

C O C H I S E C O L L E G E

Comprehensive Annual Financial Report

Fiscal Year Ended: June 30, 2005



Cochise County
Community College District
Douglas, Arizona

CREATING OPPORTUNITIES...CHANGING LIVES

Comprehensive Annual Financial Report

Fiscal Year Ended: June 30, 2005



Published and distributed by
The Office of Financial Operations
Cochise County Community
College District
4190 W. Hwy 80
Douglas, Arizona, 85607-6190

www.cochise.edu

Cochise County Community College District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2005

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C O C H I S E C O L L E G E

Introductory Section



CREATING OPPORTUNITIES...CHANGING LIVES

October 26, 2005

The District Governing Board of Cochise County Community College District

The Comprehensive Annual Financial Report (CAFR) of the Cochise County Community College District (the "District"), Douglas, Arizona for the fiscal year ended June 30, 2005, is submitted herewith.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rest with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. Please read the section entitled Management's Discussion and Analysis in conjunction with this transmittal letter from the Interim Vice President for Administration.

This report is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting as established by the Government Accounting Standards Board (GASB) using the guidelines as recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

This report has been separated into three sections:

1. Introductory Section - this section introduces the reader to the report and includes the Letter of Transmittal from the Interim Vice President for Administration, a list of principal officers, and the District's organizational chart.
2. Financial Section – this section includes the independent auditors' report on the financial statements of the District, the Management's Discussion and Analysis report, the basic financial statements and notes to the financial statements.
3. Statistical Section – this section includes tables of unaudited data depicting the financial history of the District on a multi-year basis and other demographic information.

The District is required to undergo a single audit in conformity with the provisions of the Single Audit Act Amendments of 1996; the U.S. Office of Management and Budget Circular A-133; and Government Auditing Standards issued by the Comptroller General of the United States. Information related to this report including the auditors' reports on internal controls and compliance with applicable laws and regulations will be available at a future date by contacting the Interim Vice President for Administration.

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. In accordance with GASB Statement No. 39, the financial reporting entity consists of a primary reporting entity and its component units. The District is a primary government 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 governments.

The accompanying financial statements present the activities of the District and its component unit, the Cochise College Foundation (Foundation). The Foundation is a legally separate, tax-exempt organization. Although the District does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can only be used by, or for the benefit of, the District. Consequently, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

HISTORY

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

However, with a constituency base that encompasses over 6,000 square miles, the College began to reach out into some of the more rural parts of Cochise County. In 1988, the Willcox Center was opened for residents in that part of the county and in 2000, Cochise College expanded further by opening the Benson Center to better serve the educational needs of residents in Benson, St. David and the surrounding communities. Additional Extended Learning sites have been developed in various locations throughout the county and in adjoining areas as demand has dictated.

The District is accredited by the Higher Learning Commission and the Nursing program is further accredited by the National League for Nursing Accrediting Commission and approved by the Arizona State Board of Nursing. The Professional Flight and the Aviation Maintenance Technology programs are certified to operate under Air Agency Certificates issued by the Federal Aviation Administration.

SERVICE AREA

Cochise County's location on the borders of Mexico and New Mexico makes it a unique crossroads of cultural, natural and historical attractions. Named for the famed chief of the Chiricahua Apaches, Cochise County encompasses 6,200 square miles (larger than Connecticut) with a current population of approximately 133,000.

Cochise County was established on February 1, 1881. The county was formed out of eastern Pima County, and Tombstone was designated as the county seat. In 1929, the seat was moved to Bisbee, a former hub of copper mining.

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 intelligence center. In addition, 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.

ECONOMIC OUTLOOK

The population of Cochise County, as of mid-2004, was 130,220, according to estimates by the Arizona Department of Economic Security (DES). According to population projections by the Cochise College Center for Economic Research (CER), the county's population is expected to reach 149,220 by 2010 and 165,457 by 2015, an average annual growth rate of 2.2 percent.

The primary industry in Cochise County is agriculture, accounting for 32% of total employment in 2004, according to DES estimates. The second largest industry is government, which accounts for 22% of the county's total employment and 33% of non-farm employment. Federal government employees (excluding military personnel) account for 41% of total government employees, with state and local government accounting for the remaining 59%. The third largest industry in the county is trade, transportation, and utilities, accounting for 12% of the county's total employment.

The communities of Cochise County have diverse economic bases. Sierra Vista, the county's largest economy, relies heavily on its retail trade, accommodation, and restaurant and bar industries, which are fueled by activity at Fort Huachuca. A recent influx of defense contractors supporting operations at the fort as well as an increase in students at the Army Intelligence Center and School, have ensured the continued strength of the city's economy. The Defense Department's decision to maintain the current level of operations at Fort Huachuca during the recent Base Realignment and Closure (BRAC) process promises to spur increased commercial development and residential construction in Sierra Vista and surrounding areas.

The cities of Bisbee and Tombstone rely heavily on tourism-related commerce. The opening of Kartchner Caverns in the late 1990s added the City of Benson to those areas of the county heavily reliant on tourism. The cities of Benson and Willcox, because of their location along Interstate 10, also rely heavily on accommodation and restaurant and bar sales tied to commercial traffic passing through the area. The City of Douglas has a large retail sector, and is heavily dependent on day shoppers who cross the border from neighboring Agua Prieta, Sonora, Mexico. Much of the remainder of the county relies on the agriculture industry for its lifeblood.

