

COCHISE COLLEGE

# Comprehensive Annual Financial Report

FISCAL YEAR ENDED  
JUNE 30, 2019

Cochise County Community College District  
Sierra Vista, Arizona



**COCHISE COLLEGE**



COCHISE COLLEGE

# Comprehensive Annual Financial Report

FISCAL YEAR ENDED  
JUNE 30, 2019

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**COCHISE COLLEGE**





**Cochise County Community College District**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2019**

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**COCHISE**  
**COLLEGE**



COCHISE COLLEGE

# Comprehensive Annual Financial Report

INTRODUCTORY  
SECTION



**COCHISE COLLEGE**



**COCHISE COLLEGE**







## **COCHISE COLLEGE**

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December 11, 2019



I am pleased to present to you the FY2019 Comprehensive Annual Financial Report (CAFR) for the Cochise County Community College District (the District). This report describes the financial operations of the District and provides you, the taxpayer, evidence that the District takes its fiduciary charge to be a responsible steward of the monies entrusted to us very seriously. We strive to fulfill the College's mission of providing accessible educational opportunities that lead to constructive citizenship, meaningful careers, and lifelong learning. We are committed to making a difference in the lives of our students and in the communities we serve.

Since the Districts' founding in 1962, Cochise College has provided accessible and affordable educational opportunities to thousands of students. From its humble beginnings with a single campus in Douglas, Arizona, the District has grown into a comprehensive community college, with two full-service campuses and multiple outreach and educational centers across Cochise County. Today, nearly all Cochise County residents are within an easy commute to college services and resources, ensuring that access to higher education are readily available. In addition, the District offers online classes providing students learning opportunities beyond the boundaries of time and place. In FY2019, Cochise College implemented workforce programs in Residential Construction Trades and in Law Enforcement, through an Arizona Peace Officer Standards and Training (AZPOST) approved Police Academy. These programs provide students with skills required for immediate entry into the workforce. We continue to provide access to affordable educational opportunities, which has been at the core of the District's mission from its inception.

In fiscal year 2019, the District served 10,624 students at our campuses and extended learning centers. Student success and degree completion has been a major focus for Cochise College. To that end, 1,568 Associate degrees were conferred this academic year. Additionally, 600 certificates of completion were awarded in a wide variety of career and technical areas. In our Adult Education Program 41 students successfully passed their High School Equivalency Test and were awarded their diplomas. The District continues to provide high quality programs and services at a reasonable cost for the citizens of Cochise County. In fact, Cochise College continues to be recognized nationally as a top tier community college. The District places a strong emphasis on balancing the educational needs of today while providing a solid asset base

and plan for the future. The District's sound financial management practices have earned an A2 rating from Moody's Investors Services, a rating that provides financial flexibility as we move forward. With this philosophy in mind, we continue to prepare students for today and plan for the future. New opportunities abound, and we are well positioned to address any and all challenges.

As you read this Comprehensive Annual Financial Report, I hope you will agree that, once again, Cochise County Community College District has served its taxpayers well and used its resources wisely.

Sincerely,

J.D. Rottweiler, Ph.D.  
President



## **COCHISE COLLEGE**

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December 11, 2019

To the Citizens and District Governing Board of the Cochise County Community College District:

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the Cochise County Community College District (the District), Sierra Vista, Arizona, for the fiscal year ended June 30, 2019 (FY2019).

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures, rests with the District's management. 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 activities and financial status have been included.

District 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 conformance with generally accepted accounting principles (GAAP) as established by the Government Accounting Standards Board (GASB).

This CAFR is presented in three sections: Introductory, Financial and Statistical. The introductory section includes the President's welcome, this transmittal letter, the District's organizational chart and a list of principal officers. The financial section includes the independent auditors' report, Management's Discussion and Analysis (MD&A), the basic financial statements and other required supplementary financial information. The State of Arizona, Office of the Auditor General has issued an unmodified opinion on the District's financial statements for the year ended June 30, 2019. The MD&A, which provides a narrative overview and analysis of the basic financial statements, complements this transmittal letter and should be read in conjunction with them. Finally, the statistical section includes selected unaudited financial and demographic information, generally presented on a multi-year basis.

### **THE REPORTING ENTITY**

The District is an independent reporting entity within the criteria established by GAAP and the GASB. Although the District shares the same geographic boundaries with Cochise County, financial accountability over all activities related to public community college education in Cochise County is exercised solely by the District. According to GASB Statement No. 14, the financial reporting entity consists of the primary government organization for which the primary government is financially accountable as well as other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the reporting agency's financial statements to be misleading or incomplete. The District is a primary government entity because it is a special purpose political subdivision that has a separately-elected governing body, is legally separate, and is fiscally independent of other state and local government entities.

The District is not included in any other governmental financial reporting entities. In accordance with GASB Statement No. 39, the financial activity of the Cochise College Foundation, Inc. (the Foundation) is discretely presented as a component unit of the District.

## **History**

The Cochise County Community College District was organized in 1961. Ground was broken for the Douglas Campus in 1962 and the District opened its doors to the first students in September of 1964. Having also served students in Sierra Vista and at Fort Huachuca since the mid-1960s, the District opened the Sierra Vista Campus in 1978.

With a constituency base that encompasses more than 6,200 square miles, the District has extended its reach into some of the more rural parts of Cochise County. The Willcox Center opened in 1988 for residents in that part of the county and the expansion continued in 2000 with the opening of the Benson Center to better serve the educational needs of residents in Benson, St. David, and surrounding communities. During FY2015, the District converted an existing automobile dealership into a vehicle service-training center through a successful partnership. The District opened an educational center in downtown Sierra Vista in the Fall of 2016, to accommodate its nursing and allied health, culinary and community service programs. District offices were relocated to the Sierra Vista Campus July 1, 2017.

As needed, the District provides education at various other sites in southeastern Arizona.

The District is accredited by the Higher Learning Commission of the North Central Association. The District also holds Federal Aviation Administration certification for its professional pilot program and Arizona Department of Health Services/Emergency Medical Services certification for its paramedicine and emergency medical technology programs. The Paramedicine Program is nationally accredited by the Committee on Accreditation of Educational Programs for Emergency Medical Services Professions (COAEMSP). The nursing program is accredited by the Accreditation Commission for Education in Nursing (ACEN) and approved by the Arizona State Board of Nursing. The Respiratory Therapy program is nationally accredited by the Commission on Accreditation for Respiratory Therapy Care (CoARC).

## **Organization and Administration**

As a political subdivision of the State of Arizona, the Cochise County Community College District is subject to the oversight of the District's Governing 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 District's Governing Board is granted full authority by the Arizona Revised Statutes to manage the business and educational needs of the District. The senior administration of the District, led by the president, is responsible for the operation and administration of all District functions. As noted above, the District currently operates from two primary campuses and four centers, with additional programs delivered at various locations throughout Cochise County and through its online delivery system.

## **Service Area**

Cochise County, named for the famed chief of the Chiricahua Apaches and established on February 1, 1881, is located in the southeast corner of Arizona, sharing a border with Mexico to the south and New Mexico to the east. The county was formed out of eastern Pima County with Tombstone being designated as the original county seat. In 1929, the county seat was moved to Bisbee, a former hub of copper mining. The county's location makes it a unique crossroads of cultural, natural, and historical attractions.

The historic Old West towns of Tombstone, Bisbee, Douglas, Willcox, and Benson are located within the county, and Sierra Vista – the county’s primary population center – is home to Fort Huachuca, the U.S. Army’s intelligence training center. Cochise County’s mountain ranges and desert grasslands make it an important destination for migratory birds. The county’s temperate climate, open spaces, and proximity to the international border with Mexico make it one of the most culturally, historically and geographically diverse areas in the American Southwest.

### **LOCAL ECONOMIC OUTLOOK**

The population of Cochise County as of 2018 was estimated at 126,770, showing a decline from the 2010 census figure of 131,346. According to estimates by Arizona’s Office of Economic Opportunity (OEO), projections are for the countywide population will reach 131,277 in 2020.

Because the District receives a significant amount of its funding from local property taxes, new construction rates and valuations of existing properties are important economic indicators. New residential construction in Cochise County increased to 210 as compared to 185 new home permits issued in 2017. The median home price in Cochise County in 2018 was \$152,500 (up 13% from 2017). The year 2018 was the fourth consecutive year of home price increases following seven straight years of decline.

According to OEO estimates, the county’s civilian labor force consisted of 50,732 actual or potential workers in December 2018. The unemployment rate as of June 2019 was 5.9%, up slightly from 5.5% in June 2018.

The primary non-farm industry in Cochise County is government, followed by trade, transportation, and utilities; educational and health services; professional and business services; and leisure and hospitality. The county’s largest employer is Fort Huachuca. Approximately 2,600 active duty military personnel are assigned to Fort Huachuca. There are also approximately 2,400 trainees (students) temporarily assigned to the fort for training on any given day (with more than 8,000 trained on site each year). Fort Huachuca directly employs approximately 3,000 civilian workers with an additional 400 civilians employed by other agencies operating on the installation, including U.S. Department of Homeland Security, Fort Huachuca Accommodation Schools, Army & Air Force Exchange Service, and others. The fort also contracts with numerous area firms including General Dynamics, Northrup Grumman, ManTech International, Raytheon, TASC, Booz Allen Hamilton, and others employing more than 3,300 workers.

The largest threat to labor market improvement in Cochise County in recent years has come from defense budget cuts impacting Fort Huachuca as the result of winding down wars in Iraq and Afghanistan. While the rest of the state and nation suffered through severe effects of The Great Recession in 2008 and 2009, Cochise County was buffered from the worst of it due primarily to increases in defense spending on the fort and its missions, which peaked in 2011 and has declined each year since. While defense cuts have had a dampening effect on the regional labor market, the current administration’s stated interest in increasing defense spending suggests an easing of constraints from recent years. An increased emphasis on defense spending is likely to impact military intelligence, unmanned aerial systems, and cybersecurity missions at Fort Huachuca, which have long been three of the fastest-growing missions in the Army and Department of Defense.

The most significant opportunity for long-term labor market improvement in Cochise County is the 28,000-home, master-planned ‘The Villages at Vigneto’ development in Benson. Developers anticipate achieving and maintaining an ambitious 2,000-residential-unit annual absorption rate until fully built out (approximately two decades). The development is projected to support 16,355 jobs at peak construction (including construction activity and spending by new residents). Once all construction is complete, spending by new residents is pro-

jected to support 8,780 jobs countywide, sustained indefinitely into the future. The U.S. Army Corp of Engineers has reinstated the Clean Water Act, Section 404 permit in 2018, however the permitting process has been challenged by conservation organizations. A ruling on the project's future is expected in 2020.

## LONG-TERM FINANCIAL PLANNING

The District engages in short and long term planning. The short-term (3-year) cycle involves all levels of the organization. This plan is updated as external environments or opportunities and needs require. The process provides a framework for structuring and adjusting the District's strategic goals in order to support its mission, vision, and values.

## MAJOR PROGRAM INITIATIVES

### **District Infrastructure**

The District completed the remodeling of several server rooms to meet industry standards. The server rooms are equipped with the latest in security and climate control features.

### **Enrollment**

During FY2019, the District served a total of 6,395 Full Time Student Equivalents (FTSE) at all locations, a 0.11% increase from FY2018, with an annual unduplicated headcount of 10,624. During this time, the District awarded a total of 1,568 associate degrees and 600 college-level certificates of completion in a wide variety of career and technical studies. Additionally, 41 students earned their high school equivalency during FY2019, through the District's Adult Education program. The District has undertaken and continues to explore public-private partnerships to draw students into Residential Constructions Trades, Automotive, and Allied Health Programs.

The District's strong partnership with the county's largest employer, Fort Huachuca, remained a significant factor in both the number of students served and in the number of degrees conferred. The District has initiated strategies to increase enrollment, including the creation of student success navigators that work in each of the county's school districts to provide information moving into post-secondary education after high school. The District has seen increased capture rates of Cochise county graduates as a result of this program, in addition to a guaranteed senior scholarship initiative that provides resources to every Cochise county high school graduate that enrolls.

### **Student Achievement**

District students continue to receive recognition for leadership and academic achievements. Nine students were named to the NJCAA All-Academic Team, two to the first team, three to the second team and four to the third team. Several Cochise district students were among the participants in the 2018 state Skills USA Welding Championship, with one student receiving the gold medal.

District athletic teams continued to experience success. The rodeo teams (Men and Women) did extremely well in FY2019. Both the Men's and Women's Basketball Head Coaches were named Conference Coaches of the Year and both teams were ACCAC Conference Champions. The Women's basketball team went on to win



the region and compete in the national tournament for the third consecutive year. Nine student-athletes received all-academic awards. The men's baseball team was ACCAC Conference Champions in 2019. Members of the rodeo teams individually won honors at the Grand Canyon Regional Championship and sent six members to the national finals. One member placed third individually at the College National Finals in Casper, Wyoming.

### **PROGRAM DEVELOPMENT AND FUTURE INITIATIVES**

New programs have been developed to provide additional degree and certificate options preparing students for employment opportunities. In FY2019, the District implemented a Police Academy, training recruits from across the state to assume immediate employment with various law enforcement entities. The District successfully completed construction of the first home through the Residential Construction program and will build another in the upcoming year.

The District is planning to focus the upcoming year on improving student success by implementing features of a program called Guided Pathways. This is an effort to reduce unnecessary confusion and choices for students, thereby streamlining the path to completion. Some of this is accomplished through more predictable scheduling and by grouping related programs together to allow students to make some changes in focus without losing as many credits. In addition, advisors and faculty work closely together to make sure that students who are at risk can be assisted before they face critical consequences.

### **FINANCIAL INFORMATION**

Effective management of the District's funds through internal control, budgetary controls, cash management, and financial reporting comprises the District's responsibilities for stewardship, safeguarding of assets, and accountability to resource providers. Additional information relating to the District's financial management can be found in the statistical section at the back of this report.

#### **Internal Control**

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide for the reasonable safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from that control element, and that the evaluation of costs and benefits requires estimates and judgments from management. All internal control evaluations occur within the above framework. We believe that the District's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

#### **Budgetary Controls**

The District maintains budgetary controls and budget transfer restrictions by function and major account category. The objective of these budgetary controls is to ensure compliance with the annual budget adopted by the District Governing Board. The District complies with state statutes requiring that a report of the District's adopted budget be published annually within the prescribed format as required by the State of Arizona, Office of the Auditor General. The District also complies with Arizona Revised Statutes governing community colleges by issuing an annual budget expenditure limitation report that is examined by the Office of the Auditor General.

## **Cash Management**

The District is governed by the Arizona Revised Statutes relating to the overall investment of idle public funds. The fiduciary responsibility for such investments is entrusted to the District Governing Board and is administered through the Vice President for Administration. The District invests idle funds in a prudent, conservative, and secure manner for the highest available yield, given cash flow constraints, as prescribed by Arizona Revised Statutes. The principal investment vehicles used during the fiscal year were a pooled investment with the County Treasurer, direct investment in a Local Government Investment Pool (LGIP) with the State Treasurer's office, and direct investment in eligible U.S. Treasury and U.S. Government Agency securities and money market mutual funds.

