropriations	421,300
Increase in net assets	1,431,392
Total net assets, July 1, 2006	16,121,374
Total net assets, June 30, 2007	\$ 17,552,766

See accompanying notes to financial statements.

**Coconino County Community College District  
Statement of Activities - Component Unit  
Year Ended June 30, 2007**

Coconino Community College Foundation						
	Unrestricted			Temporarily Restricted	Permanently Restricted	TOTAL
	Unrestricted	Board-designated	TOTAL			
Support and revenue						
Public contributions	\$ 114,789	\$ -	\$ 114,789	\$ 86,840	\$ 31,845	\$ 233,474
Revenues	780	-	780	-	-	780
Investment earnings	-	-	-	16,272	-	16,272
Board-designated restriction changes	<u>          </u>	<u>(26,262)</u>	<u>(26,262)</u>	<u>          </u>	<u>26,262</u>	<u>          </u>
Total support and revenue	115,569	(26,262)	89,307	103,112	58,107	250,526
Net assets released from restrictions	<u>215,765</u>	<u>          </u>	<u>215,765</u>	<u>(215,765)</u>	<u>          </u>	<u>          </u>
Total support, revenue, and other support	<u>331,334</u>	<u>(26,262)</u>	<u>305,072</u>	<u>(112,653)</u>	<u>58,107</u>	<u>250,526</u>
Expenses						
Program services	342,482	-	342,482	-	-	342,482
Supporting services	16,600	-	16,600	-	-	16,600
Total expenses	<u>359,082</u>	<u>          </u>	<u>359,082</u>	<u>          </u>	<u>          </u>	<u>359,082</u>
Change in net assets before other items	(27,748)	(26,262)	(54,010)	(112,653)	58,107	(108,556)
Unrealized gain on investments	<u>          </u>	<u>          </u>	<u>          </u>	<u>67,544</u>	<u>          </u>	<u>67,544</u>
Increase (decrease) in net assets	(27,748)	(26,262)	(54,010)	(45,109)	58,107	(41,012)
Net assets, July 1, 2006	226,735	26,262	252,997	347,164	118,355	718,516
Net assets, June 30, 2007	<u>\$ 198,987</u>	<u>\$ -</u>	<u>\$ 198,987</u>	<u>\$ 302,055</u>	<u>\$ 176,462</u>	<u>\$ 677,504</u>

See accompanying notes to financial statements.

**Coconino County Community College District  
Statement of Cash Flows - Primary Government  
Year Ended June 30, 2007**

	<u>Business-Type Activities</u>
<b>Cash flows from operating activities:</b>	
Tuition and fees	\$ 4,503,058
Grants and contracts	3,338,564
Bookstore receipts	54,691
Commissions and rents	21,713
Other receipts	141,069
Payments to employees for salaries and benefits	(11,660,359)
Payments to suppliers and providers of goods and services	(3,353,408)
Payments to students for scholarships	(1,672,985)
Net cash used for operating activities	<u>(8,627,657)</u>
<b>Cash flows from noncapital financing activities:</b>	
Property taxes - primary	5,548,154
State appropriations	3,322,500
Share of state sales taxes	455,793
Deposits held in custody for others received	1,734,676
Deposits held in custody for others disbursed	(1,713,608)
Net cash provided by noncapital financing activities	<u>9,347,515</u>
<b>Cash flows from capital and related financing activities:</b>	
Property taxes - secondary	2,059,267
Capital appropriations	421,300
Purchases of capital assets	(562,104)
Principal paid on capital debt	(1,030,000)
Interest paid on capital debt	(958,055)
Net cash used for capital and related financing activities	<u>(69,592)</u>
<b>Cash flows from investing activities:</b>	
Interest received on investments	414,764
Net cash provided by investing activities	<u>414,764</u>
Net increase in cash and cash equivalents	1,065,030
Cash and cash equivalents, July 1, 2006	7,801,800
Cash and cash equivalents, June 30, 2007	<u>\$ 8,866,830</u>

See accompanying notes to financial statements.

(continued)

**Coconino County Community College District  
Statement of Cash Flows - Primary Government  
Year Ended June 30, 2007  
(continued)**

	Business-Type Activities
<b>Reconciliation of operating loss to net cash used for operating activities:</b>	
Operating loss	\$ (9,843,549)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	1,061,009
Changes in assets and liabilities:	
Increase in:	
Government grants and contracts receivable	(2,973)
Other receivables	(138,971)
Prepaid items	(147,622)
Accounts payable	267,183
Accrued payroll and employee benefits	136,374
Deferred revenues	54,318
Decrease in:	
Inventories	7,483
Compensated absences payable	(20,909)
Net cash used for operating activities	\$ (8,627,657)
 <b>Reconciliation of cash and cash equivalents to the Statement of Net Assets:</b>	
Cash in bank and on hand	\$ 284,318
Cash and investments held by the County Treasurer	8,532,423
Investments	50,089
Cash and cash equivalents	\$ 8,866,830

See accompanying notes to financial statements.

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 1 - Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

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

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

During the year ended June 30, 2007, the Foundation distributed \$181,961 to the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Development Office, Coconino County Community College District, 2800 S. Lone Tree Road, Flagstaff, AZ 86001.

**B. Basis of Presentation and Accounting**

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

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 1 - Summary of Significant Accounting Policies (continued)**

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

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

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

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

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

**Coconino County Community College District  
Notes to Financial Statements  
June 30, 2007**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**C. Cash and Investments**

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

**D. Inventories**

The supplies inventory is stated at cost by specific identification.

**E. Capital Assets**

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

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

	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
Land	\$5,000		
Buildings	\$5,000	straight line	40 years
Improvements other than buildings	\$5,000	straight line	15 years
Equipment and vehicles	\$5,000	straight line	5 years
Library collections	\$5,000	straight line	10 years

**F. Investment Earnings**

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

**G. Compensated Absences**

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

Employees may accumulate vacation hours up to 1.5 times their annual vacation accrual, but any vacation hours in excess of the maximum amount that are unused at calendar year-end are forfeited. Upon termination of employment, all unused and unforfeited

**Coconino County Community College District  
Notes to Financial Statements  
June 30, 2007**

**Note 1 - Summary of Significant Accounting Policies (concluded)**

vacation benefits are paid to employees, up to a maximum of one year's accrual. Accordingly, vacation benefits are accrued as a liability in the financial statements.