The Cochise College District receives much of its funding from local property taxes. In 2004, there were 1,046 building permits issued for the construction of single family homes in the county, a 13 percent increase from 2003. For the first 9 months of 2005, single family residential permits totaled 887, up 19.1 percent from 745 in the same period of 2004. County property tax revenues are projected to grow by 8.9 percent for the fiscal year 2005-06, according to the Cochise County annual budget. The CER projects a greater increase in the property tax base due primarily to higher rates of construction. Higher property values and increased construction, including commercial construction in Sierra Vista, Benson, and Douglas, will continue to increase local property tax revenue, expanding the college's tax base.

The CER estimates average annual job growth in the county of 2.5 percent between 2005 and 2010. The fastest growing industries between 2005 and 2008 are projected to be mining and construction, forecasted to grow at an average annual rate of 6.3 percent; financial activities, projected to grow by 3.9 percent annually; educational and health services, projected to grow by 3.6 percent per year; and federal government jobs, projected to grow at an annual rate of 3.5 percent. The only industry projected to experience a decrease in the number of jobs is manufacturing, forecasted to decline at an average annual rate of 1.4 percent between 2005 and 2008.

Cochise County's unemployment rate in 2004 was 5 percent, according to DES estimates. The county labor force consisted of 54,450 actual or potential workers, of which 51,750 were actually employed. The labor force includes those persons aged 16 years and older who are employed or actively seeking work. From January through August 2005, the county's seasonally adjusted unemployment rate was 4.7 percent. Inflationary pressures spurred by Gulf Coast storms, along with tighter monetary policy at the national level threaten to increase unemployment locally. The CER projects the county's unemployment rate to stabilize near 5 percent from 2005 to 2007.

Over the next few years, the economy of Cochise County will continue to grow, fueled primarily by increases in the population, increased construction, increasing activity at Fort Huachuca as the demand for trained military intelligence specialists grows, and a strong tourism industry.

MAJOR PROGRAM INITIATIVES

Cochise College has made significant strides during the past year in the areas of master facilities planning to accommodate anticipated growth, increased enrollment through development of extended learning opportunities, and continuous improvement in student achievement.

Master Facilities Plan

Development of a Master Facilities Plan was initiated late in the fiscal year ended June 30, 2004, but broadly advanced and communicated in this last fiscal year. The College engaged the services of a team of master planning consultants, led by The Acacia Group from Tucson to assist with the development of the plan. The plan will encompass the facilities needs throughout the District for the next ten-to-fifteen years, driven by three critical factors:

- Modernization of substandard facilities
- Upgrading of classroom technology and learning environments
- Creation of space for future growth

Throughout the year, meetings were held with every department at every location, over 50 meetings in total, to identify classroom, lab and office space needs, to analyze facility deficiencies and to forecast departmental growth. The results of these meetings were consolidated by location to form the base square footage needs for the master facilities plan. In addition, a classroom utilization analysis was conducted to help determine the number and size of classrooms required.

The Facilities Management department, assisted by the master planning consultants, performed an assessment of existing buildings to determine the level of renovation required. Many of the buildings on the Douglas and Sierra Vista campuses are over 30 years old and require substantial renovations of major building systems.

To assist the College with forecasting enrollment growth, the College engaged Applied Economics of Phoenix, Arizona to perform a Cochise County demographic forecast. The study provided population forecasts for five, ten, fifteen and twenty years for the county and six regions within the county.

All of the above information was combined to form a comprehensive master facilities plan. The plan calls for new construction, renovations to existing buildings, demolition of certain non-repairable buildings and general site improvements at all locations within the District. Funding for the master facilities plan will require General Obligation Bond financing; a General Obligation Bond Election is targeted for November, 2006.

Enrollment

Unduplicated headcount rose a respectable 7.2% in the most recently completed fiscal year, with over 13,000 students taking classes in more than 60 disciplines. District-wide, FTSE increased 9.3% over the prior fiscal year. The College's continuing responsiveness to the area's largest employer, Fort Huachuca, was a significant factor in the College's growth in both headcount and FTSE in fiscal year 2004-05.

Student Achievement

Student accomplishments continue to be our most important gauge of success. During the 2004-05 academic year, Cochise College served a total of 6,577 FTSE and an annual unduplicated headcount of 13,616. A total of 409 degrees and 122 certificates were awarded in 2004-05. In addition, four students were named to the All-Arizona Academic Team; two of the students were named to the Second Team, and two of the students were named to the First Team, one of whom was later named the sole recipient in Arizona of the prestigious Jack Kent Cooke Scholarship, awarded to only 25 community college students nation-wide.

FUTURE PROGRAM INITIATIVES

Through a combination of the District tax-based dollars and the state's Proposition 301 funds, the 2005-06 budget will continue to support new programming in critically-needed areas of workforce development. Concurrently, the College continues to assess local needs throughout Cochise County; as such, it currently is investigating the addition of new allied health programs, the expansion of its nursing program and, in collaboration with local school districts, it is exploring the possibility of establishing either Middle or Early College High Schools at both its Douglas and Sierra Vista Campuses. Effective with the fall semester of 2005, the College has added an English-Spanish interpretation/translation program, an automotive technology program at its Ft. Huachuca center, and has expanded its early childhood education, building and construction trades, graphic arts and information security programs. Potential programs for which needs assessments are currently underway include veterinary technician, heavy equipment operations and expansion of the music program.