The District constantly revisits its changing liquidity needs, and adjusts the structure of its idle funds to properly address these needs. In FY2019, the District continued to monitor targeted proportions of its idle funds in various maturity ranges, matching conservative projections of cash flow needs. These maturity range targets are adjusted periodically, as cash flow needs evolve. Most importantly, this approach continually prioritizes the District's primary objectives of maintaining safe, liquid investments, then, after those objectives are met, seeking to maximize yield.

## **Financial Reporting**

This CAFR for the District was formulated with data from various sources including District and Foundation records, the Cochise County Treasurer's Office and the Cochise County Assessor's Office. The 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 will be distributed to the District Governing Board and senior administration; federal, state and county 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 and to aid management in the allocation of resources. The Notes to the Financial Statements are an integral part of this CAFR and should be read in conjunction with the Financial Statements for a full understanding of the information presented therein.

## **RISK MANAGEMENT**

The District staffs a Safety Officer, who is dedicated to the risk management function of the District and is tasked with responsibilities that include minimization of risks through the implementation of insurance and safety and loss prevention procedures across the District. Safety training and calendared drills are, in part, a portion of our loss prevention activities. The District maintains a full complement of insurance requirements in accordance with Arizona Revised Statutes. Liability coverage is carried on a broad basis, including error and omissions and "wrongful acts" coverage. Property coverage is maintained on a replacement value basis in accordance with an agreed-upon schedule of values. Additional coverages includes non-employee or student events and vehicle fleet liability, crime and fidelity coverage, boiler and machinery insurance, professional liability, workers' compensation, aircraft and airport liability, international travel and student athlete accident coverage.

## **INDEPENDENT AUDIT**

The District utilizes the audit services of State of Arizona, Office of the Auditor General to determine that the financial statements are free of material misstatements and ensure compliance with Arizona Revised Statutes requiring an annual audit of the District's financial statements. The Independent Auditors' Report is included in the financial section of this CAFR. The District received an unmodified opinion for the fiscal year ended June 30, 2019.

## **ACKNOWLEDGEMENTS**

The College would like to express its appreciation to the District's Governing Board members, who volunteer their time and expertise on a regular basis to provide vision and guidance to the District. The District's mission could not be achieved without the president's continuing leadership through the strategic plan. The District would also like to express its appreciation to the Office of the Auditor General for timely completion of the audit. Finally, this report could not have been developed without the efficient and dedicated efforts of the District Financial Operations staff, others within the District community, and the Cochise County Assessor's and Treasurer's offices, all of whom contributed to its preparation.

Respectfully submitted,

Wendy Davis, Ph.D.  
Vice President for Administration

Debra Craig  
Director of Finance/Controller



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Government Finance Officers Association

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

Presented to

**Cochise County Community  
College District, Arizona**

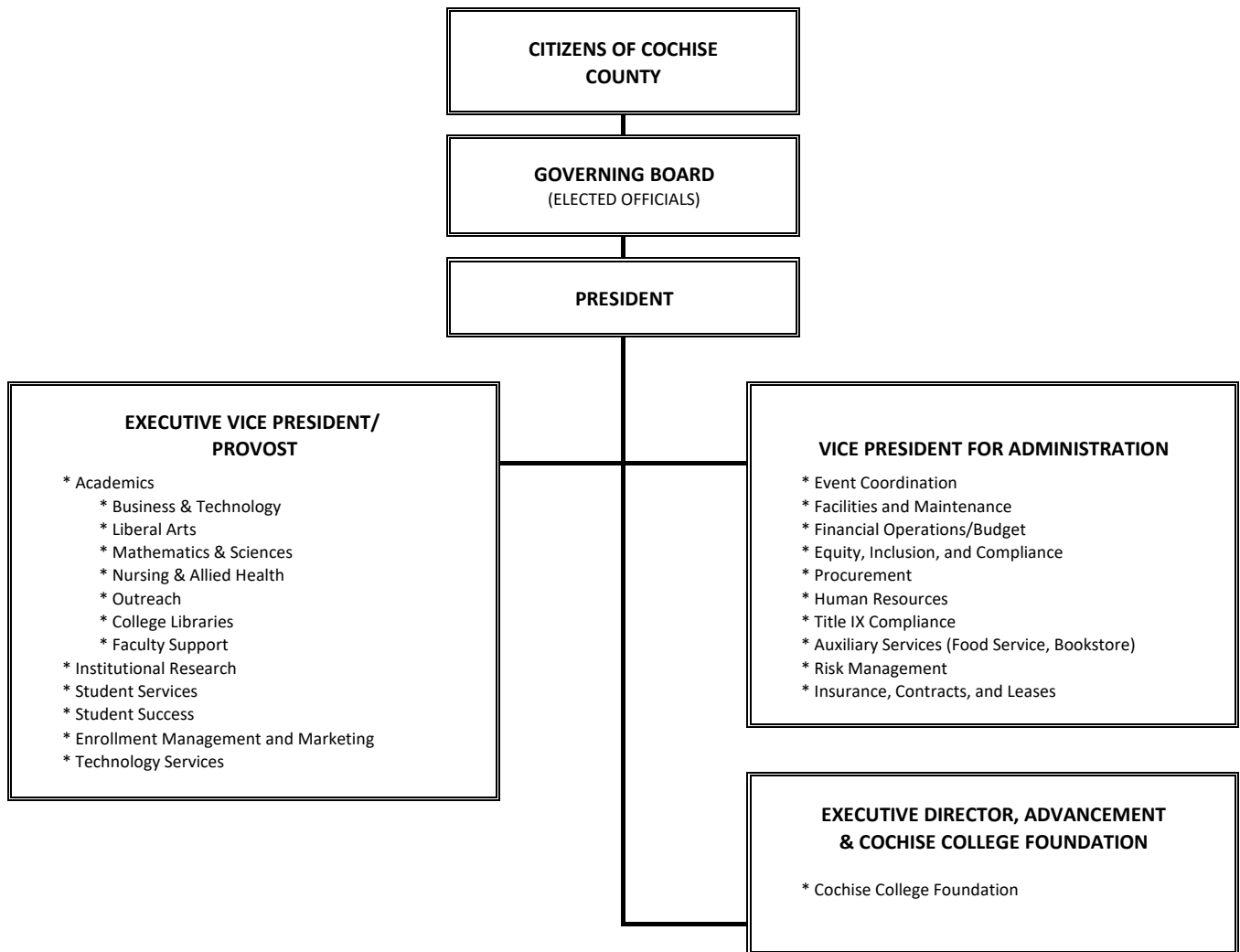
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

# COCHISE COUNTY COMMUNITY COLLEGE DISTRICT ORGANIZATIONAL CHART





# COCHISE COUNTY COMMUNITY COLLEGE DISTRICT

## PRINCIPAL OFFICERS

June 30, 2019

### **DISTRICT GOVERNING BOARD**

Mr. Tim Quinn, *Chair, Precinct 4*

Mrs. Jane Strain, *Secretary, Precinct 3*

Mr. David DiPeso, *Precinct 1*

Mr. Dennis Nelson, *Precinct 5*

Mr. Don Hudgins, *Precinct 2*

### **PRESIDENT**

Dr. J.D. Rottweiler

### **ADMINISTRATION**

Dr. Verlyn Fick, *Executive Vice President for Instruction/Provost*

Dr. Wendy Davis, *Vice President for Administration*



**COCHISE**  
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COCHISE COLLEGE

# Comprehensive Annual Financial Report

FINANCIAL  
SECTION



COCHISE COLLEGE





MELANIE M. CHESNEY  
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL  
LINDSEY A. PERRY

JOSEPH D. MOORE  
DEPUTY AUDITOR GENERAL

## Independent auditors' report

Members of the Arizona State Legislature

The Governing Board of  
Cochise County Community College District

### Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Cochise County Community College District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's responsibility for the financial statements***

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

#### ***Auditors' responsibility***

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

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

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

## **Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## **Other matters**

### *Required supplementary information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 10, schedule of the District's proportionate share of the net pension liability on page 45, and schedule of District pension contributions on page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other information*

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

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

## **Other reporting required by *Government Auditing Standards***

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

Lindsey Perry, CPA, CFE  
Auditor General

December 11, 2019



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Introduction**

This Management's Discussion and Analysis introduces the basic financial statements and provides an overview of the District's financial activities for the year ended June 30, 2019. It should be read in conjunction with the letter of transmittal, which precedes this section, and with the financial statements and their accompanying notes, which immediately follow.

**Basic Financial Statements**

The basic financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position reflects the financial position of the District at June 30, 2019. It shows the various assets owned or controlled by the District, deferred outflows and inflows of resources, liabilities and the various categories of net position. Net position is defined as total assets and deferred outflows of resources less total liabilities and deferred inflows of resources, and as such, represents the institutional equity or ownership in the total assets of the District.

The Statement of Revenues, Expenses, and Changes in Net Position reflects the results of operations and other activities for the year ended June 30, 2019. It shows the various revenues and expenses, both operating and non-operating, and reconciles the beginning net position balance to the ending net position balance shown on the Statement of Net Position described above.

The Statement of Cash Flows reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2019. It indicates the various cash activities by type and reconciles the beginning cash and cash equivalents balance to the ending cash and cash equivalents balance shown on the Statement of Net Position first described above. In addition, this statement reconciles cash flows used for operating activities to the operating loss on the Statement of Revenues, Expenses, and Changes in Net Position described immediately above.

Although the primary focus of this document is on the results of activities for fiscal year 2018-19 (FY2019), comparative data is also presented for the previous fiscal year 2017-18 (FY2018). This discussion and analysis uses the prior fiscal year as a reference point in illustrating issues and trends when assessing the institution's financial health.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Condensed Financial Information  
Net Position**

	<u>As of June 30, 2019</u>	<u>As of June 30, 2018</u>
<u>Assets</u>		
Current assets	\$ 24,359,425	\$ 22,928,459
Noncurrent assets, other than capital assets	2,057,165	2,095,166
Capital assets, net	<u>71,008,113</u>	<u>72,331,536</u>
Total assets, net	<u>97,424,703</u>	<u>97,355,161</u>
<u>Deferred Outflows of Resources</u>	4,913,529	5,257,422
<u>Liabilities</u>		
Other liabilities	5,752,570	3,743,130
Long-term liabilities	<u>51,436,953</u>	<u>59,800,860</u>
Total liabilities	<u>57,189,523</u>	<u>63,543,990</u>
<u>Deferred Inflows of Resources</u>	4,235,242	2,272,874
<u>Net Position</u>		
Net investment in capital assets	48,031,608	46,450,838
Restricted for:		
Grants and contracts	2,160,064	1,716,886
Debt Service	-	1,560,000
Unrestricted	<u>(9,278,205)</u>	<u>(12,932,005)</u>
Total net position	<u>\$ 40,913,467</u>	<u>\$ 36,795,719</u>

Total assets increased slightly in FY2019 by \$70 thousand. Total liabilities decreased by \$6.35 million in FY2019 as a result of long-term debt payments of \$1.84 million and a decrease in net pension liability of \$4.38 million. Deferred outflows of resources decreased \$0.34 million as a result of the current year effect of the difference between projected and actual investment earnings related to pensions. Deferred inflows of resources increased by \$1.96 million due to the net effect of increases in the changes in assumptions and decreases in the difference between expected and actual experience, difference between projected and actual earnings and other inputs related to the net pension liability. For the above reasons, total net position increased by \$4.12 million in FY2019.

During FY2019, the current ratio increased to 4.2 from 3.9 last fiscal year with total current assets increasing by \$1.43 million and total current liabilities decreasing slightly by \$60 thousand. The increase in current assets was primarily due to an increase in investments.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

Unrestricted net position increased by \$3.65 million in FY2019, primarily due to the \$4.38 million net pension liability decrease, net of an increase of \$1.96 in deferred inflows of resources. The net investment in capital assets increased \$1.58 million in FY2019. This change represents the inclusion of the deferred charge on debt refunding on the calculation of net investment in capital assets. In FY2019, capital assets decreased by \$1.32 million (1.8%), while bond premium/payables decreased by \$1.85 million (7.2%). The net investment in capital assets is now 117.4% of total net position, down from 126.2% last year.

**Revenues, Expenses, and Changes in Net Position**

	Fiscal Year Ended <u>June 30, 2019</u>	Fiscal Year Ended <u>June 30, 2018</u>
<u>Operating revenues</u>		
Tuition and fees (net of scholarship allowances)	\$ 6,109,189	\$ 6,280,110
Contracts	544,648	410,909
Other operating revenues	1,094,043	1,171,229
Total operating revenues	<u>7,747,880</u>	<u>7,862,248</u>
Total operating expenses	<u>45,830,760</u>	<u>46,538,055</u>
Operating loss	<u>(38,082,880)</u>	<u>(38,675,807)</u>
<u>Nonoperating revenues (expenses)</u>		
Property taxes	21,845,455	21,552,268
State appropriations	11,536,300	10,786,200
Government grants	7,530,210	7,556,950
Share of State sale taxes	1,247,094	1,141,611
Private gifts	70	17,885
Investment earnings	657,372	119,874
Interest on capital asset-related debt	(839,915)	(864,237)
Gain on disposal of capital assets	1,871	13,831
Other nonoperating revenues	222,171	48,068
Net nonoperating revenues	<u>42,200,628</u>	<u>40,372,450</u>
Increase in net position	4,117,748	1,696,643
Total net position, beginning of year	<u>36,795,719</u>	<u>35,099,076</u>
Total net position, end of year	<u>\$ 40,913,467</u>	<u>\$ 36,795,719</u>

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

Total operating revenues decreased \$0.11 million in FY2019 versus the prior year with small decreases in tuition and fees of \$0.17 million and other operating revenues of \$0.07 million. The offset being a \$0.13 million increase in contracts.

Overall, nonoperating revenues increased \$1.83 million compared to the prior year. Component movements included an increase in collected property taxes of \$0.29 million from a 2% levy increase, an increase in state equalization aid (a portion of state appropriations) of \$0.75 million as a result of a decrease in average assessed property valuations across the rural counties, an increase of \$0.54 million in investment earning due to a period market increases and an increase in the overall investment portfolio.

Operating expenses decreased by \$0.71 million for the year ended June 30, 2019.