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

**H. Scholarship Allowances**

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

**Note 2 - Deposits and Investments**

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

**Deposits**—At June 30, 2007, the carrying amount of the District's deposits was \$282,518 and the bank balance was \$638,864. The District does not have a formal policy with respect to custodial credit risk.

**Investments**—The District's investments at June 30, 2007, were as follows:

<b>Investment Type</b>	<b>Amount</b>
County Treasurer's investment pool	\$ 8,532,423
State Treasurer's investment pools	50,089
	\$ 8,582,512

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 2 – Deposits and Investments (concluded)**

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

*Credit risk*-The District does not have a formal policy with respect to credit risk. At June 30, 2007, credit risk for the District's investments was as follows:

<b>Investment Type</b>	<b>Rating</b>	<b>Rating Agency</b>	<b>Amount</b>
County Treasurer's investment pool	Unrated	Not applicable	\$ 8,532,423
State Treasurer's investment pools	Unrated	Not applicable	50,089
			<u>\$ 8,582,512</u>

*Interest rate risk*-The District does not have a formal policy with respect to interest rate risk. At June 30, 2007, the District had the following investments in debt securities:

<b>Investment Type</b>	<b>Amount</b>	<b>Weighted Average Maturity in Years</b>
County Treasurer's investment pool	\$ 8,532,423	2.64
State Treasurer's investment pool #5	50,089	0.21
	<u>\$ 8,582,512</u>	

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

Cash, deposits, and investments:		Statement of Net Assets:	
Cash on hand	\$ 1,800	Cash in bank and on hand	\$ 284,318
Amount of deposits	282,518	Cash and investments held	
Amount of investments	8,582,512	by the County Treasurer	8,532,423
		Investments	50,089
	<u>\$ 8,866,830</u>		<u>\$ 8,866,830</u>

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 3 – Other Receivables**

Other receivables are shown net of related allowances for uncollectibles. A summary for other receivables at June 30, 2007, follows:

	<b>Receivable</b>	<b>Allowance</b>	<b>Net Receivable</b>
Vendor	\$ 25,079	\$ -	\$ 25,079
Student	280,055	19,986	260,069
Employee	158	-	158
	<u>\$ 305,292</u>	<u>\$ 19,986</u>	<u>\$ 285,306</u>

**Note 4 - Capital Assets**

The District's capital asset activity for the year ended June 30, 2007, is detailed below. The estimated costs to complete open construction projects at June 30, 2007, were \$4,748.

	<b>Balance July 1, 2006</b>	<b>Increases</b>	<b>Decreases</b>	<b>Reclassifications</b>	<b>Balance June 30, 2007</b>
Capital assets not being depreciated:					
Land	\$ 1,089,000	\$ -	\$ -	\$ -	\$ 1,089,000
Construction in progress	26,513	1,051		(26,513)	1,051
Total capital assets not being depreciated	<u>1,115,513</u>	<u>1,051</u>	<u>-</u>	<u>(26,513)</u>	<u>1,090,051</u>
Capital assets being depreciated:					
Buildings	32,342,383				32,342,383
Improvements other than buildings	409,217	122,101		20,242	551,560
Equipment	1,953,562	438,952	146,832	6,271	2,251,953
Vehicles	211,757				211,757
Library books	22,235				22,235
Total capital assets being depreciated	<u>34,939,154</u>	<u>561,053</u>	<u>146,832</u>	<u>26,513</u>	<u>35,379,888</u>
Less accumulated depreciation for:					
Buildings	3,799,719	808,559			4,608,278
Improvements other than buildings	87,458	32,027			119,485
Equipment	1,691,050	192,848	146,832		1,737,066
Vehicles	158,445	27,575			186,020
Library books	22,235				22,235
Total accumulated depreciation	<u>5,758,907</u>	<u>1,061,009</u>	<u>146,832</u>	<u>-</u>	<u>6,673,084</u>
Total capital assets being depreciated, net	<u>29,180,247</u>	<u>(499,956)</u>	<u>-</u>	<u>26,513</u>	<u>28,706,804</u>
Capital assets, net	<u>\$ 30,295,760</u>	<u>\$ (498,905)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,796,855</u>

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 5 - Long-Term Liabilities**

The following schedule details the District's long-term liability and obligation activity for the year ended June 30, 2007:

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Due within 1 year
Compensated absences payable	\$ 585,105	\$ 582,225	\$ 603,134	\$ 564,196	\$ 65,671
Bonds payable:					
General obligation bonds	\$ 20,455,000	\$ -	\$ 1,030,000	\$ 19,425,000	\$ 1,105,000
Total long-term debt	<u>\$ 20,455,000</u>	<u>\$ -</u>	<u>\$ 1,030,000</u>	<u>\$ 19,425,000</u>	<u>\$ 1,105,000</u>

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

Bonds outstanding at June 30, 2007, were as follows:

Description	Original Amount	Maturities	Interest Rates	Outstanding Principal
General obligation bonds Series A (1999)	\$25,000,000	annually through 7/1/2019	4.3% - 5.75%	\$19,425,000

Under Article IX of the Arizona Constitution, the total amount of indebtedness of the District may not exceed 15% of the County's secondary property assessed valuation. The bonds are subject to federal arbitrage regulations.