Academic program reviews scheduled for the current year include art, early childhood education, teacher education, emergency medical technology, fire science technology, foreign languages, health and physical education, social sciences and theater. Educational service area program reviews scheduled for the current year include testing, tutoring, Benson Center, Nogales Center, Willcox Center, financial aid, residence halls/housing, Small Business Development Center and the Online Campus.

FINANCIAL INFORMATION

Effective management of the College'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 College's financial management can be found in the Statistical Review 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 reasonable, but not absolute assurance regarding the 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 in the form of line item budgets and budget transfer restrictions by function and object. 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 statutes governing community colleges by issuing an annual budgeted expenditure limitation report that is examined by the Office of the Auditor General. The expenditure limitation calculation determines the maximum allowable expenditure supported by state appropriations and property tax levies.

Cash Management

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

The District invests idle funds in a prudent, conservative, and secure manner for the highest available yield as prescribed by Arizona Revised Statutes. The District has maintained a cash-forecasting program to obtain the highest yield on idle cash. The principal investment vehicles used during the fiscal year have been a pooled investment with the County Treasurer and with the LGIP (Local Government Investment Pool). These pools have provided the District with safe, high yielding liquid investments.

Financial Reporting

This Comprehensive Annual Financial Report (CAFR) for the District, the first ever compiled, was formulated with data from several sources including District records and the Cochise County Treasurer's and Assessor's Offices. 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 executive management, Federal and State agencies, and financial institutions as well as others throughout the general public. Internal management reports are customized and provided to meet the information and decision-making needs at all levels of the organization and to aid management in the allocation of resources.

The Notes to the Financial Statements are an integral part of this Comprehensive Annual Financial Report and should be read for a full understanding of the financial information herein presented.

RISK MANAGEMENT

The District maintains a full complement of insurance coverage in accordance with Arizona Revised Statutes. Liability coverage is carried on a broad basis, including errors and omissions and "wrongful acts" coverage and is maintained with policy limits in excess of \$25,000,000. Property coverage is maintained on a replacement value basis in accordance with an agreed upon schedule of values. Additional coverage includes auto fleet liability, crime and fidelity coverage, boiler and machinery insurance, workers' compensation and student accident coverage.

District staff includes a recently-hired full-time employee dedicated to the risk management function whose responsibilities include minimization of the cost of funding risks through the implementation of safety and loss procedures across the District.

INDEPENDENT AUDIT

The District utilizes the audit services of Heinfeld, Meech & Co., P.C. to ensure compliance with Arizona Revised Statutes requiring an annual audit of the District's financial statements. The Independent Auditor's Report is included in this CAFR. The District received an unqualified opinion for the fiscal year ended June 30, 2005.

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awards Certificates of Achievement for Excellence in Financial Reporting each year for comprehensive annual financial reports meeting certain criteria established by that organization. In order to earn such a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both generally accepted accounting principals and applicable legal requirements. A Certificate of Achievement is valid for a period of one year.

Cochise College believes that the current comprehensive annual financial report, the first such report submitted to the GFOA by the District, will meet the Certificate of Achievement Program requirements. The College is submitting this CAFR to the GFOA to determine its eligibility for such a certificate.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the dedicated efforts of the Finance Office staff as well as others within the College community and the Cochise County Assessor's and Treasurer's offices. We would like to acknowledge these individuals and express our appreciation to all those who assisted in and contributed to the preparation of this report.

Respectfully submitted,

Terry W. Bowmaster
Interim Vice President for Administration

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT

PRINCIPAL OFFICERS

June 30, 2005

DISTRICT GOVERNING BOARD

Mrs. Jan Guy, *Chair, District 5*

Dr. Michael J. Carter, *Secretary, District 2*

Mrs. Jane C. Strain, *District 3*

Dr. John M. Eaton, *District 4*

Mr. David DiPeso, *District 1*
(effective July 27, 2005; position vacant at June 30, 2005)