The most significant elements of the overall decrease in operating expenses were as follows:

**Operating Expenses Comparison  
(Dollars in thousands)**

	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Increase (Decrease)	Increase (Decrease) (%)
Salaries and wages	\$ 23,250	\$ 23,175	\$ 75	0.3
Employee benefits	4,398	5,305	\$ (907)	(17.1)
Contractual services	3,539	4,009	\$ (470)	(11.7)
Supplies and other services	3,315	2,839	\$ 476	16.8
Scholarships	3,608	3,716	\$ (108)	(2.9)
Depreciation	3,707	3,656	\$ 51	1.4
Other Expenses	4,014	3,838	\$ 176	4.6
Total	\$ 45,831	\$ 46,538	\$ (707)	(1.5)

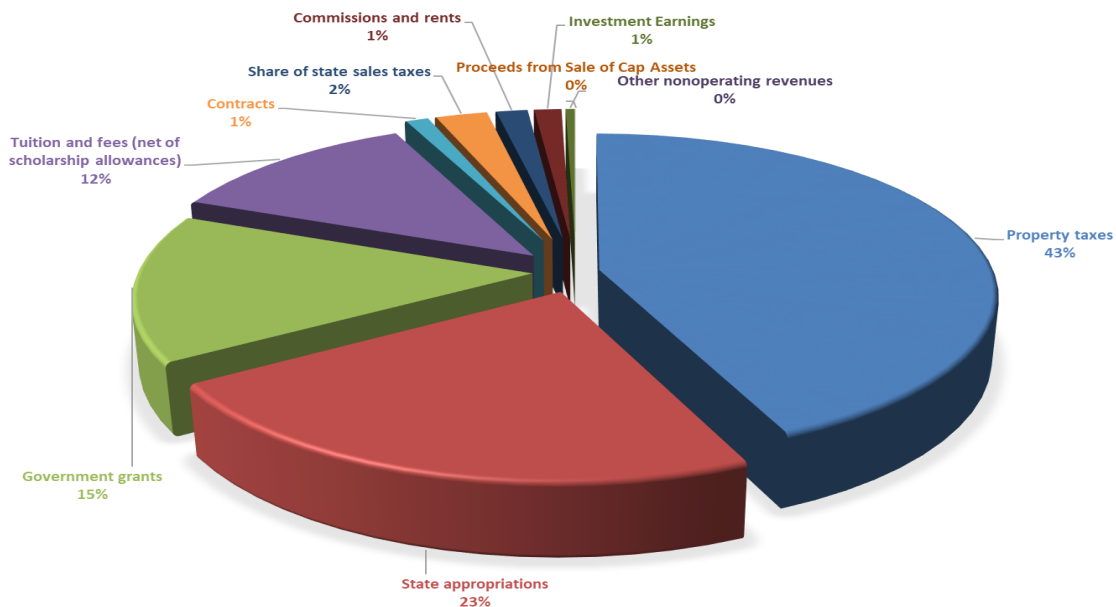
Comparing FY2019 to the prior year, the largest percentage increase in operating expenses was in supplies and other services. The majority (52%) of the increase of 16.8% falls within the computer, computer supplies, and audio/video equipment. This increase is due to a regimented 5-year replacement schedule of campus wide technology. Employee benefits represented the largest decrease versus a year ago, down 17.1% as a result of adjustments to retirement benefits to offset deferred outflow calculations. The second largest decrease (11.7%) occurred in contract services. This decrease primarily reflects the fulfillment of a contract to upgrade the District's technology.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

The following is a summary of revenues for fiscal years ended June 30, 2019, and June 30, 2018:

	Fiscal Year Ended June 30, 2019		Fiscal Year Ended June 30, 2018	
<u>Operating revenues</u>				
Tuition and fees (net of scholarship allowances)	\$ 6,109,189	12 %	\$ 6,280,110	13 %
Contracts	544,648	1	410,909	1
Commissions and rents	757,880	1	681,682	1
Other operating revenues	336,163	1	489,547	1
Total operating revenues	7,747,880	15	7,862,248	16
<u>Nonoperating revenues</u>				
Property taxes	21,845,455	43 %	21,552,268	44 %
State appropriations	11,536,300	23	10,786,200	22
Government grants	7,530,210	15	7,556,950	16
Share of state sales taxes	1,247,094	2	1,141,611	2
Private gifts	70	0	17,885	0
Investment earnings	657,372	1	119,874	0
Gain on disposal of capital assets	1,871	0	13,831	0
Other nonoperating revenues	222,171	0	48,068	0
Total nonoperating revenues	43,040,543	85	41,236,687	84
Total revenues	\$ 50,788,423	100 %	\$ 49,098,935	100 %

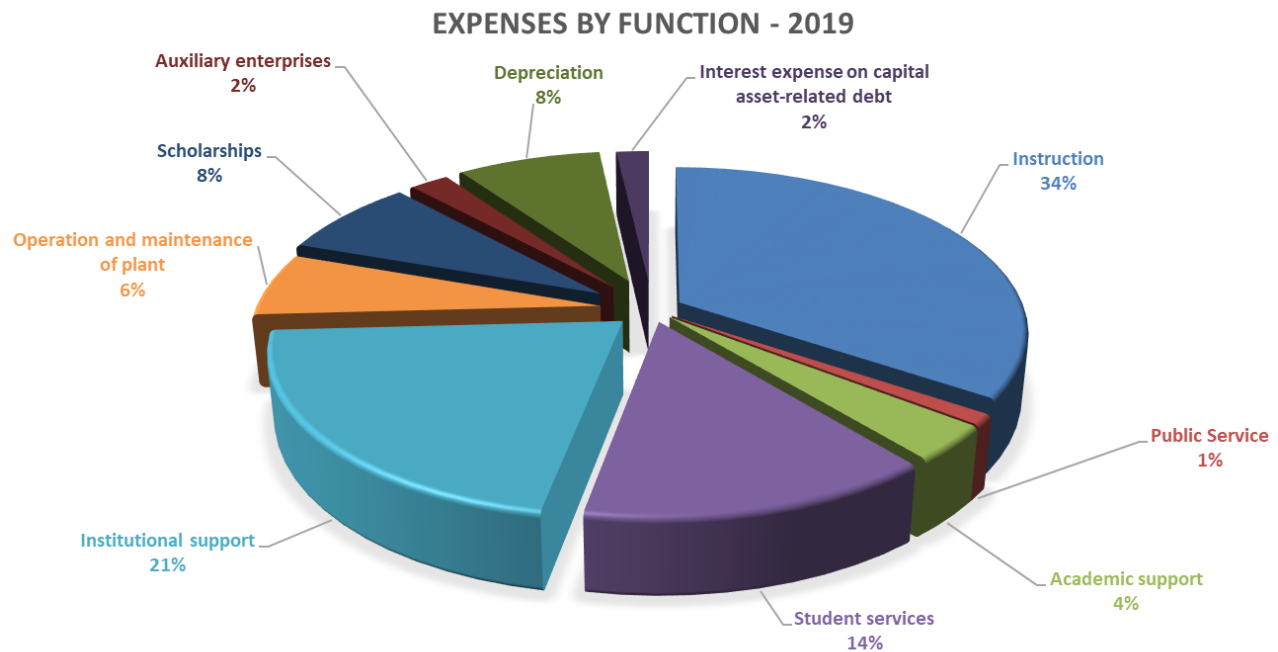
**REVENUES BY SOURCE - 2019**



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

The following is a summary of expenses for fiscal years ended June 30, 2019, and June 30, 2018:

	<u>Fiscal Year Ended June 30, 2019</u>		<u>Fiscal Year Ended June 30, 2018</u>	
<u>Operating expenses</u>				
Educational and general:				
Instruction	\$ 16,067,440	34 %	\$ 16,897,775	36 %
Public service	479,715	1	739,666	1
Academic support	1,642,487	4	1,239,466	3
Student services	6,530,525	14	6,301,964	13
Institutional support	9,883,902	21	8,936,062	19
Operation and maintenance of plant	2,911,467	6	4,131,963	9
Scholarships	3,607,872	8	3,715,968	8
Auxiliary enterprises	1,000,830	2	919,453	2
Depreciation	3,706,522	8	3,655,738	7
Total operating expenses	<u>45,830,760</u>	<u>98</u>	<u>46,538,055</u>	<u>98</u>
<u>Nonoperating expenses</u>				
Interest expense on capital asset-related debt	<u>839,915</u>	<u>2</u>	<u>864,237</u>	<u>2</u>
Total expenses	<u>\$ 46,670,675</u>	<u>100 %</u>	<u>\$ 47,402,292</u>	<u>100 %</u>



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Capital Assets and Debt Administration**

Below is a summary of capital assets, net of accumulated depreciation, as of June 30, 2019 and June 30, 2018. See Note 3 for further details.

	Balance June 30, 2019	Balance June 30, 2018
Capital assets (net of depreciation):		
Land	\$ 1,993,038	\$ 1,993,038
Museum art collection	66,000	66,000
Construction in progress	786,286	35,984
Buildings and improvements	55,798,147	57,676,623
Improvements other than buildings	7,968,599	8,154,608
Equipment	4,189,390	4,180,066
Library books	206,653	225,217
Total capital assets (net of depreciation)	71,008,113	72,331,536

The decrease of \$1.32 million is the net change of capital asset purchases of \$1.64 million and the current year depreciation of all existing assets of \$3.71 million.

During FY2019, principal payments were \$130,000 on the Series 2008 Revenue Bonds, \$375,000 on the Series 2016A Revenue Bonds, and \$1,055,000 on the Series 2008 Pledged Revenue Obligations (PROs). At June 30, 2019, the District had an outstanding principal balance due of \$6,565,000 for the 2016A revenue bonds and \$14,675,000 for the 2016B revenue refunding bonds. Note 4 to the basic financial statements provides details on all bond issues and long-term obligations.

**Current Factors Having Probable Future Financial Significance**

Although the State of Arizona has recently shown signs of economic recovery, Cochise County has continued to struggle, although most economic indicators are now reflecting greater optimism. New factors are now coming into play that will have financial bearing on the District.

The first factor is the 2016 passing of the Fair Wages and Healthy Families Initiative for the State of Arizona, also known as Proposition 206, which increased minimum wage requirements in the state to \$10.50 an hour beginning in January of 2018 and which will continue to gradually increase this rate to \$12 by 2020. This will result in additional financial commitments for the District related to part-time and student work-study labor costs. The increase in the minimum wage will affect the amount of work-study hours the District will be able to support.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

In addition, continuing declines in enrollment in recent years appear to be stabilizing and slowly reversing trends, which will have a financial impact on how the District considers its financial picture. Full-time student equivalents (FTSE) experienced an increase in FY2019, having previously declined since FY2011. In FY2019, the District's state aid allocation (a portion of state appropriations) increased by \$87,700. While in FY2019, the allocation will drop slightly, the District is budgeted to receive an additional \$3.14 million in one-time assistance from the State. The District credits the implementation of the Guaranteed Senior Scholarship (available to all graduating senior in Cochise County) and placement of college success navigators in county school districts. To address national trends in employment shortages, the District continues to focus on investment opportunities in specific educational programs such as Aviation, Nursing and Allied Health, Culinary Arts, Automotive Technology and Cybersecurity.

Despite the growth in FY2019, the District recognizes an uncertainty in economic developments and will continue to consider adjustments to tuition and property taxes, and to explore public-private partnerships and additional cost saving measures. Despite these economic pressures, the District is committed to fulfilling its mission of providing educational opportunities that lead to constructive citizenship, meaningful careers and lifelong learning.

**Requests for Information**

This discussion and analysis is designed to provide a general overview of the Cochise County Community College District's finances for all those with an interest in such matters. Questions concerning any of the information provided in this Comprehensive Annual Financial Report or requests for additional financial information should be addressed to the Office of the VP for Administration, Cochise County Community College District, 901 North Colombo Avenue, Sierra Vista, Arizona 85635.



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION - PRIMARY GOVERNMENT  
YEAR ENDED JUNE 30,2019**

<u>Assets</u>	Business-Type Activities
<b>Current assets:</b>	
Cash and cash equivalents	\$ 3,461,261
Investments	17,801,646
<b>Receivables:</b>	
Accounts (less allowances of \$540,739)	322,469
Property taxes (less allowances of \$270,556)	1,285,986
Government grants and contracts	321,800
Interest	44,852
Other	221,890
Inventories	734,086
Prepaid items	165,435
Total current assets	<u>24,359,425</u>
<b>Noncurrent assets:</b>	
<b>Restricted assets:</b>	
Cash and cash equivalents held by trustee	2,057,165
Capital assets, not being depreciated	2,845,324
Capital assets, being depreciated, net	68,162,789
Total noncurrent assets	<u>73,065,278</u>
Total assets	<u>97,424,703</u>
 <b><u>Deferred Outflows of Resources</u></b>	
Deferred outflows related to pensions	3,860,516
Deferred charge on debt refunding	1,053,013
Total deferred outflows of resources	<u>4,913,529</u>
 <b><u>Liabilities</u></b>	
<b>Current liabilities:</b>	
Accounts payable	858,111
Accrued payroll and employee benefits	1,828,186
Interest payable	506,975
Deposits held in custody for others	166,223
Unearned revenues	263,434
Current portion of compensated absences payable	288,461
Current portion of long-term debt	1,841,180
Total current liabilities	<u>5,752,570</u>
 <b>Noncurrent liabilities:</b>	
Compensated absences payable	1,143,667
Long-term debt	22,188,338
Net pension liability	28,104,948
Total noncurrent liabilities	<u>51,436,953</u>
Total liabilities	<u>57,189,523</u>
 <b><u>Deferred Inflows of Resources</u></b>	
Deferred inflows related to pensions	4,235,242
Total deferred inflows of resources	<u>4,235,242</u>
 <b><u>Net Position</u></b>	
Net investment in capital assets	48,031,608
<b>Restricted:</b>	
<b>Expendable:</b>	
Grants and contracts	2,160,064
Unrestricted (deficit)	<u>(9,278,205)</u>
Total net position	<u>\$ 40,913,467</u>

See accompanying notes to financial statements.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF FINANCIAL POSITION - COMPONENT UNIT  
JUNE 30, 2019**

		Cochise College Foundation
<b><u>Assets</u></b>		
Cash and cash equivalents	\$	376,897
Accounts receivable		1,245
Property held for sale		131,776
Investments		11,150,991
Land held as an investment		19,825
Assets restricted to investment in property and equipment		1,724,550
Total assets	\$	13,405,284
<b><u>Liabilities</u></b>		
Deposits held on behalf of others	\$	14,722
Liability under split-interest agreement		255,050
Total liabilities		269,772
<b><u>Net Assets</u></b>		
Without donor restrictions		
Undesignated		212,248
Designated		585,071
Total unrestricted net assets		797,319
With donor restrictions		12,338,193
Total net assets		13,135,512
Total liabilities and net assets	\$	13,405,284

**See accompanying notes to financial statements.**

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PRIMARY GOVERNMENT**  
**YEAR ENDED JUNE 30, 2019**

	Business-Type Activities
Operating revenues:	
Tuition and fees (net of scholarship allowances of \$3,265,301)	\$ 6,109,189
Government contracts	259,728
Private contracts	284,920
Bookstore income	68,355
Food service income	670,140
Dormitory rentals and fees	19,385
Other	336,163
Total operating revenues	7,747,880
Operating expenses:	
Educational and general:	
Instruction	16,067,440
Public service	479,715
Academic support	1,642,487
Student services	6,530,525
Institutional support	9,883,902
Operation and maintenance of plant	2,911,467
Scholarships	3,607,872
Auxiliary enterprises	1,000,830
Depreciation	3,706,522
Total operating expenses	45,830,760
Operating Loss	(38,082,880)
Nonoperating revenues (expenses):	
Property taxes	21,845,455
State appropriations	11,536,300
Government grants	7,530,210
Share of state sales taxes	1,247,094
Private gifts	70
Investment earnings	657,372
Interest expense on capital asset-related debt	(839,915)
Gain on disposal of capital assets	1,871
Other nonoperating revenues	222,171
Net nonoperating revenues	42,200,628
Increase in net position	4,117,748
Net position, July 1, 2018	36,795,719
Net position, June 30, 2019	\$ 40,913,467