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2007:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2008	\$ 1,105,000	\$ 898,830
2009	1,185,000	835,293
2010	1,265,000	784,338
2011	1,350,000	729,943
2012	1,440,000	670,543
2013-2017	8,735,000	2,268,759
2018-2019	4,345,000	296,325
Total	<u>\$ 19,425,000</u>	<u>\$6,484,031</u>

**Coconino County Community College District  
Notes to Financial Statements  
June 30, 2007**

**Note 6 - Operating Leases**

The District leases the land on which the Fourth Street campus resides. The lease agreement is classified as an operating lease for accounting purposes. Rental expenses under the terms of the operating lease were \$28,833 for the year ended June 30, 2007. The operating lease has a remaining noncancelable term of 17 years, allowing four renewal options for eleven years each, and rental payments may be adjusted annually based on changes in the Consumer Price Index (CPI). The future minimum rental payments required under the operating lease at June 30, 2007, were calculated using an estimated CPI increase of 3% annually and are as follows:

Future Minimum Operating Lease Payments

Year ending June 30:	
2008	\$ 29,698
2009	30,589
2010	31,507
2011	32,452
2012	33,425
2013-17	182,784
2018-22	211,896
2023-24	93,925
Total minimum lease payments at June 30, 2007	\$ 646,276

**Note 7 - Risk Management**

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

**Note 8 - Retirement Plans**

Arizona State Retirement System

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

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 8 - Retirement Plans (concluded)**

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

Funding policy—The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2007, active plan members and the District were each required by statute to contribute at the actuarially determined rate of 9.1 percent (8.6 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The District's contributions to the System for the years ended June 30, 2007, 2006, and 2005, were \$589,744, \$463,289, and \$326,567, respectively, which were equal to the required contributions for the year.

Optional Retirement Plan

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

Funding policy—The District Governing Board establishes and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2007, active participants and the District were required to contribute 9.083 percent (8.6 percent retirement and 0.483 percent long-term disability) and 7.483 percent (7.0 percent retirement and 0.483 percent long-term disability), respectively, of the members' annual covered payroll. The District's contributions to the ORP for the years ended June 30, 2007, 2006, and 2005, were \$76,030, \$72,956, and \$44,996, respectively, which were equal to the required contributions for the year.

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 9 - Operating Expenses**

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

Compensation and benefits	\$ 11,775,826
Contract services	1,086,017
Supplies and other services	784,715
Annual fixed charges	697,574
Communications and utilities	627,632
Travel	195,225
Scholarships	1,321,105
Depreciation	1,061,009
Other	90,015
Total	<u>\$ 17,639,118</u>

**Note 10 – Discretely Presented Component Unit Disclosures**

Coconino Community College Foundation

1. Summary of Significant Accounting Policies

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

*Nature of the Organization*

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

**Coconino County Community College District**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 10 – Discretely Presented Component Unit Disclosures (continued)**

*Financial Statement Presentation*

The Foundation follows the Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Contributions and Life Annuity Gifts*

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

*Use of Estimates*

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

**2. Cash and Cash Equivalents**

The following were included in cash and cash equivalents as of June 30, 2007:

Checking	\$ 43,216
Fidelity cash account	69,634
	<u>\$ 112,850</u>

The Federal Deposit Insurance Corporation insures accounts up to \$100,000 per institution. As of June 30, 2007, the Foundation does not maintain cash balances in excess of this amount.

**Coconino County Community College District  
Notes to Financial Statements  
June 30, 2007**

**Note 10 – Discretely Presented Component Unit Disclosures (concluded)**

3. Investments

Investments are stated at aggregate fair market value at the date of the Statement of Financial Position. Unless specific prohibitive clauses are contained in the gift instruments, funds are pooled for investment purposes.

The market value and cost of the Foundation's investments at June 30, 2007 is as follows:

	<b>Market Value</b>	<b>Cost</b>
Common stock	\$ 348,118	\$ 267,781
U.S. gov't/agency bonds	49,435	49,990
Corporate bonds	124,416	124,529
Other securities	52,134	50,000
	<u>\$ 574,103</u>	<u>\$ 492,300</u>

4. Restrictions on Net Assets

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

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

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# Statistical Section

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

## **Financial Trends**

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

## **Revenue Capacity**

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

## **Debt Capacity**

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

## **Demographic and Economic Information**

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

## **Operating Information**

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



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

(dollars in thousands)

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

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

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

**Coconino County Community College District  
Expenses by Program  
Last Six Fiscal Years**

(dollars in thousands)

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

(percent of total expenses)

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

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

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

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

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

(dollars in thousands)

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

(percent of total expenses)

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

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

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

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

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

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

(dollars in thousands)

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Tuition and fees (net of scholarship allowance)	\$ 4,286	\$ 3,700	\$ 3,144	\$ 2,618	\$ 2,215	\$ 1,864
Government grants and contracts	3,080	2,841	2,552	2,466	2,175	2,057
Private grants and contracts	212	131	241	276	235	97
Bookstore income	56	45	42	38	37	-
Auxiliary enterprises	22	23	22	21	33	43
Other operating revenues	139 (4)	33	27	28	26	11
Total operating revenues	<u>7,795</u>	<u>6,773</u>	<u>6,028</u>	<u>5,447</u>	<u>4,721</u>	<u>4,072</u>
Property taxes	7,620	7,274	7,033	6,685	6,200	6,066
State appropriations	3,322	3,148	3,025	2,905	2,905	3,105
Share of state sales taxes	456	425	370	1,348 (2)	330	318
Investment earnings	414	318	185	170	(72) (3)	329
Other nonoperating revenues	- (4)	113	98	80	62	52
Total nonoperating revenues	<u>11,812</u>	<u>11,278</u>	<u>10,711</u>	<u>11,188</u>	<u>9,425</u>	<u>9,870</u>
<b>Total revenues</b>	<u><u>\$ 19,607</u></u>	<u><u>\$ 18,051</u></u>	<u><u>\$ 16,739</u></u>	<u><u>\$ 16,635</u></u>	<u><u>\$ 14,146</u></u>	<u><u>\$ 13,942</u></u>

(percent of total revenues)