PRESIDENT

Dr. Karen A. Nicodemus

ADMINISTRATION

Dr. Joanna K. Michelich, *Vice President for Instruction/Provost*

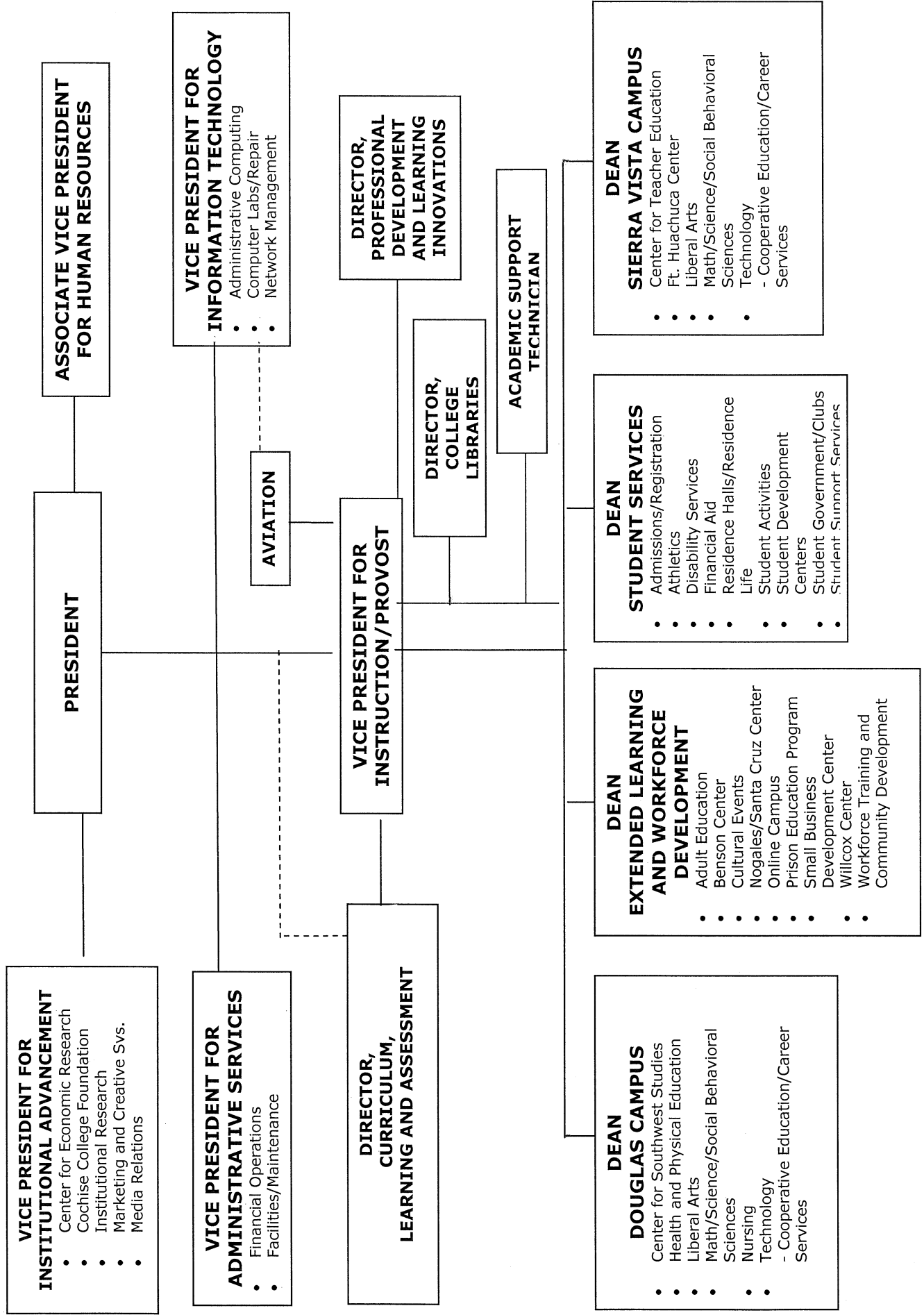
Mr. Terry W. Bowmaster, *Interim Vice President for Administration*

Mr. Carlos Cartagena, *Vice President for Information Technology*

Mr. Neil Goodell, *Vice President for Institutional Advancement*
(effective October 11, 2005)

Mr. Robert Howell, *Associate Vice President for Human Resources*

Cochise College Organizational Chart



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C O C H I S E C O L L E G E

Financial Section



CREATING OPPORTUNITIES...CHANGING LIVES



HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Gary Heinfeld, CPA, CGFM
Nancy A. Meech, CPA, CGFM

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INDEPENDENT AUDITORS' REPORT

The Auditor General of the State of Arizona

The Governing Board of
Cochise County Community College District

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Cochise County Community College District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, 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 Cochise County Community College District as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

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

The management's discussion and analysis on pages 15 through 22 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

A handwritten signature in cursive script that reads "Heinfeld, Meech & Co., P.C.".

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

October 26, 2005

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

This section of Cochise County Community College District's (District) financial statements presents Management's Discussion and Analysis (MD&A) of the District's financial activity for the year ended June 30, 2005. It should be read in conjunction with the District's financial statements, which can be found following the MD&A.

Basic Financial Statements

The basic financial statements consist of the following:

The Statement of Net Assets reflects the financial position of the District at June 30, 2005. It shows the various assets owned or controlled by the District, related liabilities and other obligations, and the various categories of net assets. Net assets is defined as total assets less total liabilities, 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 Assets reflects the results of operations and other changes for the year ended June 30, 2005. It shows the various revenues and expenses, both operating and non-operating, reconciling the beginning net assets balance to the ending net assets balance, shown on the Statement of Net Assets described above.

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

Although the primary focus of this document is on the results of activity for fiscal year 2004-05, comparative data is presented for the previous fiscal year 2003-04. This Management's Discussion and Analysis (MD&A) uses the prior fiscal year as a reference point in illustrating issues and trends for determining whether the institution's financial health has improved or deteriorated.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

**Condensed Financial Information
Statement of Net Assets**

	As of June 30, 2005	As of June 30, 2004
<u>Assets</u>		
Current assets	\$18,657,386	\$14,366,719
Noncurrent assets, other than capital assets	989,933	456,680
Capital assets, net	11,683,756	12,029,501
Total assets, net	<u>31,331,075</u>	<u>26,852,900</u>
<u>Liabilities</u>		
Other liabilities	2,450,554	2,745,578
Long-term liabilities	1,984,434	2,266,783
Total liabilities	<u>4,434,988</u>	<u>5,012,361</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	10,628,755	10,749,501
Restricted	2,729,746	1,910,376
Unrestricted	13,537,586	9,180,662
Total net assets	<u>\$26,896,087</u>	<u>\$21,840,539</u>