See accompanying notes to financial statements.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF ACTIVITIES - COMPONENT UNIT  
YEAR ENDED JUNE 30, 2019**

	Cochise College Foundation		
	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue, and gains:			
Investment return, net	\$ 194,815	\$ 826,428	\$ 1,021,243
Contributions	156,020	219,004	375,024
In-kind contributions	249,765	-	249,765
Net assets released from restriction:	<u>466,607</u>	<u>(466,607)</u>	<u>-</u>
Total support, revenue, and gains	<u>1,067,207</u>	<u>578,825</u>	<u>1,646,032</u>
Expenses:			
Program expenses:			
Student support	<u>757,300</u>	<u>-</u>	<u>757,300</u>
Supporting services:			
Management and general	236,516	-	236,516
Fundraising	<u>84,440</u>	<u>-</u>	<u>84,440</u>
Total supporting services	<u>320,956</u>	<u>-</u>	<u>320,956</u>
Total expenses	<u>1,078,256</u>	<u>-</u>	<u>1,078,256</u>
Change in net assets	(11,049)	578,825	567,776
Net assets, beginning of year	<u>808,368</u>	<u>11,759,368</u>	<u>12,567,736</u>
Net assets, end of year	<u>\$ 797,319</u>	<u>\$ 12,338,193</u>	<u>\$ 13,135,512</u>

See accompanying notes to financial statements.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT**  
**YEAR ENDED JUNE 30, 2019**

	Business-Type Activities
Cash flows from operating activities:	
Tuition and fees	\$ 5,852,290
Government and private contracts	544,648
Bookstore receipts	77,993
Food services receipts	670,140
Dormitory rentals and fees	19,385
Other receipts	632,199
Payments to suppliers and providers of goods and services	(11,356,655)
Payments for employee wages and benefits	(29,779,742)
Payments for scholarships	(3,607,872)
Other payments	(2,847)
Net cash used for operating activities	(36,950,461)
Cash flows from noncapital financing activities:	
Property taxes	22,046,730
State appropriations	11,536,300
Government grants	7,384,591
Share of state sales taxes	1,235,168
Direct loans received	1,451,577
Direct loans disbursed	(1,451,577)
Deposits held in custody for others received	576,753
Deposits held in custody for others disbursed	(582,713)
Net cash provided by noncapital financing activities	42,196,829
Cash flows from capital and related financing activities:	
Principal paid on capital debt	(1,560,000)
Interest paid on capital debt	(645,794)
Proceeds from sale of capital assets	1,871
Purchases of capital assets	(2,144,397)
Net cash used for capital and related financing activities	(4,348,320)
Cash flows from investing activities:	
Net purchases of investments	(3,788,705)
Interest received on investments	650,244
Net cash provided by investing activities	(3,138,461)
Net decrease in cash and cash equivalents	(2,240,413)
Cash and cash equivalents, July 1, 2018	7,758,839
Cash and cash equivalents, June 30, 2019	\$ 5,518,426

(Continued)

**See accompanying notes to financial statements.**

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT  
YEAR END JUNE 30, 2019  
(CONCLUDED)**

	Business-Type Activities
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	(38,082,881)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	3,706,522
Provision for uncollectable accounts	(55,045)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivables	46,182
Other receivables	67,463
Inventories	(56,496)
Deferred outflows of resources related to pensions	226,891
Accounts payable	(257,423)
Accrued payroll and employee benefits	61,953
Compensated absences payable	(4,057)
Unearned revenues	(248,036)
Deferred inflows of resources related to pensions	1,962,368
Prepaid items	61,128
Net OPEB obligation	(3,742)
Net pension liability	(4,375,288)
Net cash used for operating activities	\$ (36,950,461)

Noncash investing, noncapital financing, and capital and related financing activities:

The District amortized \$56,300 for premiums received on revenue bonds issued in 2016, and \$234,880 for premiums received on revenue refunding bonds issued in 2016. The District amortized \$117,002 for deferred charge associated with the revenue refunding bonds issued in 2016.

**See accompanying notes to financial statements.**

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting entity**

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

The 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 other District operations. Although the District does not control the timing or amount of the 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 (FASB) statements for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial information included in the District’s financial report. Accordingly, those financial statements have been reported on separate pages following the District’s respective counterpart financial statements. For financial reporting purposes, only the Foundation’s statements of financial position and activities are included in the District’s financial statements as required by GAAP for public colleges and universities. The Foundation has a June 30 year-end.

During the year ended June 30, 2019, the Foundation distributed \$757,300 to and on behalf of the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Cochise College Foundation, 4190 West Highway 80, Douglas, Arizona 85607-6100.

**B. Basis of presentation and accounting**

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

A statement of net position provides information about the District’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net position is classified according to external donor restrictions or availability of assets to satisfy the District’s

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

obligations. Net investment in capital assets represents the value of capital assets, net of accumulated depreciation, less any outstanding liabilities incurred to acquire or construct the assets. Expendable restricted net position includes grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net position consists of all other resources, including those that have been designated by management to be used for other than general operating purposes.

A statement of revenues, expenses, and changes in net position provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues, such as tuition and bookstore, food service, and dormitory charges in which each party receives and gives up essentially equal values, are considered operating revenues. Other revenues, such as property taxes, state appropriations, and government grants, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered 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 as revenue in the year for which they are levied. State appropriations are recognized as revenue in the year in which the appropriation is first made available for use. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

The District eliminates all internal activity.

It is the District's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**C. Cash and investments**

For the statement of cash flows, the District's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's Local Government Investment Pool, and only those highly liquid investments with a maturity of 3 months or less when purchased.

All investments are stated at fair value.



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**D. Inventories**

Inventories are stated at the lower of cost (first-in, first-out method) or market.

**E. Capital assets**

Capital assets are reported at actual cost (or estimated historical cost if historical records are not available). Donated assets are reported at acquisition value.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$5,000	N/A	N/A
Museum art collection	5,000	N/A	N/A
Buildings	5,000	Straight line	5-40 years
Improvements other than buildings	5,000	Straight line	5-40 years
Equipment	5,000	Straight line	3-20 years
Library books	All	Straight line	10 years

**F. Deferred outflows and inflows of resources**

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

**G. Pensions**

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

**H. Investment earnings**

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)**

**I. Scholarship allowances**

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

**J. Compensated absences**

Compensated absences payable consists of vacation leave and a calculated amount of sick leave employees earned based on services already rendered.

Employees may accumulate up to 180 hours of vacation depending on years of service, but they forfeit any unused vacation hours in excess of the maximum amount at fiscal year-end. Upon terminating employment, the District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Employees may accumulate up to 876 hours of sick leave. Generally, sick leave benefits provide for ordinary sick pay and are cumulative; however, employees may forfeit sick leave benefits upon terminating employment depending upon their category. Terminating employees fall into one of three categories based upon the sick leave policy in place on the date of their hire: 1) Employees hired before July 1, 2014, who are at least 55 years of age or have met the necessary points for full retirement with the Arizona State Retirement System and have been employed by the District for at least 10 years are eligible to receive a portion of their sick leave benefits. 2) Sick leave for employees hired before July 1, 2014, who do not meet the additional age, time in service and Arizona State Retirement System requirements do not vest. 3) Employees hired after June 30, 2014, who have accrued a minimum of 40 hours and have provided a minimum of two weeks' notice of separation, are also eligible to receive a portion of their sick leave benefits. Because sick leave benefits in 2) above do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, sick leave benefits for employees in categories 1) and 3) do vest, and, therefore, are accrued as a liability in the financial statements.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2019**

**NOTE 2 – DEPOSITS AND INVESTMENTS**

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

**Deposits**

At June 30, 2019, the carrying amount of the District’s deposits was \$2,126,079, and the bank balance was \$2,561,914. For deposits, custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to the District. The District currently does not have a deposit policy for custodial credit risk.

**Investments**

The District had total investments of \$21,189,889 at June 30, 2019. The District categorizes certain investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles as follows:

	<u>Amount</u>	<u>Fair value measurement using</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
<b>Investments by fair value level</b>				
U.S. Treasury securities	\$ 6,075,857	\$ 6,075,857	\$ -	\$ -
Money market mutual fund	2,057,165	-	2,057,165	-
U.S. agency securities	11,725,790	-	11,725,790	-
Total investments categorized by fair value level	<u>\$ 19,858,812</u>	<u>\$ 6,075,857</u>	<u>\$ 13,782,955</u>	<u>\$ -</u>

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. Investments categorized as Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities base on the securities’ relationship to benchmark quoted prices.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2019**

**NOTE 2 – DEPOSITS AND INVESTMENTS (Cont'd)**

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

<b>External investment pools measured at fair value</b>	
State Treasurer's investment pool 7	\$ 788,672
County Treasurer's investment pool	<u>542,405</u>
Total external investment pools measured at fair value	<u><u>\$ 1,331,077</u></u>

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

**Credit risk**

Through its investment policy and in accordance with state statute, the District manages its credit risk by limiting the maturity of any one investment to 5 years and by limiting the type of investments that the District utilizes to U.S. Treasury securities and U.S. Government backed securities.

At June 30, 2019, the District had the following investments in debt securities:

<b>Investment Type</b>	<b>Rating</b>	<b>Rating agency</b>	<b>Amount</b>
State Treasurer's investment pool 7	Unrated	Not applicable	\$ 788,672
County Treasurer's investment pool	Unrated	Not applicable	542,405
U.S. agency securities	Aaa	Moody's	11,725,790
Money market mutual fund	Aaa-mf	Moody's	<u>2,057,165</u>
			<u><u>\$ 15,114,032</u></u>

**Custodial credit risk**

For an investment, custodial credit risk is the risk that, in the event of a counterparty's failure, the District will not be able to recover the value of its investments or collateral securities that are in an outside party's possession. The District currently does not have a formal investment policy for custodial credit risk.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2019**

**NOTE 2 – DEPOSITS AND INVESTMENTS (Concl'd)**

**Concentration of credit risk**

The District does not have a formal policy regarding concentration of credit risk. The District had investments at June 30, 2019, of 5 percent or more in Federal Home Loan Banks, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation. These investments were 19.09 percent, 21.02 percent, and 11.85 percent, respectively, of the District's total investments.

**Interest rate risk**

Through its investment policy, the District manages its exposure to fair value losses arising from increasing interest rates by limiting the maturity of any one investment to 5 years.

At June 30, 2019, the District had the following investments in debt securities:

	<b>Investment Maturities</b>		<b>Fair Value</b>
	<b>Less than 1 Year</b>	<b>1-5 Years</b>	
<b>Investment type</b>			
State Treasurer's investment pool 7	\$ 788,672	\$ -	\$ 788,672
County Treasurer's investment pool	542,405	-	542,405
Money market mutual fund	2,057,165	-	2,057,165
U.S. Treasury Securities	3,736,129	2,339,728	6,075,857
U.S. Agency Securities	6,280,375	5,445,415	11,725,790
	<u>\$ 13,404,746</u>	<u>\$ 7,785,143</u>	<u>\$ 21,189,889</u>

A reconciliation of cash, deposits, and investments to amounts shown on the statement of net position follows:

Cash, deposits, and investments:		Statement of net position:	
Cash on hand	\$ 4,104	Cash and cash equivalents	\$ 3,461,261
Amount of deposits	2,126,079	Current investments	17,801,646
Amount of investments	21,189,889	Restricted assets:	
		Cash and cash equivalents	2,057,165
Total	<u>\$ 23,320,072</u>	Total	<u>\$ 23,320,072</u>

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2019**

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019, was as follows:

	<b>Balance July 1, 2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2019</b>
Capital assets not being depreciated:				
Land	\$ 1,993,038	\$ -	\$ -	\$ 1,993,038
Museum art collection	66,000	-	-	66,000
Construction in progress	35,984	786,286	(35,984)	786,286
Total capital assets not being depreciated	<u>2,095,022</u>	<u>786,286</u>	<u>(35,984)</u>	<u>2,845,324</u>
Capital assets being depreciated:				
Buildings and improvements	86,241,063	122,881	-	86,363,944
Equipment	12,321,078	982,930	(13,970)	13,290,038
Improvements other than buildings	13,612,540	499,000	-	14,111,540
Library books	508,285	30,896	(58,221)	480,960
Total capital assets being depreciated	<u>112,682,966</u>	<u>1,635,707</u>	<u>(72,191)</u>	<u>114,246,482</u>
Less accumulated depreciation for:				
Buildings and improvements	(28,564,440)	(2,001,357)	-	(30,565,797)
Equipment	(8,141,012)	(973,606)	13,970	(9,100,648)
Improvements other than buildings	(5,457,932)	(685,009)	-	(6,142,941)
Library books	(283,068)	(46,550)	55,311	(274,307)
Total accumulated depreciation	<u>(42,446,452)</u>	<u>(3,706,522)</u>	<u>69,281</u>	<u>(46,083,693)</u>
Total capital assets being depreciated, net	<u>70,236,514</u>	<u>(2,070,815)</u>	<u>(2,910)</u>	<u>68,162,789</u>
Capital assets, net	<u>\$ 72,331,536</u>	<u>\$ (1,284,529)</u>	<u>\$ (38,894)</u>	<u>\$ 71,008,113</u>

The District had major contractual commitments related to various capital projects at June 30, 2019, for the construction of an Art Fab Building and the reconstruction of the Student Union, both on the Douglas Campus. At June 30, 2019, the District had spent \$508,371 and \$174,990, respectively and had remaining contractual commitments with contractors of \$116,612 and \$218,128, respectively. The projects are financed with tuition, state allocations, and property tax revenues.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 – LONG-TERM LIABILITIES**

The following schedule details the District’s long-term liability and obligation activity for the year ended June 30, 2019:

	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2019</b>	<b>Due within one year</b>
Bonds payable and pledged revenue obligations (PROs):					
Revenue bonds	\$ 7,070,000	\$ -	\$ 505,000	\$ 6,565,000	\$ 385,000
Revenue refunding bonds	14,675,000	-	-	14,675,000	1,165,000
PROs	1,055,000	-	1,055,000	-	-
Premiums	3,080,697	-	291,179	2,789,518	291,180
Total bonds payable and PROs	<u>25,880,697</u>	<u>-</u>	<u>1,851,179</u>	<u>24,029,518</u>	<u>1,841,180</u>
Net Pension Liability	32,480,236		4,375,288	28,104,948	-
Compensated absences	1,436,185	1,350,000	1,354,057	1,432,128	288,461
Total OPEB liability	<u>3,742</u>	<u>-</u>	<u>3,742</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>\$ 59,800,860</u>	<u>\$ 1,350,000</u>	<u>\$ 7,584,266</u>	<u>\$ 53,566,594</u>	<u>\$ 2,129,641</u>

**Bonds**

The District’s bonded debt consists of various issues of revenue bonds. The 2016A Revenue Bonds and 2016B Revenue Refunding Bonds have interest payable semiannually and only those bonds that mature on or after July 1, 2026, are callable prior to maturity. Bond proceeds pay primarily for improving, acquiring, or constructing capital facilities. The 2016B bonds were issued to advance-refund previously issued 2008 bonds. In accordance with the refunding plan, the trustee retired the remaining liability for the defeased bonds of \$15,595,000, on July 1, 2018. Bonds are repaid from tuition, fees, rentals, and other charges to students, faculty, and others. Federal arbitrage regulations are applicable to all of the District’s bond issues.