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Tuition and fees (net of scholarship allowance)	21.9 %	20.5 %	18.8 %	15.7 %	15.6 %	13.4 %
Government grants and contracts	15.7	15.7	15.2	14.8	15.4	14.7
Private grants and contracts	1.1	0.7	1.4	1.7	1.7	0.7
Bookstore income	0.3	0.3	0.3	0.2	0.3	-
Auxiliary enterprises	0.1	0.1	0.1	0.1	0.2	0.3
Other operating revenues	0.7	0.2	0.2	0.2	0.2	0.1
Total operating revenues	<u>39.8</u>	<u>37.5</u>	<u>36.0</u>	<u>32.7</u>	<u>33.4</u>	<u>29.2</u>
Property taxes	38.9	40.3	42.0	40.2	43.9	43.4
State appropriations	16.9	17.4	18.1	17.5	20.5	22.3
Share of state sales taxes	2.3	2.4	2.2	8.1	2.3	2.3
Investment earnings	2.1	1.8	1.1	1.0	(0.5)	2.4
Other nonoperating revenues	-	0.6	0.6	0.5	0.4	0.4
Total nonoperating revenues	<u>60.2</u>	<u>62.5</u>	<u>64.0</u>	<u>67.3</u>	<u>66.6</u>	<u>70.8</u>
<b>Total revenues</b>	<u><u>100.0 %</u></u>					

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

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

- (1) The District contracted for Bookstore operations beginning in fiscal year 2002-03.
- (2) The District received \$1,000,000 from share of state sales taxes for deferred maintenance in fiscal year 2003-04.
- (3) The Local Government Investment Pool (LGIP) and the County Treasurer investments experienced a loss due to the NCFE bankruptcy in fiscal year 2002-03.
- (4) Nonoperating revenues were property reclassified to operating revenues in fiscal year 2006-07.

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

(dollars in thousands)

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

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

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

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

<u>Fiscal Year</u>	<u>Statutory Expenditure Limitation</u> (1)	<u>Budgeted Expenditures Subject to the Limitation</u> (2)	<u>Unused Legal Limit</u>
1998	8,606,136	8,606,135	1
1999	8,817,955	8,817,954	1
2000	8,584,609	8,584,608	1
2001	8,294,190	8,294,189	1
2002	8,996,579	8,996,578	1
2003	9,843,252	9,843,251	1
2004	10,723,076	10,723,075	1
2005	11,075,088	11,075,087	1
2006	12,566,670	12,566,669	1
2007	13,231,427	13,231,426	1

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**

<b>Fiscal Year</b>	<b>Total Tax Levy (1)</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
1998	\$ 3,237,396	\$ 3,222,828	99.55 %	\$ 14,568	\$ 3,237,396	100.00 %
1999	3,391,780	3,392,196	100.01	1,384	3,393,580	100.05
2000	5,386,862	5,383,652	99.94	2,760	5,386,412	99.99
2001	5,580,288	5,571,483	99.84	5,722	5,577,205	99.94
2002	5,895,485	5,686,488	96.45	169,397	5,855,885	99.33
2003	6,113,873	5,900,703	96.51	211,326	6,112,029	99.97
2004	6,504,494	6,459,745	99.31	41,701	6,501,446	99.95
2005	6,705,518	6,570,730	97.99	130,966	6,701,696	99.94
2006	7,049,674	6,938,140	98.42	104,801	7,042,941	99.90
2007	7,359,810	7,240,945	98.38	0	7,240,945	98.38

**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, 2007.

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

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

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

		<u>Assessed Value</u>					<u>Total Net Assessed Value as a Percent of Total Value</u>	
		<u>Environmental Technology</u>	<u>Certain Improvements on Government Property</u>	<u>Total Assessed Value</u>	<u>Less: Exempt Property</u>	<u>Net Assessed Value</u>	<u>Total Value (1)</u>	
1998	Primary	\$ -	\$ 93	\$ 940,928	\$ 82,238	\$ 858,690	\$ 5,979,729	\$ 14.36
1998	Secondary	-	93	974,158	86,602	887,556	6,232,803	14.24
1999	Primary	-	93	995,283	85,871	909,412	6,462,245	14.07
1999	Secondary	-	96	1,030,252	90,337	939,915	6,700,526	14.03
2000	Primary	-	93	1,053,227	85,258	967,969	6,895,148	14.04
2000	Secondary	-	96	1,090,209	88,326	1,001,883	7,134,964	14.04
2001	Primary	574	26	1,111,820	83,138	1,028,682	7,314,108	14.06
2001	Secondary	589	26	1,147,386	85,304	1,062,082	7,535,970	14.09
2002	Primary	615	-	1,134,905	86,404	1,048,501	7,597,238	13.80
2002	Secondary	616	-	1,173,561	88,685	1,084,876	7,860,165	13.80
2003	Primary	766	103	1,227,899	111,231	1,116,668	8,260,359	13.52
2003	Secondary	766	127	1,264,556	113,074	1,151,482	8,526,470	13.50
2004	Primary	1,906	110	1,292,357	118,240	1,174,117	8,862,299	13.25
2004	Secondary	1,913	127	1,342,811	120,585	1,222,226	9,238,836	13.23
2005	Primary	1,811	116	1,385,325	121,545	1,263,780	9,623,676	13.13
2005	Secondary	1,817	127	1,440,278	123,301	1,316,977	10,034,155	13.12
2006	Primary	2,013	125	1,495,130	127,167	1,367,963	10,583,070	12.93
2006	Secondary	2,094	133	1,606,218	132,875	1,473,343	11,396,634	12.93
2007	Primary	2,206	131	1,648,672	134,414	1,514,258	11,900,974	12.72
2007	Secondary	2,322	131	1,889,149	144,327	1,744,822	13,799,611	12.64

Source: Coconino County Assessor's Office.