The District's overall financial position improved in fiscal year 2004-05. Total assets increased by \$4.5 million while total liabilities decreased by \$0.6 million. Total net assets increased by \$5.1 million, compared to an increase of \$3.5 million in the prior year, largely as a result of a \$4.5 million revenue increase (\$1.7 million operating, \$2.8 million non-operating), while expenses increased only \$3.1 million. This was driven primarily by an increase in property tax revenue (\$0.8 million) as assessed valuations in the District continued to increase, an increase in state appropriations (\$1.9 million) due to an increase in FTSE (Full-Time Student Equivalents) form 2003 (Current state aid is based in part on prior years' FTSE counts.), and capital appropriations support, an increase in grant revenue (\$0.6 million) and an increase in other operating revenue (\$0.8 million) with the establishment of a new Information Technology certificate training program in El Paso, TX. At the same time, revenues in auxiliary enterprises exceeded expenses by \$0.3 million while revenues in restricted funds exceeded expenses by \$0.5 million. During the year, long-term liabilities decreased by \$0.3 million and other liabilities also decreased by \$0.3 million.

For fiscal 2004-05, current assets were roughly 5.4 times the level of current liabilities. The increase in current assets was mostly due to revenues exceeding expenditures by \$5.1 million, which resulted from revenue increases in property tax, state appropriations, grants and other areas as noted above while expenditures associated with these activities and expanded enrollment grew at a slower rate.

Unrestricted net assets rose by \$4.4 million in the fiscal year ending June 30, 2005, an increase of 47.5 percent. Unrestricted net assets were 50.3 percent of total net assets, up from 42.0 percent in the prior fiscal year. This significant increase in unrestricted net assets largely accounts for the year-over-year percentage decrease in investments in capital assets, net of related debt, as a percentage of total net assets, moving from 49.2 percent last year to 39.5 percent in the year ended June 30, 2005.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

Statement of Revenues, Expenses, and Changes in Net Assets

	Fiscal Year Ended June 30, 2005	Fiscal Year Ended June 30, 2004
<u>Operating Revenues</u>		
Tuition and fees (net of scholarship allowances)	\$4,104,156	\$3,874,044
Grants and contracts	8,068,675	7,357,217
Other operating revenues	2,210,276	1,478,572
Total operating revenues	<u>14,383,107</u>	<u>12,709,833</u>
 Total operating expenses	 <u>31,485,813</u>	 <u>28,398,570</u>
 Operating loss	 <u>(17,102,706)</u>	 <u>(15,688,737)</u>
<u>Nonoperating revenues (expenses)</u>		
Property taxes	10,910,652	10,144,554
State appropriations	9,384,000	7,748,800
Other nonoperating revenues	771,765	588,067
Investment income	250,213	92,798
Interest on capital asset-related debt	(70,576)	(84,098)
Net nonoperating revenues	<u>21,246,054</u>	<u>18,490,121</u>
 Excess before capital appropriations	 <u>4,143,348</u>	 <u>2,801,384</u>
 Capital appropriations	 <u>912,200</u>	 <u>681,800</u>
 Increase in net assets	 5,055,548	 3,483,184
Total net assets, beginning of year	<u>21,840,539</u>	<u>18,357,355</u>
Total net assets, end of year	<u>\$26,896,087</u>	<u>\$21,840,539</u>

Total operating revenues increased in fiscal year 2004-05 by \$1.7 million with the most significant increase being in auxiliary enterprise revenues of \$0.8 million, a 160 percent increase due to a new contract with IT Network Academy in El Paso, Texas for a new certificate training program. In addition, grants and contracts revenues increased \$0.7 million (9.7%) and tuition and fees revenues increased \$0.2 million (5.9%) versus prior year.

Nonoperating revenues increased \$2.8 million versus the prior year. While the property tax rate did not increase, rising valuation of existing properties and new construction resulted in an increase of \$0.8 million (7.6%) in property tax levy revenue. State appropriations increased by \$1.9 million (22.1%) over the prior year, \$1.6 million of which was in support of ongoing operations and resulted from a significant increase in student enrollment in fiscal year 2002-03, the base year on which a portion of the state aid for fiscal year 2004-05 is calculated. Net investment income in the period rose from the prior year by \$0.2 million due to rising interest rates and greater investment balances.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

Operating expenses increased by \$3.1 million for the year ended June 30, 2005. The significant increases were as follows:

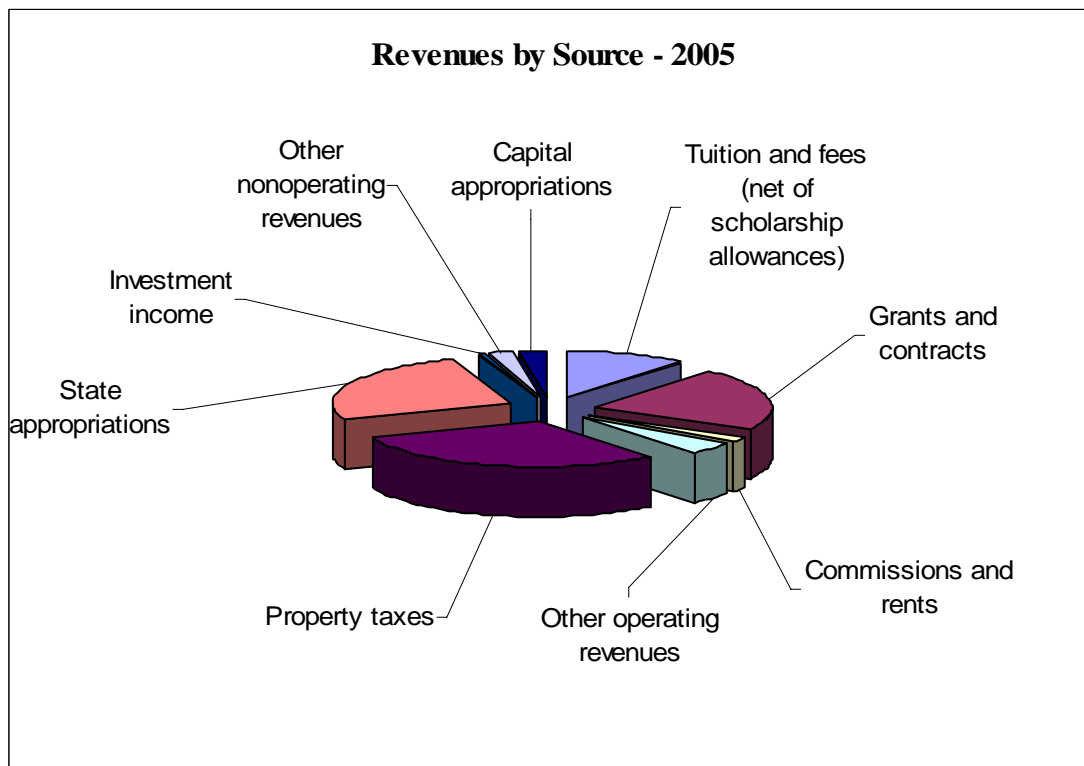
	<u>Increase</u> <u>(\$ 000)</u>	<u>Increase</u> <u>(%)</u>
Salaries, wages and benefits	\$ 670	4.6 %
Health insurance premiums	155	12.6
Non-expendable items	399	595.5
Computer	116	78.4
Insurance	117	43.9
Memberships	43	88.5
Licenses, permits, fees	51	83.9
Auxiliary expenditures	1,003	62.5

Salaries, wages and benefits rose overall by 4.6 percent as a result of a 4.0 percent salary increase and the addition of several new positions throughout the District. The College upgraded and replaced a large number of its computers during the fiscal year 2004-05. The College also replaced most classroom furniture resulting in a large increase in non-expendable items. Auxiliary expenses increased largely due to a new contract with IT Network Academy located in El Paso, Texas for certificate training, which accounted for \$0.7 million of the \$1.0 million increase in auxiliary fund expenditures.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

The following is a summary of revenues for fiscal years ended June 30, 2005 and June 30, 2004:

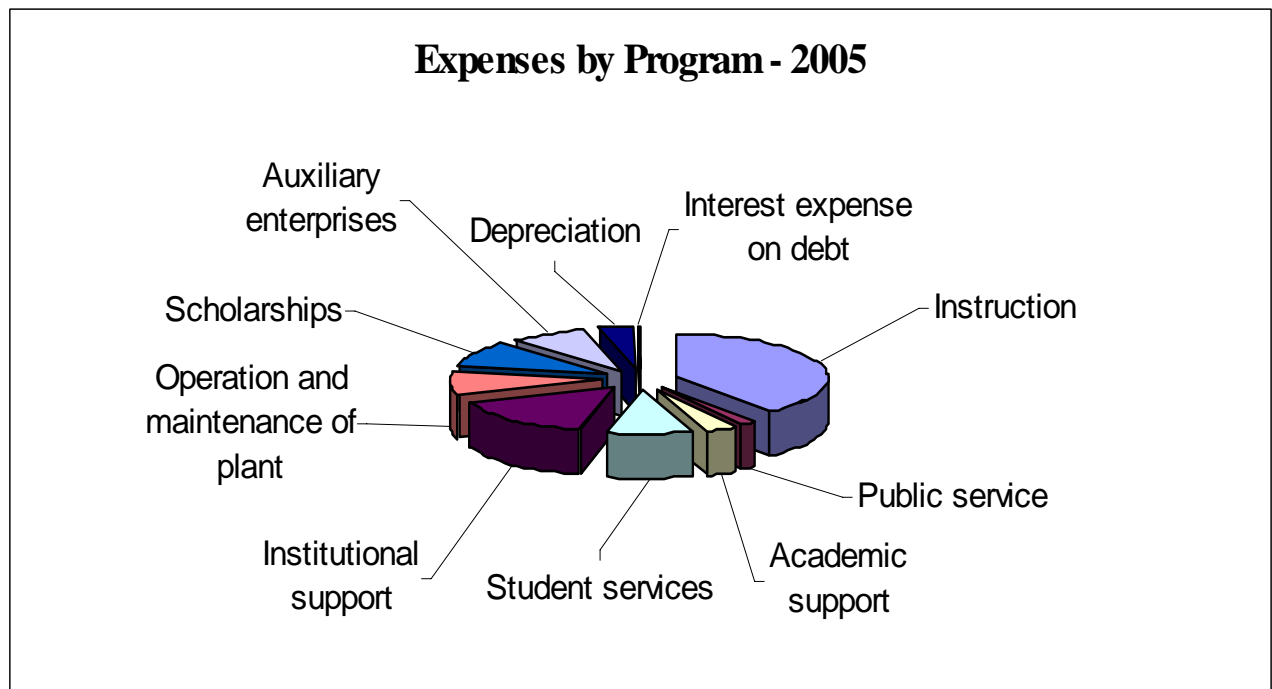
	Fiscal Year Ended June 30, 2005		Fiscal Year Ended June 30, 2004	
<u>Operating revenues</u>				
Tuition and fees (net of scholarship allowances)	\$ 4,104,156	11%	\$ 3,874,044	12%
Grants and contracts	8,068,675	22	7,357,217	23
Commissions and rents	678,778	2	609,115	2
Other operating revenues	1,531,498	4	869,457	3
Total operating revenues	<u>14,383,107</u>	<u>39</u>	<u>12,709,833</u>	<u>40</u>
<u>Nonoperating revenues</u>				
Property taxes	10,910,652	30	10,144,554	32
State appropriations	9,384,000	26	7,748,800	24
Investment income	250,213	1	92,798	-
Other nonoperating revenues	771,765	2	588,067	2
Total nonoperating revenues	<u>21,316,630</u>	<u>59</u>	<u>18,574,219</u>	<u>58</u>
Capital appropriations	<u>912,200</u>	<u>2</u>	<u>681,800</u>	<u>2</u>
Total revenues	<u>\$36,611,937</u>	<u>100%</u>	<u>\$31,965,852</u>	<u>100%</u>