The following bonds were outstanding at June 30, 2019:

<b>Description</b>	<b>Original Amount Issued</b>	<b>Maturity Ranges</b>	<b>Interest Rates</b>	<b>Outstanding Principal</b>
Revenue Bonds				
Series 2016A	7,310,000	7/1/2019-31	2.00-5.00%	6,565,000
Revenue Refunding Bonds				
Series 2016B	14,675,000	7/1/2019-28	5.00%	14,675,000
				<u>\$ 21,240,000</u>

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 – LONG-TERM LIABILITIES (Concl'd)**

The following schedule details debt service requirements to maturity for the District's bonds at June 30, 2019:

Year Ending June 30:	Revenue Bonds Series 2016A		Revenue Bonds Series 2016B		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	
2020	385,000	260,950	1,165,000	675,500	2,486,450
2021	405,000	240,700	1,230,000	614,000	2,489,700
2022	425,000	219,450	1,285,000	549,750	2,479,200
2023	445,000	197,200	1,350,000	482,250	2,474,450
2024	465,000	183,250	1,420,000	411,250	2,479,500
2025-2029	2,600,000	605,300	8,225,000	862,250	12,292,550
2030-2032	1,840,000	81,450	-	-	1,921,450
Totals	\$ 6,565,000	\$ 1,788,300	\$ 14,675,000	\$ 3,595,000	\$ 26,623,300

**Revenues Pledged**

The District has pledged future revenue streams from tuition, fees, rentals, and other payments from students, faculty, and others to make debt service payments on all revenue bonds and revenue refunding bonds outstanding at June 30, 2019. Annual principal and interest payments on the debt issuances, payable solely from these revenues through 2032, are expected to require approximately 26% of the annual pledged gross revenues. Total principal and interest remaining to be paid is \$26,623,300. For FY 2019 principal, interest and total pledged gross revenues were \$2,573,950 and \$7,860,604 respectively.



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2019**

**NOTE 5 – RISK MANAGEMENT**

The District is exposed to various risks of loss including, but not limited to, torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and third parties; and natural disasters. The District participates with other Arizona community college districts and school districts in the Arizona School Risk Retention Trust, Inc. (Trust), a public entity risk pool. The Trust insures the District for its property, general, professional and automobile liability and commercial crime coverages. The coverage limit for property insurance is \$118.8 million with a \$1,000 deductible. The general, professional and automobile liability coverage limit is \$10 million with no deductible. The commercial crime coverage limit is \$1.5 million with a \$100 deductible. The cyber liability coverage limit is \$1 million with a \$5,000 deductible.

The Trust's operating agreement includes a provision for the member to be charged an additional pro-rata assessment in the event that total claims paid by the Trust exceed the members' contributions and reserves in any one year. The District will be charged for any such assessment in the following year. The District has never been charged such an assessment.

The District also carries commercial insurance for other exposure to loss, including workers' compensation and employers' liability, aviation and airport liability, coverage for damage to owned aircraft, international travel accidental death and dismemberment, liability for students and employees, accident coverage for students participating in sports programs, and professional liability for students participating in allied health training.

Settled claims have not exceeded commercial insurance coverage in the past 5 fiscal years. There were no uninsured losses in the year ended June 30, 2019.

The District provides health, prescription, dental, life, and short term disability benefits to its employees and their dependents through the Cochise Combined Trust ("CCT") currently composed of two member entities: Cochise College and Cochise County. CCT provides the benefits through a self-funding agreement with its participants and has contracted with a third party to administer the program. The District is responsible for paying the premium for employee coverage and employees can enroll eligible dependents, with dependent coverage the responsibility of the employee. Beginning July 1, 2018, employees contributed a small percentage (2.5%) to their premium. If the District withdraws from CCT, it is responsible for a proportional share of any claims runout costs, including administrative costs that exceed trust fund reserves. If CCT were to terminate, the District would be responsible for its proportional share of any trust deficit.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2019**

**NOTE 6 - PENSION BENEFITS**

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

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

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

\* With actuarially reduced benefits.

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2019**

**NOTE 6 – PENSION BENEFITS (Cont'd)**

**Contributions** – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2019, statute required active ASRS members to contribute at the actuarially determined rate of 11.64 percent for retirement of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 11.18 percent for retirement of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 10.41 percent for retirement of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District's contributions to the pension for the year ended June 30, 2019, was \$2,320,283.

**Pension liability** – At June 30, 2019, the District reported a liability of \$28,104,948 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2018. The total liability used to calculate the net pension liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total pension liability as of June 30, 2018, reflects a change in actuarial assumption based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the discount rate from 8 percent to 7.5 percent, changing the projected salary increases from 3-6.75 percent to 2.7-7.2 percent, decreasing the inflation rate from 3 percent to 2.3 percent, and changing the mortality rates.

The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The District's proportion measured as of June 30, 2018, was 0.20152 percent, which was a decrease of 0.00698 from its proportion measured as of June 30, 2017.

**Pension expense and deferred outflows/inflows of resources** – For the year ended June 30, 2019, the District recognized pension expense for ASRS of \$45,702. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2019**

**NOTE 6 – PENSION BENEFITS (Cont'd)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 774,269	\$ 154,938
Changes of assumption or other inputs	743,708	2,491,890
Net difference between projected and actual earnings on pension plan investments	-	675,857
Changes in proportion and differences between district contributions and proportionate share of contributions	22,256	912,557
District contributions subsequent to the measurement date	2,320,283	-
<b>Total</b>	<u>\$ 3,860,516</u>	<u>\$ 4,235,242</u>

The \$2,320,283 reported as deferred outflows of resources related to ASRS pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30	
2020	(270,989)
2021	(1,095,698)
2022	(1,025,226)
2023	(303,096)

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

Actuarial valuation date	June 30, 2017
Actuarial roll forward date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2019**

**NOTE 6 – PENSION BENEFITS (Cont'd)**

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected geometric real rate of return</u>
Equity	50%	5.50%
Fixed income	30%	3.83%
Real estate	20%	5.85%
Total	<u>100%</u>	

**Discount rate** – At June 30, 2018, the discount rate used to measure the ASRS total pension liability was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease (6.5%)</u>	<u>Current discount rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
District's proportionate share of the net pension liability	\$ 40,064,250	\$ 28,104,948	\$ 18,113,145

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2019**

**NOTE 6 – PENSION BENEFITS (Concl'd)**

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

**Pension contributions payable** – The District's accrued payroll and employee benefits included \$76,300 of outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2019.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2019**

**NOTE 7 – OPERATING EXPENSE**

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

Personnel services	\$ 27,647,867
Contract services	3,539,352
Supplies and other services	3,315,039
Rent and insurance	1,667,156
Communication and utilities	1,557,345
Travel	632,339
Scholarship	3,607,872
Depreciation	3,706,522
Other	157,268
Total	<u>\$ 45,830,760</u>

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2019**

**NOTE 8 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES**

**A. Nature of Activities and Summary of Significant Accounting Policies**

*Nature of Activities* – The Cochise College Foundation, Inc. (the Foundation) is an Arizona nonprofit Foundation incorporated under the laws of the state of Arizona on March 20, 1967. The Foundation's mission is to promote student success, facilities development, and program support for Cochise College. The Foundation funds its activities primarily through contributions and investment income. The governing board of the Foundation consists of 15 appointed individuals who collectively serve as the Board of Directors.

*Basis of Accounting* – The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America and, accordingly, reflect all significant receivables, payables, and other liabilities.

*Basis of Presentation* - The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and a board-designated endowment. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Foundation's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2019**

**NOTE 8 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (Cont'd)**

The Foundation's donor-restricted endowment funds, including the unspent appreciation of the endowment fund and the portion of the Foundation's donor-restricted endowment funds that the Foundation is committed to maintaining in perpetuity are classified in net assets with donor restrictions, as is the Foundation's beneficial interest in a perpetual charitable trust held by a bank as trustee.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

*Estimates* – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

*Cash and Cash Equivalents* – For purposes of the Statements of Cash Flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless the investments are held for meeting restrictions for purchase of property and equipment, payment of long-term debt, or endowment.

*Investments* - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

The Foundation reports its real estate investments at their fair values on the dates the properties were donated to the Foundation.

*Assets Restricted to Investment in Property and Equipment* – Assets restricted to investment in property and equipment consist of investments and cash and cash equivalents that are restricted by a donor to support capital construction and campus enhancements on the Cochise College, Sierra Vista campus. These assets were recorded as contributions at their estimated fair value at the date of donation. The assets thereafter will continue to be carried at fair value.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2019**

**NOTE 8 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (Cont'd)**

The fair value of the assets restricted to investment in property and equipment totaled \$1,724,550 as of June 30, 2019.

*Deposits Held on Behalf of Others* - Deposits held on behalf of others consist of donated amounts designated by third parties to specified scholarship recipients that have yet to be awarded. At June 30, 2019, deposits held on behalf of others totaled \$14,722 and is held within investments on the accompanying statement of financial position.

*Functional Allocation of Expenses* - The costs of providing various programs and other activities of the Foundation are summarized on a functional basis in the accompanying consolidated statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Directly identifiable expenses are charged to the applicable program and supporting services. Expenses related to more than one function are allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Foundation.

*Conditional Promise to Give* - During fiscal year 2013, the Foundation was notified that a donor named the Foundation as the sole beneficiary of his estate. The assets of the donor's estate, which had an estimated value of \$3,500,000 million at the date of the notification, are held within a revocable trust. Since the trust is revocable, this contribution is considered a conditional promise to give. The contribution will be recognized in the period in which the trust becomes irrevocable.

*Donated Assets* – Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

*Donated Services* – Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

*Revenue with and without Donor Restrictions* – Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2019**

**NOTE 8 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (Cont'd)**

All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets with donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

*Investment Income and Gains* – Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

*Income Taxes* – The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an Foundation other than a private foundation under Section 509(a)(2).

*Management's Review* – Management has evaluated all of the Foundation's events or transactions for subsequent events that would require disclosure in the financial statements through the financial issuance date of October 8, 2019.

**B. CHANGE IN ACCOUNTING PRINCIPLE**

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958)—Presentation of Financial Statements of Not-for-Profit Entities. The Foundation has adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the Foundation's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note C).

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2019**

**NOTE 8–DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (Cont’d)**

**C. LIQUIDITY**

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following:

Financial assets at year-end:		
Cash and cash equivalents	\$	376,897
Accounts receivable		1,245
Property held for sale		131,776
Investments		<u>12,875,541</u>
Total financial assets		13,385,459
Less amounts with limits on usage:		
Donor restrictions by purpose - Endowments		(3,403,691)
Donor restrictions by purpose - Campus Enhancements		(1,724,550)
Donor restrictions by purpose - Scholarships		(7,209,942)
Board designated - General Endowment		<u>(585,071)</u>
Total financial assets available for general use within one year	\$	<u><u>462,205</u></u>

**D. PROPERTY HELD FOR SALE**

During the fiscal year ending of June 30, 2019, the Foundation received donations of two parcels of land in Sierra Vista, Arizona. The parcels were valued at \$16,000 each and were posted to the accounting records upon transfer of the deed. Additional building costs of approximately \$99,778 were incurred on one of the parcels, while holding the property for sale. The Foundation intends to construct another building on the other parcel of land, with the intention to sale as promptly as possible.

In July 2019, subsequent to year end, the Foundation entered into a sales contract for one of the properties held for sale.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2019**

**NOTE 8—DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (Cont'd)**

**E. INVESTMENTS**

As of June 30, 2019, investments consist of the following:

Equity securities	\$ 5,009,152
Preferred Stock	717,902
Mutual funds:	
Large growth	1,742,413
Large blend	1,401,061
High Yield Corporate Bonds	731,118
Large value	6,156
Bonds:	
Corporate	2,364,821
Municipal	665,225
Limited partnership	120,182
Unit trusts	112,809
Money market funds	<u>4,702</u>
 Total investments	 <u>\$ 12,875,541</u>

Net investment income consists of:

Dividends and interest income	\$ 472,976
Realized/unrealized investment gains/ (losses)	<u>548,267</u>
Investment income	<u>\$ 1,021,243</u>

Investments are carried at fair value, and realized and unrealized gains and losses are reflected within investment return, net in the statement of activities.

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date. Assets and liabilities classified as Level 1 generally include listed equities.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2019**

**NOTE 8—DISCRETELY RESENTED COMPONENT UNIT DISCLOSURES (Cont'd)**

Level 2: Unadjusted quoted prices that are based on inputs in active markets, but not corroborated by market data. Assets and liabilities classified as Level 2 generally include fixed-income securities and annuity and life income funds.

Level 3: Inputs include pricing inputs that are unobservable for the assets and reflect certain assumptions to determine fair value.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value, on a recurring basis. There have been no changes to the methodologies used at June 30, 2019.

*Equity securities* – Equity securities are measured using the quoted market prices for each security from major stock exchanges or other electronic quotation systems.

*Mutual funds and money market funds* – Mutual funds are valued at the NAV of shares held by the Foundation at year end based on readily determinable fair values, which are published daily and are the basis for current transactions.

*Bonds* – Bonds are valued using propriety valuation models incorporating live data from active market makers and inter-dealer brokers as reported on electronic communication networks. The valuation models incorporate benchmark yields, reported trades, broker/dealer quotes, bids, offers, and other data.

*Unit trusts* – Unit trusts are valued at the NAV of shares held by the Foundation at year end based on readily determinable fair values, which are published daily and are the basis for current transactions.

*Limited partnerships* – Limited partnerships are measured using the quoted market prices for each security from major stock exchanges or other electronic quotation systems.