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

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

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

**Primary Property Tax Rates**

Tax Year	Coconino	State of	Coconino	County	Cities or Fire Districts		School Districts		Coconino		
	County				Education	Range		Range		Association for	
	Community					Arizona	County (1)	District			From
College	College	County (1)	District	From	To	From	To	Industry and	Technoloty		
1998	\$ 0.3949	\$ -	\$ 0.8733	\$ 2.2000	\$ 0.7326	\$ 1.3526	\$ 2.4607	\$ 7.8187	\$ -		
1999	0.4001	-	0.8650	2.1654	0.7326	1.3138	1.9307	7.3800	-		
2000	0.3973	-	0.8556	2.1265	0.7326	1.2573	1.8239	6.4113	-		
2001	0.4010	-	0.8407	2.0647	0.7326	1.2573	1.0763	7.8089	-		
2002	0.4083	-	0.9042	2.0296	0.7326	1.4676	1.6887	6.6580	-		
2003	0.4098	-	0.9470	1.9583	0.7326	1.6089	1.6760	8.2795	-		
2004	0.4065	-	0.9313	1.8931	0.7326	1.6089	1.7445	8.2761	-		
2005	0.4031	-	0.9111	1.8090	0.7861	1.6089	0.9221	10.4246	-		
2006	0.3920	-	0.4622	1.7394	0.7563	1.4984	-	9.4606	-		
2007	0.3717	-	0.4383	1.6020	0.7153	1.3167	-	9.4004	-		

**Secondary Property Tax Rates**

Tax Year	Coconino	State of	Coconino	County	Cities or Fire Districts		School Districts		Coconino		
	County				Education	Range		Range		Association for	
	Community					Arizona	County (1)	District			From
College	College	County (1)	District	From	To	From	To	Industry and	Technoloty		
1998	\$ -	\$ -	\$ 0.2361	\$ -	\$ -	\$ 2.6000	\$ -	\$ 7.2869	\$ -		
1999	0.1946	-	0.2711	-	-	2.6000	-	7.8837	-		
2000	0.1751	-	0.2780	-	-	2.6000	-	7.5159	-		
2001	0.1707	-	0.2544	-	-	2.5000	-	6.6782	0.0500		
2002	0.1726	-	0.2899	-	-	3.0000	-	7.8860	0.0500		
2003	0.1677	-	0.2899	-	-	3.0000	-	9.6289	0.0500		
2004	0.1595	-	0.2899	-	-	3.0000	-	6.3716	0.0500		
2005	0.1494	-	0.2899	-	-	3.0000	-	3.5022	0.1605		
2006	0.1349	-	0.2899	-	-	3.0000	-	4.7274	0.1500		
2007	0.1148	-	0.3205	-	-	3.0000	-	4.7240	0.1500		

**2007 Tax Rates (Special Districts)**

Flood Control (3)	\$ 0.2000
Forest Lakes Domestic Water	1.3496
Page Hospital District	0.7821
Williams Facilities District	0.2012
Williams Hospital District	0.9324
Majestic Views Domestic Water	2.2300

Source: Coconino County Office of Planning and Budget.

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

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

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

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

Taxpayer	Type of Business	2007			1998		
		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	\$ 71,962,023	1	4.88%	\$ 68,696,864	1	7.74%
Nestle Purina Petcare Company	Manufacturing	46,424,910	2	3.15%			
Walgreens	Commercial	26,158,560	3	1.78%			
Transwestern Pipeline Co	Utility	21,677,980	4	1.47%	19,274,950	4	2.17%
Unisource Energy Corporation	Utility	19,137,653	5	1.30%			
BNSF Railway Company	Railroad	18,591,689	6	1.26%	13,542,532	7	1.53%
City of Los Angeles Department of Water & Power	Utility	18,009,471	7	1.22%	38,048,860	3	4.29%
El Paso Natural Gas Co	Utility	17,936,896	8	1.22%	16,396,359	6	1.85%
Aramark Sports and Entertainment	Commercial	16,627,294	9	1.13%			
Qwest Corporation	Utility	16,164,883	10	1.10%	12,868,175	9	1.45%
Salt River Project	Utility				43,078,501	2	4.85%
Tuscon Electric Power	Utility				17,010,830	5	1.92%
Nevada Power Company (T&D)	Utility				13,330,476	8	1.50%
W.L. Gore & Associates Inc	Manufacturing				7,872,628	10	0.89%
<b>Total Principal Taxpayers</b>		<b>\$ 272,691,359</b>		<b>18.51%</b>	<b>\$ 250,120,175</b>		<b>28.19%</b>
<b>Secondary Assessed Value</b>		<b>\$ 1,473,342,694</b>		<b>100.00%</b>	<b>\$ 887,556,466</b>		<b>100.00%</b>

Source: Arizona Department of Revenue.

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

**District Historic Tuition (1)**

Fiscal Year	General Tuition Per Credit Hour	Annual Cost Per Full-time Student	Increase (Decrease)	
			Dollars	Percent
1997-98	\$ 27.00	\$ 810.00	\$ -	- %
1998-99	27.00	810.00	-	-
1999-00	30.00	900.00	90.00	11.1
2000-01	33.00	990.00	90.00	10.0
2001-02	34.00	1,020.00	30.00	3.0
2002-03	37.00	1,110.00	90.00	8.8
2003-04 (2)	44.00	1,056.00	(54.00)	(4.9)
2004-05	48.00	1,152.00	96.00	9.1
2005-06	56.00	1,344.00	192.00	16.7
2006-07	61.00	1,464.00	120.00	8.9

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

Fiscal Year	Arizona Public 2-year Institution Average (3)		National Public 2-year Institution Average (3)		Arizona Universities Average (4)	
	Annual Cost	Percent Change	Annual Cost	Percent Change	Annual Cost	Percent Change
1997-98	\$ 819	4.6 %	\$ 1,314	3.0 %	\$ 2,058	2.4 %
1998-99	857	4.6	1,327	1.0	2,158	4.9
1999-00	902	5.3	1,338	0.8	2,259	4.7
2000-01	924	2.4	1,333	(0.4)	2,344	3.8
2001-02	963	4.2	1,380	3.5	2,486	6.1
2002-03	1,029	6.9	1,483	7.5	2,583	3.9
2003-04	1,141	10.9	1,702	14.8	3,593	39.1
2004-05	1,226	7.4	1,847	8.5	4,074	13.4
2005-06	1,344	9.6	1,935	4.8	4,428	8.7
2006-07	1,408 (5)	4.8	2,272 (6)	17.4	4,662	5.3

(1) District records.

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

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

(4) Arizona Board of Regents Tuition History.

(5) Arizona Community College Districts.