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

The following is a summary of expenses for fiscal years ended June 30, 2005 and June 30, 2004:

	Fiscal Year Ended June 30, 2005		Fiscal Year Ended June 30, 2004	
<u>Operating expenses</u>				
Education and general:				
Instruction	\$12,460,037	39%	\$11,664,764	41%
Public service	561,156	2	456,122	2
Academic support	1,051,477	3	903,969	3
Student services	2,887,048	9	2,726,816	9
Institutional support	5,005,656	16	4,317,051	15
Operation and maintenance of plant	2,716,508	9	2,588,501	9
Scholarships	3,009,865	10	3,027,789	11
Auxiliary enterprises	2,604,560	8	1,601,063	6
Depreciation	1,189,506	4	1,112,495	4
Total operating expenses	31,485,813	100	28,398,570	100
<u>Nonoperating expenses</u>				
Interest expense on debt	70,576	-	84,098	-
Total expenses	\$31,556,389	100%	\$28,482,668	100%



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

Capital Assets

Below is a summary of the capital assets, net of depreciation, as of June 30, 2005 and June 30, 2004. See Note 3 for further details.

	As of June 30, 2005	As of June 30, 2004
Land	\$ 495,580	\$ 495,580
Buildings	8,614,317	8,703,113
Equipment	911,596	1,099,257
Improvements other than buildings	1,342,149	1,424,005
Library books	285,464	271,796
Museum and art collection	34,650	35,750
Total	<u>\$11,683,756</u>	<u>\$12,029,501</u>

Long-Term Debt

At June 30, 2005 and June 30, 2004, the District had one certificate of participation issue outstanding totaling \$1.1 million and \$1.3 million, respectively. No new debt was issued during the fiscal year. See Note 4 for further details.

Current Economic Conditions

The population of Cochise County in mid-2004 was approximately 130,000 according to estimates from the Arizona Department of Economic Security. The principal industry in the County was agriculture, accounting for 32% of total 2004 employment, followed by government (22%) and trade, transportation and utilities (12%). Sierra Vista, accounting for approximately 50% of the population of Cochise County and representing the largest local economy, remained dependent upon retail, accommodation and restaurant/bar industries, all of which in turn were fueled primarily by Fort Huachuca. The Defense Department's recent decision to maintain/expand operations at the Fort fueled growth in the Sierra Vista economy during the year. The City of Douglas was also heavily dependent on retail trade, primarily focused on day shoppers coming across the border from Mexico.

Current Factors Having Probable Future Financial Significance

The financial condition of the College remains robust, driven largely by increases in property assessed valuations (see above) and state appropriations. During the current 2005-06 fiscal year, state appropriations to the District were increased by \$1.9 million (including capital aid), or approximately 20.1 percent. Financial support from the state has continued to grow in line with full-time student equivalents (FTSE). No increase in tuition was taken in FY2005-06 and consideration is being given to a modest increase for the upcoming fiscal year. The District is currently developing a Master Facilities Plan to address the future direction and growth of the college while finding the best ways to meet the educational needs of the county.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

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 the financial statements or requests for additional financial information should be addressed to the Office of the Director of Financial Operations, Cochise County Community College District, 4190 West Highway 80, Douglas, Arizona 85607.

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

	Business-Type Activities
<u>Assets</u>	
Current Assets:	
Cash and cash equivalents	\$ 15,938,260
Receivables:	
Accounts (less allowances of \$299,113)	1,010,039
Property taxes (less allowances of \$298,213)	560,799
Government grants and contracts	294,125
Interest	45,090
Other	377,895
Inventories	305,896
Prepaid items	125,282
Total current assets	<u>18,657,386</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	957,300
Cash and investments held by trustee	32,633
Capital assets, not being depreciated	495,580
Capital assets, being depreciated, net	<u>11,188,176</u>
Total noncurrent assets	<u>12,673,689</u>
Total assets	<u>31,331,075</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	449,517
Accrued payroll and employee benefits	745,420
Interest payable	31,529
Deposits held in custody for others	200,294
Deferred revenues	1,023,794
Current portion of compensated absences payable	767,000
Current portion of long-term debt	<u>240,000</u>
Total current liabilities	<u>3,457,554</u>
Noncurrent liabilities:	
Compensated absences payable	162,434
Long-term debt	<u>815,000</u>
Total non-current liabilities	<u>977,434</u>
Total liabilities	<u>4,434,988</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	10,628,755
Restricted for:	
Expendable:	
Capital projects	1,647,406
Debt service	134,560
Grants and contracts	947,780
Unrestricted	<u>13,537,586</u>
Total net assets	<u>\$ 26,896,087</u>

See accompanying notes to financial statements.