*Real Estate Investment Trusts (“REITs”)* – REITs are valued at the NAV of shares held by the Foundation at year-end which approximates the value of transactions for identical holdings in markets that are not active.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2019**

**NOTE 8–DISCRETELY RESENTED COMPONENT UNIT DISCLOSURES (Cont’d)**

The following table sets forth by level, within the fair value hierarchy, the Foundation’s financial instruments at fair value as of June 30, 2019.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equity securities	\$ 5,009,152	\$ -	\$ 5,009,152
Preferred Stock	717,902	-	717,902
Mutual funds:			
Large growth	1,742,413	-	1,742,413
High Yield Corporate Bonds	731,118	-	731,118
Large blend	1,401,061	-	1,401,061
Fixed Income	-	-	-
Large value	6,156	-	6,156
Bonds:			
Corporate	-	2,364,821	2,364,821
Municipal	-	665,225	665,225
Unit trusts	112,809	-	112,809
Limited partnership	120,182	-	120,182
Money market funds	<u>4,702</u>	<u>-</u>	<u>4,702</u>
Total	<u>\$ 9,845,495</u>	<u>\$ 3,030,046</u>	<u>\$ 12,875,541</u>

**F. SPLIT-INTEREST AGREEMENT**

In 2004 the Foundation was named the remainder beneficiary and trustee of a charitable remainder unitrust. The unitrust beneficiaries will be paid 100% of the investment earnings annually for the rest of their natural lives. At the end of the Trust’s term, the remaining assets are available for the Foundation’s use. Assets held in the charitable remainder unitrust are reported at fair value and at June 30, 2019, totaled \$567,484 (consisting of cash and marketable securities of \$2,503 and \$564,981, respectively). Fair value measurements at the reporting date are determined using quoted prices in active markets (Level 1 fair value hierarchy).

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2019**

**NOTE 8– DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (Cont'd)**

**G. ENDOWMENTS**

As of June 30, 2019, the Board of Directors has designated \$585,071 of net assets without donor restrictions as a general endowment fund to support the mission of the Foundation. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

The Foundation's endowments consist of both donor-restricted contributions and funds designated by the Board to function as endowments. Additionally, the Foundation's Board of Directors has designated certain gifts as quasi-endowments, which are classified as temporarily restricted net assets based upon the original gift purpose. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In September 2008, the State of Arizona enacted ARS§10-11801 et. seq. Management of Charitable Funds Act (MCFA). The Board of Directors of the Foundation has interpreted MCFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MCFA. In accordance with MCFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the investment policies of the Foundation

*Investment Return Objectives, Risk Parameters and Strategies.* The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities.



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2019**

**NOTE 8– DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (Concl'd)**

Spending Policy. The Foundation has a policy of appropriating for distribution each year an amount up to the realized income from the endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted MCFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2019, funds with deficiencies of \$6,627 were reported in net assets with donor restrictions. During the year, the Foundation did not appropriate any expenditure from underwater endowments.

The endowment net asset composition by type of fund as of June 30, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ (6,627)	\$ 8,944,438	\$ 8,937,811
Quasi-endowments	-	546,565	546,565
Board-designated endowment funds	585,071	-	585,071
Total	<u>\$ 578,444</u>	<u>\$ 9,491,003</u>	<u>\$ 10,069,447</u>

The changes in endowment net assets for the year ended June 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 596,904	\$ 8,985,037	\$ 9,581,941
Contributions	-	53,805	53,805
Investment return, net	194,815	826,428	1,021,243
Amounts appropriated for expenditure	<u>(213,275)</u>	<u>(374,267)</u>	<u>(587,542)</u>
Endowment net assets, end of year	<u>\$ 578,444</u>	<u>\$ 9,491,003</u>	<u>\$ 10,069,447</u>

**H. RELATED PARTY TRANSACTIONS**

Cochise College provides data processing and certain other administrative support services and office space used by the Foundation at no charge. In addition, Cochise College pays certain salaries and administrative expenses for the Foundation. The estimated fair value of these services was \$217,765 for the year ended June 30, 2019 and is included within contributions on the accompanying statement of activities. Donated materials and services are recognized as revenue in the accompanying statement of activities as contributions and have been charged to the appropriate expenses to which they relate.

Required  
Supplementary  
Information

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S  
 PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 JUNE 30, 2019**

Arizona State Retirement System	Reporting fiscal year (Measurement date)					2014 through 2010
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
District's proportion of the net pension liability	0.201520 %	0.208500 %	0.211410 %	0.209250 %	0.205556 %	Information unavailable
District's proportionate share of the net pension liability	\$ 28,104,948	\$ 32,480,236	\$ 34,123,698	\$ 32,593,219	30,415,328	
District's covered payroll	\$ 21,158,907	\$ 20,481,634	\$ 19,922,523	\$ 19,367,663	18,643,023	
District's proportionate share of the net pension liability as a percentage of its covered payroll	132.83 %	158.58 %	171.28 %	168.29 %	163.15 %	
Plan fiduciary net position as a percentage of the total pension liability	73.40 %	69.92 %	67.06 %	68.35 %	69.49 %	

\* Fiscal year 2015 was the 1<sup>st</sup> year of implementation; therefore, only five years are shown.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
JUNE 30, 2019**

Arizona State Retirement System	Reporting Fiscal Year			
	2019	2018	2017	2016
Statutorily required contribution	\$ 2,320,283	\$ 2,271,842	\$ 2,200,634	\$ 2,150,931
District's contributions in relation to the statutorily required contribution	<u>(2,320,283)</u>	<u>(2,271,842)</u>	<u>(2,200,634)</u>	<u>(2,150,931)</u>
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	20,024,836	\$ 21,158,907	\$ 20,481,634	\$ 19,922,523
District's contributions as a percentage of covered payroll	11.59%	10.74%	10.74%	10.80%
	2015	2014	2013 through 2010	
Statutorily required contribution	\$ 2,098,856	\$ 1,982,651	Information unavailable	
District's contributions in relation to the statutorily required contribution	<u>(2,098,856)</u>	<u>(1,982,651)</u>		
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
District's covered payroll	\$ 19,367,663	\$ 18,643,023		
District's contributions as a percentage of covered payroll	10.84%	10.63%		

COCHISE COLLEGE

# Comprehensive Annual Financial Report

STATISTICAL  
SECTION



COCHISE COLLEGE



## Statistical Section

The Cochise County Community College District (the District) implemented the provisions of Governmental Accounting Standards Board Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

This section of the District's Comprehensive Annual Financial Report presents detailed information as a context for further understanding of the information in the financial statements, note disclosures, and supplementary information.

### **Financial Trends (Pp. 48-51)**

These schedules contain trend information to help the reader understand how the District's financial performance has changed over time.

### **Revenue Capacity (Pp. 52-59)**

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

### **Debt Capacity (Pp. 60-63)**

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 (Pp. 64-66)**

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 (Pp. 67-68)**

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NET POSITION by COMPONENT**  
**Last Ten Fiscal Years**  
**Unaudited**

Primary Government	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Net investment in capital assets	\$ 48,031,608	\$ 46,450,838	\$ 46,442,365	\$ 44,944,760	\$ 41,984,840	\$ 35,925,323	\$ 36,415,925	\$ 34,554,781	\$ 34,051,711	\$ 31,548,105
Restricted	2,160,064	3,276,886	3,076,709	2,870,429	2,526,468	2,228,846	1,997,386	4,082,474	2,603,068	2,520,295
Unrestricted (1)	(9,278,205)	(12,932,005)	(14,419,998)	(12,652,050)	(10,984,157)	20,660,174	18,757,710	16,989,965	16,325,657	14,745,324
<b>Total primary government net position</b>	<b>\$ 40,913,467</b>	<b>\$ 36,795,719</b>	<b>\$ 35,099,076</b>	<b>\$ 35,163,139</b>	<b>\$ 33,527,151</b>	<b>\$ 58,814,343</b>	<b>\$ 57,171,021</b>	<b>\$ 55,627,220</b>	<b>\$ 52,980,436</b>	<b>\$ 48,813,724</b>

Source: Annual reports on audited financial statements.

**Note (1):** In FY 2015, GASB 68, Accounting and Financial Reporting for Pensions, was implemented requiring restatement of the July 1, 2014 Unrestricted Net Position.



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**CHANGES in NET POSITION**  
**Last Ten Fiscal Years**  
**Unaudited**

	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
<b>Operating Revenues</b>										
Tuition and fees	\$6,109,189	\$6,280,110	\$6,068,885	\$5,905,314	\$ 5,818,553	\$ 5,451,854	\$ 4,145,645	\$ 5,895,640	\$ 5,697,196	\$ 5,062,696
Bookstore sales	68,355	96,097	108,800	107,857	122,657	125,890	139,493	145,643	166,818	166,036
Food service sales	670,140	574,725	599,211	526,802	543,160	517,284	436,794	441,992	530,212	410,869
Dormitory rentals	19,385	10,860	18,970	11,142	34,803	34,815	43,526	45,852	49,646	169,018
Other sales and services	336,163	489,547	271,689	219,424	495,859	449,497	744,533	656,049	784,654	314,220
Contracts	544,648	410,909	1,088,283	1,045,303	1,154,562	1,241,933	375,176	348,206	427,620	380,659
<b>Total operating revenues</b>	\$7,747,880	\$7,862,248	\$8,155,838	\$7,815,842	8,169,594	7,821,273	5,885,167	7,533,382	7,656,146	6,503,498
<b>Operating Expenses</b>										
Instruction	16,067,440	16,897,775	17,692,489	18,025,593	19,475,217	17,953,714	16,995,134	16,943,608	17,762,911	17,313,386
Public service	479,715	739,666	843,231	737,123	728,049	680,951	712,767	707,786	755,106	645,728
Academic support	1,642,487	1,239,466	1,275,601	1,238,435	1,292,307	1,275,203	1,303,798	1,336,388	1,379,655	1,381,213
Student services	6,530,525	6,301,964	6,280,632	6,004,145	5,763,778	5,504,157	5,344,397	5,366,567	4,980,131	4,761,273
Institutional support	9,883,902	8,936,062	11,550,687	7,946,543	6,990,661	6,606,802	7,653,628	7,965,076	6,987,892	6,933,163
Operation & maintenance of plant	2,911,467	4,131,963	2,274,967	4,219,197	2,773,621	3,979,099	4,390,045	4,230,372	4,304,833	3,771,919
Scholarships	3,607,872	3,715,968	3,755,498	4,202,770	4,325,915	3,625,679	1,966,611	4,026,671	5,245,819	4,983,370
Depreciation	3,706,522	3,655,738	3,171,255	2,992,295	3,286,484	3,431,707	3,215,175	3,062,231	2,510,400	1,561,969
Auxiliary enterprises	1,000,830	919,453	921,943	731,877	922,570	904,655	1,053,205	1,045,291	1,123,718	1,042,744
<b>Total operating expenses</b>	45,830,760	46,538,055	47,766,303	46,097,978	45,558,602	43,961,967	42,634,760	44,683,990	45,050,465	42,394,765
<b>Operating income (loss)</b>	(38,082,880)	(38,675,807)	(39,610,465)	(38,282,136)	(37,389,008)	(36,140,694)	(36,749,593)	(37,150,608)	(37,394,319)	(35,891,267)
<b>Nonoperating Revenues/(Expenses)</b>										
Property taxes	21,845,455	21,552,268	20,706,947	19,877,619	19,291,883	18,653,023	17,900,838	17,320,483	16,558,225	15,833,368
State appropriations	11,536,300	10,786,200	10,556,600	10,812,665	10,326,735	10,422,500	11,399,300	13,620,900	15,330,500	15,330,500
Government grants (1)	7,530,210	7,556,950	8,019,470	8,626,294	9,982,425	8,018,017	8,945,661	8,710,077	9,835,411	10,122,113
Share of state sales taxes	1,247,094	1,141,611	1,062,446	1,009,459	1,059,998	1,091,200	982,761	961,059	866,461	832,908
Investment earnings/(loss)	657,372	119,874	50,106	231,402	180,431	154,161	81,374	202,428	91,903	152,839
Interest on debt	(839,915)	(864,237)	(917,380)	(802,704)	(936,821)	(977,421)	(1,016,422)	(1,085,531)	(1,121,469)	(1,161,306)
Gain(Loss) on sale/disposal of capital assets	224,112	79,784	68,213	163,389	43,502	(27,864)	(118)	67,976	-	(159,991)
<b>Total nonoperating revenues/expenses</b>	42,200,628	40,372,450	39,546,402	39,918,124	39,948,153	37,333,616	38,293,394	39,797,392	41,561,031	40,950,431
<b>Income (loss) before other revenues, expenses, gains or losses</b>	4,117,748	1,696,643	(64,063)	1,635,988	2,559,145	1,192,922	1,543,801	2,646,784	4,166,712	5,059,164
Capital appropriations	-	-	-	-	-	450,400	-	-	-	-
Capital grants and gifts	-	-	-	-	4,522,500	-	-	-	-	-
<b>Change in net position</b>	\$ 4,117,748	\$ 1,696,643	\$ (64,063)	\$ 1,635,988	\$ 7,081,645	\$ 1,643,322	\$ 1,543,801	\$ 2,646,784	\$ 4,166,712	\$ 5,059,164

Source: Annual reports on audited financial statements.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**EXPENSES by FUNCTION**  
**Last Ten Fiscal Years**  
**Unaudited**

Function	20/18/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Instruction	\$16,067,440	\$16,897,775	\$17,692,489	\$18,025,593	\$ 19,475,217	\$ 17,953,714	\$ 16,995,134	\$ 16,943,608	\$ 17,762,911	\$ 17,313,386
Public service	479,715	739,666	843,231	737,123	728,049	680,951	712,767	707,786	755,106	645,728
Academic support	1,642,487	1,239,466	1,275,601	1,238,435	1,292,307	1,275,203	1,303,798	1,336,388	1,379,655	1,381,213
Student services	6,530,525	6,301,964	6,280,632	6,004,145	5,763,778	5,504,157	5,344,397	5,366,567	4,980,131	4,761,273
Institutional support	9,883,902	8,936,062	11,550,687	7,946,543	6,990,661	6,606,802	7,653,628	7,965,076	6,987,892	6,933,163
Operation & maintenance of plant	2,911,467	4,131,963	2,274,967	4,219,197	2,773,621	3,979,099	4,390,045	4,230,372	4,304,833	3,771,919
Scholarships	3,607,872	3,715,968	3,755,498	4,202,770	4,325,915	3,625,679	1,966,611	4,026,671	5,245,819	4,983,370
Depreciation	3,706,522	3,655,738	3,171,255	2,992,295	3,286,484	3,431,707	3,215,175	3,062,231	2,510,400	1,561,969
Interest on debt	839,915	864,237	917,380	802,704	936,821	977,421	1,016,422	1,085,531	1,121,469	1,161,306
Other nonoperating expenses	-	-	-	-	-	27,864	118	-	-	159,991
Auxiliary enterprises	1,000,830	919,453	921,943	731,877	922,570	904,655	1,053,205	1,045,291	1,123,718	1,042,744
<b>Total expenses</b>	<b>\$46,670,675</b>	<b>\$47,402,292</b>	<b>\$48,683,683</b>	<b>\$46,900,682</b>	<b>\$46,495,423</b>	<b>\$44,967,252</b>	<b>\$43,651,300</b>	<b>\$45,769,521</b>	<b>\$46,171,934</b>	<b>\$43,716,062</b>

Source: Annual reports on audited financial statements.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**EXPENSES by USE**  
**Last Ten Fiscal Years**  
**Unaudited**