(6) American Association of Community Colleges.

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

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
Secondary Assessed Value of Real and Personal Property	<u>\$ 1,744,822,563</u>	<u>\$ 1,473,342,694</u>	<u>\$ 1,316,977,311</u>	<u>\$ 1,222,225,551</u>	<u>\$ 1,151,482,204</u>
Debt Limit, 15% of Secondary Assessed Value	<u>\$ 261,723,384</u>	<u>\$ 221,001,404</u>	<u>\$ 197,546,597</u>	<u>\$ 183,333,833</u>	<u>\$ 172,722,331</u>
Amount of Debt Applicable to Debt Limit:					
General Obligation Bonded Debt	19,425,000	20,455,000	21,410,000	22,295,000	23,115,000
Leases and lease-purchase agreements for real property (COPs)	-	-	-	-	-
Total Debt Applicable to the Limit	<u>19,425,000</u>	<u>20,455,000</u>	<u>21,410,000</u>	<u>22,295,000</u>	<u>23,115,000</u>
Legal Debt Margin	<u>\$ 242,298,384</u>	<u>\$ 200,546,404</u>	<u>\$ 176,136,597</u>	<u>\$ 161,038,833</u>	<u>\$ 149,607,331</u>
	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
Secondary Assessed Value of Real and Personal Property	<u>\$ 1,084,875,819</u>	<u>\$ 1,062,082,181</u>	<u>\$ 1,004,868,701</u>	<u>\$ 939,914,689</u>	<u>\$ 887,556,466</u>
Debt Limit, 15% of Secondary Assessed Value	<u>\$ 162,731,373</u>	<u>\$ 159,312,327</u>	<u>\$ 150,730,305</u>	<u>\$ 140,987,203</u>	<u>\$ 133,133,470</u>
Amount of Debt Applicable to Debt Limit:					
General Obligation Bonded Debt	23,835,000	24,460,000	25,000,000	25,000,000	-
Leases and lease-purchase agreements for real property (COPs)	-	-	175,000	510,000	825,000
Total Debt Applicable to the Limit	<u>23,835,000</u>	<u>24,460,000</u>	<u>25,175,000</u>	<u>25,510,000</u>	<u>825,000</u>
Legal Debt Margin	<u>\$ 138,896,373</u>	<u>\$ 134,852,327</u>	<u>\$ 125,555,305</u>	<u>\$ 115,477,203</u>	<u>\$ 132,308,470</u>

Source: District records.

**Coconino County Community College District  
 Computation of Direct and Overlapping Bonded Debt  
 General Obligation Bonds  
 June 30, 2007**

**Direct Debt:**

Coconino County Community College District	\$	19,425,000
		19,425,000
Net general obligation debt		19,425,000

**Overlapping Debt:**

City of Flagstaff		44,540,000
City of Williams		-
Flagstaff Unified School District #1		10,255,000
Fredonia-Moccasin Unified School District #6		-
Grand Canyon Unified School District #4		2,250,000
Page Unified School District #8		-
Sedona-Oak Creek Unified School District #9		623,700
Tuba City Unified School District #15		1,480,000
Williams Unified School District #2		900,000
		900,000
Overlapping debt		60,048,700
Total direct general obligation and overlapping debt	\$	79,473,700

Source: RBC Dain Rauscher Incorporated.

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

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

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

Source: District records.

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

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

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
<b>General Bonded Debt</b>										
General obligation bonds	\$ 19,425	\$ 20,455	\$ 21,410	\$ 22,295	\$ 23,115	\$ 23,835	\$ 24,460	\$ 25,000	\$ 25,000	\$ -
Total general bonded debt	<u>19,425</u>	<u>20,455</u>	<u>21,410</u>	<u>22,295</u>	<u>23,115</u>	<u>23,835</u>	<u>24,460</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Per capita	\$ 156.82	\$ 165.14	\$ 174.41	\$ 183.80	\$ 184.30	\$ 202.14	\$ 194.40	\$ 202.71	\$ 206.87	\$ -
Per student	\$ 9,465.45	\$ 10,136.27	\$ 10,671.92	\$ 12,223.14	\$ 13,647.64	\$ 15,236.85	\$ 14,803.61	\$ 15,587.01	\$ 16,760.53	\$ -
As a percentage of personal income	(5)	0.59%	0.66%	0.74%	0.79%	0.85%	0.92%	1.02%	1.08%	0.00%
As a percentage of secondary net assessed valuation	1.32%	1.55%	1.75%	1.94%	2.13%	2.24%	2.43%	2.66%	N/A	N/A
<b>Other Debt</b>										
Certificates of participation	-	-	-	-	-	-	-	175	510	825
Capital lease obligations	-	-	-	-	-	-	-	-	-	-
Total other debt	<u>-</u>	<u>175</u>	<u>510</u>	<u>825</u>						
Total outstanding debt	<u>\$ 19,425</u>	<u>\$ 20,455</u>	<u>\$ 21,410</u>	<u>\$ 22,295</u>	<u>\$ 23,115</u>	<u>\$ 23,835</u>	<u>\$ 24,460</u>	<u>\$ 25,175</u>	<u>\$ 25,510</u>	<u>\$ 825</u>
Per capita	\$ 155.46	\$ 165.14	\$ 174.41	\$ 183.80	\$ 184.30	\$ 202.14	\$ 194.40	\$ 204.13	\$ 211.09	\$ 7.12
Per student	\$ 9,465.45	\$ 10,136.27	\$ 10,671.92	\$ 12,223.14	\$ 13,647.64	\$ 15,236.85	\$ 14,803.61	\$ 15,696.12	\$ 17,102.44	\$ 551.21
As a percentage of personal income	(5)	0.59%	0.66%	0.74%	0.79%	0.85%	0.92%	1.03%	1.10%	0.04%
As a percentage of secondary net assessed valuation	1.32%	1.55%	1.75%	1.94%	2.13%	2.24%	2.43%	2.68%	N/A	N/A
Estimated County population (1)	124,953	123,866	122,754	121,301	125,420	117,916	125,820	123,329	120,848	115,920
Full Time Student Equivalent (2)	2,052.2	2,018.0	2,006.2	1,824.0	1,693.7	1,564.3	1,652.3	1,603.9	1,491.6	1,496.7
Personal Income (3)	(5)	\$ 3,472,652 *	\$ 3,226,683 *	\$ 2,999,350 *	\$ 2,908,992	\$ 2,787,863	\$ 2,661,712	\$ 2,448,155	\$ 2,319,364	\$ 2,161,021
Secondary Net Assessed Valuation (4)	\$ 1,473,343	\$ 1,316,977	\$ 1,222,226	\$ 1,151,482	\$ 1,084,876	\$ 1,062,082	\$ 1,004,869	\$ 939,915	N/A	N/A

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

(2) District records.