<b>USE</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2014/15</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>	<b>2010/11</b>	<b>2009/10</b>
Salaries and benefits	\$ 27,647,867	\$ 28,480,864	\$ 30,151,304	\$ 29,449,109	\$ 28,673,880	\$ 28,269,494	\$ 28,149,135	\$ 28,405,143	\$ 28,222,002	\$ 27,659,796
Contract services	3,539,352	4,009,380	3,778,831	3,697,971	3,342,740	3,270,501	3,209,859	3,337,706	2,985,146	2,582,219
Supplies and materials	3,315,039	2,781,720	2,762,909	2,429,072	2,649,771	2,193,815	2,311,373	2,457,485	2,849,171	2,603,551
Subscriptions, dues, insurance and rentals	1,667,156	1,598,513	1,460,493	1,231,946	1,292,948	1,122,839	1,354,753	1,445,978	1,232,396	1,211,054
Utilities and communication	1,557,345	1,463,083	1,555,204	1,353,332	1,300,323	1,312,654	1,395,966	1,369,180	1,324,946	1,221,728
Travel	632,339	584,665	614,862	565,770	466,194	477,412	446,182	409,499	393,920	379,702
Noncapitalized equipment	24,663	57,321	345,887	169,008	124,381	248,463	557,150	115,656	138,172	58,030
Scholarships	3,607,872	3,715,968	3,755,498	4,202,770	4,325,915	3,625,679	1,966,611	4,026,671	5,245,819	4,983,370
Depreciation	3,706,522	3,655,738	3,171,255	2,992,295	3,286,484	3,431,707	3,215,175	3,062,231	2,510,400	1,561,969
Other	132,605	190,803	170,060	6,705	95,966	9,403	28,556	54,441	148,493	133,346
<b>Total operating expenses</b>	<b>45,830,760</b>	<b>46,538,055</b>	<b>47,766,303</b>	<b>46,097,978</b>	<b>45,558,602</b>	<b>43,961,967</b>	<b>42,634,760</b>	<b>44,683,990</b>	<b>45,050,465</b>	<b>42,394,765</b>
Interest on debt	839,915	864,237	917,380	802,704	936,821	977,421	1,016,422	1,085,531	1,121,469	1,161,306
Other nonoperating expenses	-	-	-	-	-	27,864	118	-	-	159,991
<b>Total nonoperating expenses</b>	<b>839,915</b>	<b>864,237</b>	<b>917,380</b>	<b>802,704</b>	<b>936,821</b>	<b>1,005,285</b>	<b>1,016,540</b>	<b>1,085,531</b>	<b>1,121,469</b>	<b>1,321,297</b>
<b>Total expenses</b>	<b>\$ 46,670,675</b>	<b>\$ 47,402,292</b>	<b>\$ 48,683,683</b>	<b>\$ 46,900,682</b>	<b>\$ 46,495,423</b>	<b>\$ 44,967,252</b>	<b>\$ 43,651,300</b>	<b>\$ 45,769,521</b>	<b>\$ 46,171,934</b>	<b>\$ 43,716,062</b>

Source: Annual reports on audited financial statements.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**REVENUE by SOURCE**  
**Last Ten Fiscal Years**  
**Unaudited**

Source of Revenue	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Property taxes	\$ 21,845,455	\$ 21,552,268	\$ 20,706,947	\$ 19,877,619	\$ 19,291,883	\$ 18,653,023	\$ 17,900,838	\$ 17,320,483	\$ 16,558,225	\$ 15,833,368
State appropriations	11,536,300	10,786,200	10,556,600	10,812,665	10,326,735	10,422,500	11,399,300	13,620,900	15,330,500	15,330,500
Grants and contracts	8,074,858	7,967,859	9,107,753	9,671,597	11,136,987	9,259,950	9,320,837	9,058,283	10,263,031	10,502,772
Tuition and fees	6,109,189	6,280,110	6,068,885	5,905,314	5,818,553	5,451,854	4,145,645	5,895,640	5,697,196	5,062,696
Investment income	657,372	119,874	50,106	231,402	180,431	154,161	81,374	202,428	91,903	152,839
Bookstore sales	68,355	96,097	108,800	107,857	122,657	125,890	139,493	145,643	166,818	166,036
Food services sales	670,140	574,725	599,211	526,802	543,160	517,284	436,794	441,992	530,212	410,869
Dormitory rentals	19,385	10,860	18,970	11,142	34,803	34,815	43,526	45,852	49,646	169,018
Other	1,807,369	1,710,942	1,402,348	1,392,272	1,599,359	1,540,697	1,727,294	1,685,084	1,651,115	1,147,128
<b>Total Revenues</b>	<b>\$ 50,788,423</b>	<b>\$ 49,098,935</b>	<b>\$ 48,619,620</b>	<b>\$ 48,536,670</b>	<b>\$ 49,054,568</b>	<b>\$ 46,160,174</b>	<b>\$ 45,195,101</b>	<b>\$ 48,416,305</b>	<b>\$ 50,338,646</b>	<b>\$ 48,775,226</b>

Source: Annual reports on audited financial statements.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
EXPENDITURE LIMITATION  
STATUTORY LIMIT TO BUDGETED EXPENDITURES  
Last Ten Fiscal Years  
Unaudited**

FISCAL YEAR	STATUTORY EXPENDITURE LIMITATION (1)	BUDGETED EXPENDITURES SUBJECT TO LIMITATION (2)	UNUSED LEGAL LIMIT
2009/10	56,193,413	36,546,032	19,647,381
2010/11	61,030,092	30,744,862	30,285,230
2011/12	70,584,273	30,213,535	40,370,738
2012/13	78,573,112	30,997,697	47,575,415
2013/14	71,911,314	29,920,485	41,990,829
2014/15	62,525,638	26,821,028	35,704,610
2015/16	50,816,985	30,031,966	20,785,019
2016/17	54,065,834	34,234,628	19,831,206
2017/18	63,125,907	36,821,888	26,304,019
2018/19	59,567,476	30,076,346	29,491,130

Source: <https://azdor.gov/reports-statistics-and-legal-research/economic-estimates-commission>

**Note (1):** The Statutory Expenditure Limitation is calculated by the Arizona Department of Revenue Economic Estimates Commission and applies to Current (General, Auxiliary Enterprises, and Restricted) and Plant Funds (Unexpended and Retirement of Indebtedness).

**Note (2):** Budgeted expenditures are net of allowable exclusions.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**ASSESSED VALUE and FULL CASH VALUE of ALL TAXABLE PROPERTY**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year/ Levy Type	Net Assessed Value (1)	Full Cash Value	Percentage of Net Assessed to Full Cash Value
2009/10 primary	986,677,834	8,079,032,213	12.21%
2009/10 secondary	1,060,241,909	8,674,971,385	12.22%
2010/11 primary	1,049,525,230	8,630,036,695	12.16%
2010/11 secondary	1,111,756,015	9,170,232,226	12.12%
2011/12 primary	1,049,827,355	8,869,023,621	11.84%
2011/12 secondary	1,092,081,033	9,214,115,159	11.85%
2012/13 primary	1,038,327,080	8,850,763,191	11.73%
2012/13 secondary	1,060,199,126	9,043,935,353	11.72%
2013/14 primary	1,006,475,403	8,676,916,370	11.60%
2013/14 secondary	1,011,138,917	8,726,898,700	11.59%
2014/15 primary	955,783,522	8,280,926,389	11.54%
2014/15 secondary	959,542,199	8,316,032,735	11.54%
2015/16 primary	920,583,366	8,124,910,795	11.33%
2015/16 secondary	924,708,480	8,162,151,023	11.33%
2016/17 primary	909,774,049	8,147,810,573	11.17%
2016/17 secondary	916,090,192	8,201,817,835	11.17%
2017/18 primary	913,002,927	8,153,190,780	11.20%
2017/18 secondary	924,154,911	8,249,788,418	11.20%
2018/19 primary	941,485,649	8,433,647,391	11.16%
2018/19 secondary	956,886,490	8,568,766,459	11.17%

Source: Cochise County Assessor's Office, Arizona Department of Revenue

**Note (1):** The full cash value of taxable property by class of real and personal property is not currently available.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
 ASSESSED VALUATION, TAX RATE and LEVY HISTORY  
 Last Ten Fiscal Years  
 Unaudited**

Fiscal Year	Primary			Secondary (1)		
	Assessed Valuation	Tax Rate	Tax Levy	Assessed Valuation	Tax Rate	Tax Levy
2009/10	986,677,834	1.6075	15,860,846	1,060,241,909	-	-
2010/11	1,042,041,186	1.5984	16,655,987	1,111,756,015	-	-
2011/12	1,049,827,355	1.6657	17,486,975	1,092,081,033	-	-
2012/13	1,038,327,080	1.7329	17,993,171	1,060,199,126	-	-
2013/14	1,006,475,403	1.8508	18,627,847	1,011,138,917	-	-
2014/15	955,783,522	2.0329	19,430,123	959,542,199	-	-
2015/16	920,583,366	2.1756	20,028,212	924,708,480	-	-
2016/17	909,774,049	2.2860	20,797,435	916,090,192	-	-
2017/18	913,002,927	2.3735	21,670,124	924,154,611	-	-
2018/19	941,485,649	2.4516	22,300,321	956,886,490	-	-

Source: Cochise County Assessor's/Treasurer's Offices, District records, and Arizona Dept of Revenue

**Note (1):** Cochise County Community College District does not currently have any secondary taxes levied. As of tax year 2015 secondary assessed values are no longer calculated for local taxation.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
PROPERTY TAX RATES, DIRECT and OVERLAPPING GOVERNMENTS  
Last Ten Fiscal Years (Per \$100 of Assessed Value)  
Unaudited**

Fiscal Year		Cochise College	Cochise County	Cities/Towns and Special Districts		School Districts	
				From	To	From	To
2009/10	Primary	1.6075	2.6425	0.1139	2.1446	0.9613	12.1334
	Secondary	-	0.4048	0.0000	3.1570	0.0000	1.7989
2010/11	Primary	1.5984	2.6276	0.0000	2.0817	0.0000	11.1018
	Secondary	-	0.4048	0.0000	2.6551	0.0000	2.0982
2011/12	Primary	1.6657	2.6276	0.0000	2.0363	0.0000	11.1018
	Secondary	-	0.4048	0.0000	2.9500	0.0000	1.7461
2012/13	Primary	1.7329	2.6276	0.0000	2.1577	0.0000	11.1018
	Secondary	-	0.4048	0.0000	8.3577	0.0000	1.9239
2013/14	Primary	1.8508	2.6276	0.0000	2.2019	0.0000	11.1018
	Secondary	-	0.4048	0.0000	4.0900	0.0000	2.7933
2014/15	Primary	2.0329	2.6276	0.0000	2.3120	0.0000	11.1018
	Secondary	-	0.4048	0.0000	4.6742	0.0000	2.3184
2015/16	Primary	2.1756	2.6276	0.0000	2.4845	0.0000	11.1018
	Secondary	-	0.4048	0.0000	7.5466	0.0000	2.4150
2016/17	Primary	2.2860	2.6747	0.1136	2.5873	2.0793	11.1018
	Secondary	-	0.4048	0.0000	7.5466	0.0000	3.0979
2017/18	Primary	2.3735	2.6747	0.1136	2.7656	2.0234	11.1018
	Secondary	-	0.4048	0.0000	3.2500	0.0000	3.2026
2018/19	Primary	2.4023	2.6747	0.1136	2.8261	1.9679	10.8023
	Secondary	-	0.4048	0.0000	3.2500	0.0000	2.3919

Source: Cochise County Treasurer's Office website:  
<https://www.cochise.az.gov/treasurer/property-tax-rates>



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
PRINCIPAL TAXPAYERS  
Fiscal Year 2019 and Ten Years Ago  
Unaudited**

Taxpayer	2019			2009		
	2019 Primary Assessed Valuation	Rank	Percent of Cochise County's 2019 Primary Assessed Valuation	2009 Primary Assessed Valuation	Rank	Percent of Cochise County's 2009 Primary Assessed Valuation
Arizona Electric Power Coop Inc	\$ 30,196,860	1	3.21%	\$ 29,297,570	1	3.24%
Sulphur Springs Valley Electric Co-Op Inc	20,027,690	2	2.13%	26,119,638	2	2.89%
Kinder Morgan-EI Paso Natural Gas Company	18,210,845	3	1.93%	17,907,299	3	1.98%
Canyon Vista Medical Center (formerly Sierra Vista Regional Health Center Inc.)	11,762,313	4	1.25%	-	-	
Arizona Public Service Company	11,249,130	5	1.19%	8,980,668	6	0.99%
Southwest Gas Corporation	10,941,118	6	1.16%	9,173,912	5	1.02%
Union Pacific Railroad	8,926,391	7	0.95%	-	-	
Wal-Mart Stores Inc	6,269,694	8	0.67%	6,629,761	8	0.73%
Riverview LLP DBA Coronado Farms LLP	5,345,614	9	0.57%	-	-	
Red Horse Wind 2 Holdings, LLC	5,087,880	10	0.54%	-	-	

Source: Cochise County Assessor's Office and Arizona Department of Revenue

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
PROPERTY TAX LEVIES and COLLECTIONS  
Last Ten Fiscal Years  
Unaudited**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections (1)</b>	<b>Percent of Current Tax Collections to Total Tax Levy</b>	<b>Collections in Subsequent Years (1)</b>	<b>Total Tax Collections (1)</b>	<b>Percent of Total Tax Collections to Total Tax Levy</b>
2009/10	15,860,846	15,020,601	94.70%	792,227	15,812,828	99.70%
2010/11	16,655,987	15,662,682	94.04%	861,261	16,523,943	99.21%
2011/12	17,486,975	16,563,455	94.72%	742,802	17,306,257	98.97%
2012/13	17,993,171	16,971,410	94.32%	842,308	17,813,718	99.00%
2013/14	18,627,847	17,441,345	93.63%	932,575	18,373,920	98.64%
2014/15	19,430,123	18,348,654	94.43%	935,819	19,284,473	99.25%
2015/16	20,028,212	19,034,162	95.04%	742,464	19,776,626	98.74%
2016/17	20,797,435	19,764,347	95.03%	532,872	20,297,219	97.59%
2017/18	21,670,124	20,947,422	96.66%	546,586	21,494,008	99.19%
2018/19	22,300,321	21,413,423	96.02%	685,275	22,098,698	99.10%

Source: Cochise County Assessors/Treasurer's Office and District records.

**Note (1):** All tax collections are recorded on a cash basis.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
HISTORIC ENROLLMENT AND TUITION AND FEES  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year	Annual Unduplicated Headcount	Annual Audited FTSE (1)	Annual Tuition and Fees (2)		
			Cost	Increase	
			Dollars	Dollars	Percent
2009/10	14,982	8,586	1,630	90	5.84%
2010/11	16,520	9,788	1,690	60	3.68%
2011/12	15,504	9,468	1,970	280	16.57%
2012/13	13,783	7,982	2,100	130	6.60%
2013/14	13,503	7,474	2,190	90	4.29%
2014/15	12,662	6,557	2,250	60	2.74%
2015/16	11,491	6,514	2,310	60	2.67%
2016/17	11,907	6,651	2,370	60	2.60%
2017/18	10,925	6,325	2,460	90	3.80%
2018/19 (3)	10,624	6,395	2,550	90	3.66%

**Source:** Arizona County Community College Districts and Colleges of Qualifying Indian Tribes Full-Time Equivalent Student Enrollment Report and District records.