(3) U.S. Bureau of Economic Analysis; \*updated from previous fiscal year.

(4) Coconino County Assessor.

(5) Not yet available.

N/A = Not applicable

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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (1) (dollars in thousands)</u>	<u>Personal Income per Capita (1)</u>	<u>Unemployment Rate (2)</u>
1997	114,444	\$ 2,161,021	\$ 18,883	8.3 %
1998	114,874	2,319,364	20,191	7.7
1999	115,307	2,448,155	21,232	6.9
2000	116,676	2,661,712	22,813	4.5
2001	117,556	2,787,863	23,715	4.8
2002	119,879	2,908,992	24,266	5.6
2003	120,964	2,999,350	24,795	5.7
2004	122,555	3,226,683	26,328	5.2
2005	123,826	3,472,652	28,045	4.9
2006	124,953 (4)	(3)	(3)	4.4

- (1) U.S Department of Commerce Bureau of Economic Analysis.
- (2) Arizona Workforce Informer.
- (3) Not yet available.
- (4) U.S. Census Bureau estimate.

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

<u>Employer (1)</u>	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Northern Arizona University	3,778	1	5.9 %
Flagstaff Medical Center	1,985	2	3.1
Flagstaff Unified School District	1,560	3	2.4
W.L. Gore & Associates	1,300	4	2.0
Coconino County	1,205	5	1.9
City of Flagstaff	901	6	1.4
Coconino Community College	580	7	0.9
Grand Canyon Railway	402	8	0.6
Wal-Mart	400	9	0.6
Walgreen's Distribution Center	352	10	0.5
Total County Employment (2)	64,300		100.0 %

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

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

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

**Fall Historic Headcount (1)**

<u>College/Center</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Flagstaff	3,754	3,722 *	3,540	3,165	3,108	2,621	2,767	2,736	2,518	2,603
Page	222	249	330	280	331	309	348	286	226	203
Grand Canyon	8	9	2	15	15	16	32	40	15	32
Williams	36	37	62	39	39	42	27	38	28	14
NAU	315	320	359	260	284	369	406	436	486	561
Other	226	56	87	8	8	1	-	37	-	21
<b>Total</b>	<b>4,561</b>	<b>4,393 *</b>	<b>4,380</b>	<b>3,767</b>	<b>3,785</b>	<b>3,358</b>	<b>3,580</b>	<b>3,573</b>	<b>3,273</b>	<b>3,434</b>

**Historic FTSE (2)**

<u>Semester</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
Fall/Spring Average	1,774.2	1,717.0	1,691.7	1,538.1	1,439.8	1,334.8	1,403.9	1,371.8	1,280.8	1,313.5
Summer	173.0	192.0	187.7	181.7	160.8	149.2	162.8	160.8	165.5	155.4
Short	85.0	84.0	89.5	104.2	93.1	80.3	85.6	71.3	45.3	27.8
Adult Basic Education	20.0	25.0	37.3	-	-	-	-	-	-	-
<b>Total</b>	<b>2,052.2</b>	<b>2,018.0</b>	<b>2,006.2</b>	<b>1,824.0</b>	<b>1,693.7</b>	<b>1,564.3</b>	<b>1,652.3</b>	<b>1,603.9</b>	<b>1,491.6</b>	<b>1,496.7</b>

Source: District records.

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

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

\* FY2005 Flagstaff College/Center restated.

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

Fall Semester	Attendance		Residency			Gender	
	FT	PT	County Resident	Out of County	Out of State	M	F
1997	14 %	86 %	82 %	11 %	7 %	41 %	59 %
1998	14	86	85	8	7	41	59
1999	14	86	86	4	10	41	59
2000	19	81	94	5	1	41	59
2001	16	84	94	5	1	42	58
2002	20	80	93	6	1	41	59
2003	20	80	94	5	1	41	59
2004	20	80	93	6	1	44	56
2005	24	76	93	6	1	44	56
2006	23	77	93	6	1	43	57

**Ethnic Background**

Fall Semester	Mean Age	Native American	Asian	African American	Hispanic	Anglo	Other
1997	29	15 %	2 %	1 %	9 %	72 %	1 %
1998	29	15	1	1	9	73	1
1999	29	16	1	2	9	71	1
2000	28	17	1	1	9	71	1
2001	29	18	2	1	9	69	1
2002	29	19	2	2	8	67	2
2003	28	18	2	1	9	68	2
2004	27	20	2	1	8	67	2
2005	27	21	1	1	9	66	2
2006	27	22	1	2	8	65	2

Source: District records.

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

	2006-07		2005-06	
	Count	Percent	Count	Percent
<b>Ethnicity</b>				
Asian Pacific Islander	3	1.6 %	3	1.7 %
African American	4	2.2	2	1.1
Hispanic	8	4.3	9	5.1
Native American	35	19.0	26	14.6
White	132	71.8	133	74.7
Other	2	1.1	5	2.8
<b>Age</b>				
<20	-	-	-	-
20-24	50	27.2	63	35.3
25-29	65	35.3	43	24.2
30-39	38	20.7	40	22.5
40-49	21	11.4	20	11.2
50-59	7	3.8	9	5.1
>60	3	1.6	3	1.7
Average age	30.5		30.9	
<b>High School Graduation Dates</b>				
September 2005 - current	-	-	-	-
September 2004 - August 2005	2	1.1	-	-
September 2003 - August 2004	14	7.6	7	3.9
September 2002 - August 2003	14	7.6	13	7.3
September 2001 - August 2002	11	5.9	11	6.2
September 2000 - August 2001	17	9.2	28	15.7
Prior to September 2000	125	67.5	116	65.2
Not Given	2	1.1	3	1.7
<b>Sex</b>				
Female	111	60.3	112	62.9
Male	73	39.7	66	37.1
<b>Degree Type</b>				
Advanced Certificate	2	1.1	4	2.1
Associate of Applied Science	48	25.4	48	25.5
Associate of Arts	80	42.3	74	39.4
Associate of Business	11	5.8	14	7.4
Associate of General Studies	19	10.1	9	4.8
Associate of Science	7	3.7	3	1.6
Basic Certificate	4	2.1	7	3.7
Certificate	-	-	2	1.1
Certificate of Completion	17	9.0	18	9.6
Intermediate Certificate	1	0.5	9	4.8

Source: District records.

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

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

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
Faculty										
Full-time faculty	40.0	40.0	36.0	32.0	30.0	28.0	30.0	27.0	26.0	25.0
Part-time faculty headcount							180.0	175.0	175.0	170.0
Part-time faculty FTE	<u>97.0</u>	<u>98.0</u>	<u>100.3</u>	<u>82.1</u>	<u>83.0</u>	<u>87.0</u>				
Total faculty headcount							210.0	202.0	201.0	195.0
Total faculty FTE	137.0	138.0	136.3	114.1	113.0	115.0				
Administrative and support staff	124.8	119.6	117.4	111.0	108.0	104.0	98.0	85.0	83.0	75.0
Total employees	<u>261.8</u>	<u>257.6</u>	<u>253.7</u>	<u>225.1</u>	<u>221.0</u>	<u>219.0</u>	<u>308.0</u>	<u>287.0</u>	<u>284.0</u>	<u>270.0</u>
Average class size	14.6	14.1	14.1	12.9	14.2	16.5	16.0	15.5	15.5	20.0

Source: District records.

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

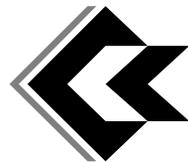
**Coconino County Community College District  
Capital Asset Information  
Last Two Fiscal Years**

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

Source: District records.

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

# **Annual Budgeted Expenditure Limitation Report Section**



**Coconino  
Community  
College**



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
**AUDITOR GENERAL**

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Governing Board of  
Coconino County Community College District

We have audited the accompanying Annual Budgeted Expenditure Limitation Report of Coconino County Community College District for the year ended June 30, 2007. This report is the responsibility of the District's management. Our responsibility is to express an opinion on this report based on our audit.

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

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

In our opinion, the Annual Budgeted Expenditure Limitation Report of Coconino County Community College District for the year ended June 30, 2007, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

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

Debbie Davenport  
Auditor General

February 21, 2008

**Coconino County Community College District  
Annual Budgeted Expenditure Limitation Report- Part I  
Year Ended June 30, 2007**

1. Economic Estimates Commission expenditure limitation	\$ 13,231,427	
2. Voter-approved modified expenditure limitation (Approved _____)	N/A	
3. Enter applicable amount from Line 1 or Line 2		\$ 13,231,427
4. Total amount subject to the expenditure limitation (from Part II, Line C)	13,687,219	
5. Less expenditures of monies received pursuant to Arizona Revised Statutes (A.R.S.) §15-1472 (workforce development)	(455,793)	
6. Less expenditures of monies for property tax judgements pursuant to A.R.S. §42-16214 (SFPP,L.P.v.Arizona Dept of Revenue)	<u>N/A</u>	
7. Adjusted amount subject to the expenditure limitation		<u>13,231,426</u>
8. Amount under the expenditure limitation		<u><u>\$ 1</u></u>

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

Signature of Chief Fiscal Officer: \_\_\_\_\_

Name and Title: Jami Van Ess, Vice President for Business and Administrative Services

Telephone Number: 928-226-4209

Date: February 20, 2008

See accompanying notes to report.

**Coconino County Community College District  
Annual Budgeted Expenditure Limitation Report - Part II  
Year Ended June 30, 2007**

<u>Description</u>	Current Funds			Plant Funds		<u>Total</u>
	Unrestricted			<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	
	<u>General</u>	<u>Auxiliary Enterprises</u>	<u>Restricted</u>			
A. Total budgeted expenditures	\$ 13,465,502	\$ 28,275	\$ 3,557,906	\$ 440,411	\$ 1,988,055	\$ 19,480,149
B. Less exclusions claimed:						
Debt service requirements on bonded indebtedness (Note 2)					1,988,055	1,988,055
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	391,268					391,268
Grants and aid from the federal government	37,072		3,042,563			3,079,635
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	207,405		4,466			211,871
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 4)				122,101		122,101
Total exclusions claimed	635,745	-	3,047,029	122,101	1,988,055	5,792,930
C. Amounts subject to the expenditure limitation	\$ 12,829,757	\$ 28,275	\$ 510,877	\$ 318,310	\$ -	\$ 13,687,219

See accompanying notes to report.

**Coconino County Community College District**  
**Notes to Annual Budgeted Expenditure Limitation Report**  
**Year Ended June 30, 2007**

**Note 1 – Summary of Significant Accounting Policies**

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

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

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

- Note 2** - The exclusion claimed for debt service requirements on bonded indebtedness is \$1,988,055. This amount is reported as principal paid on capital debt and interest paid on capital debt on the Statement of Cash Flows-Primary Government.
- Note 3** - Of the \$413,896 reported as investment earnings on the Statement of Revenues, Expenses, and Changes in Net Assets-Primary Government, only \$391,268 was claimed as an exclusion for dividends, interest, and gains on the sale or redemption of investment securities. The remaining \$22,628 has been carried forward to future years.
- Note 4** - Exclusions claimed for amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements are \$122,101. This amount is reported on the Statement of Cash Flows-Primary Government as part of purchases of capital assets.