**Note (1):** Full Time Student Equivalent (30 Credit Hours).

**Note (2):** Tuition based on in-state rate for one year of full-time equivalent credit. For years 2006/07 through 2011/12, Tuition based on in-state rate for one year of full-time equivalent credit plus the Registration and Technology fees for two semesters.

**Note (3):** Data contains Santa Cruz Teach Out figures

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF RATIOS OF OUTSTANDING DEBT**  
**Last Ten Fiscal Years**  
**Unaudited**

	For the Fiscal Year Ended June 30				
	2019	2018	2017	2016	2015
<b>Other Debt:</b>					
Revenue Bonds	\$ 6,565,000	\$ 7,070,000	\$ 7,565,000	\$ 7,690,000	\$ 9,975,000
Revenue Refunding Bonds	14,675,000	14,675,000	14,675,000	14,675,000	-
Certificates of participation	-	-	-	-	-
Pledged Revenue Obligations	-	1,055,000	2,070,000	3,045,000	10,100,000
Premiums	2,789,518	3,080,697	3,403,650	3,726,601	310,212
<b>Total outstanding debt</b>	<b>\$ 24,029,518</b>	<b>\$ 25,880,697</b>	<b>\$ 27,713,650</b>	<b>\$ 29,136,601</b>	<b>\$ 20,385,212</b>
Per capita *	\$ 184.39	\$ 198.04	\$ 215.87	\$ 231.67	\$ 157.89
Per student	\$ 2,261.81	\$ 2,368.94	\$ 2,327.51	\$ 2,535.60	\$ 1,609.95
Per FTSE	\$ 3,757.55	\$ 4,091.81	\$ 4,166.84	\$ 4,472.92	\$ 3,108.92

	For the Fiscal Year Ended June 30				
	2014	2013	2012	2011	2010
<b>Other Debt:</b>					
Revenue Bonds	\$ 10,090,000	\$ 10,195,000	\$ 10,300,000	\$ 10,405,000	\$ 10,505,000
Revenue Refunding Bonds	-	-	-	-	-
Certificates of participation	-	-	-	-	-
Pledged Revenue Obligations	11,000,000	11,870,000	12,705,000	13,505,000	14,270,000
Premiums	341,984	373,575	405,529	437,302	469,074
<b>Total outstanding debt</b>	<b>\$ 21,431,984</b>	<b>\$ 22,438,575</b>	<b>\$ 23,410,529</b>	<b>\$ 24,347,302</b>	<b>\$ 25,244,074</b>
Per capita	\$ 165.33	\$ 171.41	\$ 179.05	\$ 186.52	\$ 192.06
Per student	\$ 1,587.20	\$ 1,627.99	\$ 1,509.97	\$ 1,473.81	\$ 1,653.65
Per FTSE	\$ 2,867.54	\$ 2,811.15	\$ 2,472.59	\$ 2,487.46	\$ 2,885.51

Source: Arizona Department of Economic Security, Cochise College Center for Economic Research and District Records.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
COMPUTATION of LEGAL DEBT MARGIN  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year	For the Fiscal Year Ended June 30				
	2019	2018	2017	2016	2015
Debt Limit	\$ 143,532,974	\$ 138,623,192	\$ 137,413,529	\$ 138,706,272	\$ 143,931,330
Total net debt applicable to the limit	-	-	-	-	-
Legal debt margin	\$ 143,532,974	\$ 138,623,192	\$ 137,413,529	\$ 138,706,272	\$ 143,931,330
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

Fiscal Year	For the Fiscal Year Ended June 30				
	2014	2013	2012	2011	2010
Debt Limit	\$ 151,670,838	\$ 159,029,869	\$ 163,812,155	\$ 166,763,402	\$ 159,036,286
Total net debt applicable to the limit	-	-	-	-	-
Legal debt margin	\$ 151,670,838	\$ 159,029,869	\$ 163,812,155	\$ 166,763,402	\$ 159,036,286
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

**Legal Debt Margin Calculation for Fiscal Year 2019**

Secondary assessed value of real and personal property (1) \$ 956,886,490

Debt limit = 15% of secondary assessed value 143,532,974

Amount of debt applicable to debt limit:

**General obligation bonded debt** \_\_\_\_\_ -

Legal debt margin, June 30, 2019 \$ 143,532,974

Source: Cochise County Assessor's Office, District records, and Arizona Dept of Revenue.

**Note (1):** Tax Year 2019.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
DEBT SERVICE COVERAGE  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year	Pledged Revenues (1)	Revenue Bonds and Pledged Revenue Obligations Debt Service Requirements (2)			Percentage of Debt Service Requirements To Pledged Revenues
		Principal	Interest	Total	
2009/10	6,275,678	820,000	1,161,306	1,981,306	31.57%
2010/11	7,320,429	865,000	1,121,469	1,986,469	27.14%
2011/12	7,387,604	905,000	1,085,531	1,990,531	26.94%
2012/13	5,591,365	940,000	1,048,194	1,988,194	35.56%
2013/14	6,733,501	975,000	1,009,194	1,984,194	29.47%
2014/15	7,195,463	1,015,000	968,594	1,983,594	27.57%
2015/16	7,001,941	1,055,000	892,535	1,947,535	27.81%
2016/17	7,117,661	1,100,000	1,123,331	2,223,331	31.24%
2017/18	7,571,213	1,510,000	1,070,188	2,580,188	34.08%
2018/19	7,860,604	1,560,000	1,013,950	2,573,950	32.74%

Source: Annual reports on audited financial statements and District records.

**Note (1):** Pledged revenues include tuition and fees, bookstore revenues, food service sales, dormitory rentals, investment and other income.

**Note (2):** Revenue Bonds and Pledged Revenue Obligations were first issued July 2, 2008, with the first interest payment due on July 1, 2009.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**RATIO of ANNUAL DEBT SERVICE EXPENSES to OPERATING EXPENSES**  
**Last Ten Fiscal Years**  
**Unaudited**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total Operating Expenses</b>	<b>Percentage of Debt Service to Operating Expenses</b>
2009/10	820,000	1,161,306	1,981,306	42,394,765	4.67%
2010/11	865,000	1,121,469	1,986,469	45,050,465	4.41%
2011/12	905,000	1,085,531	1,990,531	44,683,990	4.45%
2012/13	940,000	1,048,194	1,988,194	42,634,760	4.66%
2013/14	975,000	1,009,194	1,984,194	43,961,967	4.51%
2014/15	1,015,000	968,594	1,983,594	45,558,602	4.35%
2015/16	1,055,000	892,535	1,947,535	46,097,978	4.22%
2016/17	1,100,000	1,123,331	2,223,331	47,766,302	4.65%
2017/18	1,510,000	1,070,188	2,580,188	46,538,055	5.54%
2018/19	1,560,000	1,013,950	2,573,950	45,830,760	5.62%

Source: Annual reports on audited financial statements and District records.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Fiscal Years  
Unaudited**

<b>Fiscal Year</b>	<b>County Population</b>	<b>County Personal Income (In Thousands)</b>	<b>County Income Per Capita</b>	<b>County Unemployment Rate June</b>
2010	131,346	\$ 4,688,309	\$ 35,670	8.8%
2011	130,537	\$ 4,763,499	\$ 36,492	8.8%
2012	130,752	\$ 4,837,759	\$ 37,000	8.2%
2013	130,906	\$ 4,740,219	\$ 36,211	8.4%
2014	129,628	\$ 4,679,941	\$ 36,103	8.3%
2015	129,112	\$ 4,821,097	\$ 37,340	7.1%
2016	125,770	\$ 4,900,244	\$ 38,962	6.1%
2017	128,383	\$ 4,902,154	\$ 38,184	5.5%
2018	126,770	\$ N/A	\$ N/A	5.6%
2019	N/A	\$ N/A	\$ N/A	6.3%

Sources: U. S. Census Bureau, U.S. Bureau of Economic Analysis, Arizona Office of Economic Opportunity, Cochise College Center for Economic Research

**Notes:** N/A= Data not available. Population estimates are from U.S. Census Bureau midyear estimates as of November 2018. Unemployment rate estimates are seasonally adjusted and prepared by the Arizona Office of Economic Opportunity.



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
PRINCIPAL EMPLOYERS for COCHISE COUNTY  
Current Year and Ten Years Ago  
Unaudited**

Principal Industries	2019			2009		
	Employees	%	Rank	Employees	%	Rank
Goods Producing Industries						
Manufacturing	600	2%	10	600	2%	10
Natural Resources and Construction	1,800	5%	7	1,600	4%	7
Service Providing Industries						
Private Service Providing						
Trade, Transportation and Utilities	5,700	17%	2	6,300	17%	2
Information	500	1%	11	600	2%	10
Financial Activities	1,400	4%	8	1,000	3%	8
Professional and Business Services	3,900	12%	5	5,800	15%	3
Education and Health Services	4,700	14%	4	4,400	12%	5
Leisure and Hospitality	3,600	11%	6	3,900	10%	6
Other Services (except Public Administration)	700	2%	9	900	2%	9
Government						
Federal	4,800	14%	3	5,200	14%	4
State and Local	5,900	18%	1	7,200	19%	1

Source: <https://laborstats.az.gov/ces-custom-data-search>

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
STUDENT ENROLLMENT/DEMOGRAPHIC STATISTICS  
Last Ten Fiscal Years  
Unaudited**

Fall Semester Fiscal Year	Attendance *		Gender *		Completions **	
	Full-Time	Part-Time	Male	Female	Degrees Awarded	Certificates Awarded
2009/10	26.5%	73.5%	41.2%	58.8%	1065	691
2010/11	32.4%	67.6%	44.7%	55.3%	1189	1467
2011/12	33.2%	66.8%	44.9%	55.1%	1404	1819
2012/13	32.8%	67.2%	45.5%	54.5%	1775	1774
2013/14	36.5%	63.5%	46.7%	53.3%	1394	849
2014/15	39.8%	60.2%	46.0%	54.0%	1441	691
2015/16	39.6%	60.4%	47.4%	52.6%	1356	600
2016/17	39.3%	60.7%	46.5%	53.5%	1394	534
2017/18	38.8%	61.2%	44.3%	55.7%	1629	559
2018/19	40.0%	60.0%	45.0%	55.0%	1568	600

Fall Semester Fiscal Year	Age *		Residency *			
	Median	Mean	Resident	Resident Unorganized County	Out of State	Foreign
2009/10	23	28	85.0%	10.4%	3.6%	1.1%
2010/11	24	28	81.5%	11.3%	6.2%	1.0%
2011/12	24	28	81.8%	10.7%	6.7%	0.9%
2012/13	24	28	80.8%	9.3%	9.2%	0.7%
2013/14	23	28	81.3%	9.1%	8.2%	1.4%
2014/15	23	28	77.3%	11.6%	9.2%	2.0%
2015/16	23	28	76.1%	12.0%	9.9%	1.7%
2016/17	23	28	75.1%	11.6%	12.1%	1.3%
2017/18	23	28	93.0%	4.7%	10.3%	2.1%
2018/19	23	28	89.7%	2.7%	5.4%	2.1%

Fall Semester Fiscal Year	Ethnic Background *					
	American Indian	Asian American	Hispanic	African American	White	Other/ Unknown
2009/10	0.9%	2.6%	40.2%	4.4%	45.5%	6.4%
2010/11	0.8%	2.3%	39.7%	5.5%	45.9%	5.8%
2011/12	0.7%	2.0%	39.9%	5.2%	46.1%	6.0%
2012/13	0.9%	1.9%	40.1%	5.5%	45.5%	6.1%
2013/14	0.7%	1.7%	41.9%	5.1%	43.7%	6.9%
2014/15	0.7%	1.3%	44.1%	4.5%	42.9%	6.6%
2015/16	0.7%	1.8%	45.7%	5.2%	40.0%	6.5%
2016/17	0.7%	1.8%	46.4%	4.6%	39.7%	6.8%
2017/18	0.7%	2.1%	43.5%	5.2%	41.3%	7.2%
2018/19	0.5%	1.9%	43.1%	4.8%	41.4%	8.4%

Sources: \* IPEDS Fall Enrollment 2017-18, total student headcount regardless of IPEDS inclusion  
\*\* IPEDS Completions 2017-18

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
EMPLOYEE STATISTICS  
(Headcount)  
Last Ten Fiscal Years  
Unaudited**

Nov. 1 Fiscal Year Snapshot	Faculty *		Admin & Support Staff **	Total Employees	Students per faculty member †	Students per staff member ‡
	Full-time	Part-time				
2009/10	108	292	515	915	37	29
2010/11	106	313	524	943	39	32
2011/12	103	296	503	902	39	31
2012/13	98	264	523	885	38	26
2013/14	98	261	481	840	38	28
2014/15	101	302	486	889	31	26
2015/16	102	311	439	852	28	26
2016/17	99	223	347	669	13	12
2017/18	98	198	324	620	13	12
2018-19	101	200	322	623	12	12

Sources: *IPEDS Human Resources 2017-18 (employment on Nov. 1st)*

\* *Part C - Summary of Full-time Staff*

\*\* *Part F - Summary of Part-time Staff*

\*\*\* *Total student headcount regardless of IPEDS inclusion from IPEDS Fall Enrollment 2017-18;  
Not associated with IPEDS student to faculty ratio.*

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF CAPITAL ASSET INFORMATION**  
 Last Ten Fiscal Years  
 Unaudited

Location	Fiscal Year									
	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
<b>Douglas Campus</b>										
<b>Total Square Footage</b>	291,261	291,261	291,261	295,069	295,069	295,069	295,069	295,069	295,069	295,069
<b>Total Acreage</b>	518.3	518.3	518.3	518.3	518.3	518.3	518.3	518.3	518.3	518.3
<b>Sierra Vista Campus</b>										
<b>Total Square Footage</b>	205,273	205,273	205,273	188,867	188,867	188,867	188,867	188,867	188,867	188,867
<b>Total Acreage</b>	80.1	80.1	80.1	80.1	80.1	76.6	76.6	76.6	76.6	73.6
<b>Benson Center</b>										
<b>Total Square Footage</b>	12,733	12,733	12,733	12,733	12,733	12,733	12,733	12,733	12,733	12,733
<b>Total Acreage</b>	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
<b>Willcox Center (1)</b>										
<b>Total Square Footage</b>	7,727	7,727	7,727	9,340	9,340	9,340	9,340	9,340	9,340	9,340
<b>Downtown Center</b>										
<b>Total Square Footage</b>	100,792	100,792	100,792	100,792	117,151					
<b>Total Acreage</b>	7.7	7.7	7.7	7.7	7.7					
<b>Total District</b>										
<b>Total Square Footage</b>	617,786	617,786	617,786	606,801	623,160	506,009	506,009	506,009	506,009	506,009
<b>Total Acreage</b>	619.1	619.1	619.1	619.1	619.2	607.9	607.9	607.9	607.9	604.9

Source: District records.

**Note (1):** The Willcox Center is located on land leased from Willcox Unified School District.