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

	<u>Cochise College Foundation</u>
<u>Assets</u>	
Current Assets:	
Cash and cash equivalents	\$ 221,483
Note receivable	40,500
Total current assets	<u>261,983</u>
Noncurrent assets:	
Investments	832,999
Investments held for endowment purposes	1,322,878
Land held as an investment	99,211
Total noncurrent assets	<u>2,255,088</u>
Total assets	<u><u>\$ 2,517,071</u></u>
<u>Net Assets</u>	
Unrestricted	380,791
Temporarily restricted	813,402
Permanently restricted	1,322,878
Total net assets	<u><u>\$ 2,517,071</u></u>

See accompanying notes to financial statements.

Cochise County Community College District
Statement of Revenues, Expenses, and Change in Net Assets - Primary Government
For the Year Ended June 30, 2005

	<u>Business-Type Activities</u>
Operating revenues:	
Tuition and fees (net of scholarship allowances of \$2,062,728)	\$ 4,104,156
Government grants and contracts	7,996,983
Private grants and contracts	71,692
Bookstore income	165,000
Food service income	303,693
Dormitory rentals and fees	210,085
Other	1,531,498
Total operating revenues	<u>14,383,107</u>
Operating expenses:	
Educational and general:	
Instruction	12,460,037
Public service	561,156
Academic support	1,051,477
Student services	2,887,048
Institutional support	5,005,656
Operation and maintenance of plant	2,716,508
Scholarships	3,009,865
Auxiliary enterprises	2,604,560
Depreciation	1,189,506
Total operating expenses	<u>31,485,813</u>
Operating loss	<u>(17,102,706)</u>
Nonoperating revenues (expenses):	
Property taxes	10,910,652
State appropriations	9,384,000
Share of state sales taxes	771,765
Investment income	250,213
Interest on capital asset-related debt	(70,576)
Net nonoperating revenues	<u>21,246,054</u>
Income before other revenues, expenses, gains, or losses	<u>4,143,348</u>
Capital appropriations	912,200
Increase in net assets	<u>5,055,548</u>
Total net assets, July 1, 2004	<u>21,840,539</u>
Total net assets, June 30, 2005	<u>\$ 26,896,087</u>

See accompanying notes to financial statements.

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

	Cochise College Foundation			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Contributions	\$ 34,108	\$ 613,373	\$ 86,866	\$ 734,347
Grants	9,000			9,000
Investment income	92,604	68,674		161,278
Investment return on land sales		119,035		119,035
Other	224			224
Total support and revenue before net assets released from restriction	135,936	801,082	86,866	1,023,884
Net assets released from restriction	476,943	(476,943)		
Total support and revenue	612,879	324,139	86,866	1,023,884
Expenses:				
Program expenses:				
Scholarships	363,819			363,819
Special programs	53,557			53,557
Other programs	59,567			59,567
Total program expenses	476,943			476,943
Supporting services:				
Salaries and wages	35,767			35,767
Other	4,002			4,002
Total supporting services	39,769			39,769
Total expenses	516,712			516,712
Change in net assets	96,167	324,139	86,866	507,172
Net assets, beginning of year	284,624	489,263	1,236,012	2,009,899
Net assets, end of year	\$ 380,791	\$ 813,402	\$ 1,322,878	\$ 2,517,071

See accompanying notes to financial statements.

Cochise County Community College District
Statement of Cash Flows - Primary Government
For the Year Ended June 30, 2005

	Business-Type Activities
Cash flows from operating activities:	
Tuition and fees	\$ 3,998,007
Grants and contracts	8,137,157
Bookstore receipts	163,576
Food services receipts	304,205
Dormitory rentals and fees	210,085
Other receipts	1,465,627
Payments to suppliers and providers of goods and services	(7,321,223)
Payments to employees	(19,955,646)
Payments for scholarships	(3,009,865)
Other payments	(170,443)
Net cash used for operating activities	<u>(16,178,520)</u>
Cash flows from noncapital financing activities:	
Property taxes	10,930,279
State appropriations	9,384,000
Share of state sales taxes	757,912
Federal family education loan receipts	2,783,363
Federal family education loan disbursements	(2,786,886)
Short-term loans received	2,557
Short-term loans disbursed	(2,350)
Deposits held in custody for others received	1,347,688
Deposits held in custody for others disbursed	(1,357,576)
Net cash provided by noncapital financing activities	<u>21,058,987</u>
Cash flows from capital and related financing activities:	
Capital appropriations	912,200
Principal paid on capital debt	(225,000)
Interest paid on capital debt	(78,095)
Purchases of capital assets	(886,933)
Net cash used for capital and related financing activities	<u>(277,828)</u>
Cash flows from investing activities:	
Investment Income	226,022
Net cash provided by investing activities	<u>226,022</u>
Net increase in cash and cash equivalents	4,828,661
Cash and cash equivalents, July 1, 2004	<u>12,066,899</u>
Cash and cash equivalents, June 30, 2005	<u>\$ 16,895,560</u>

(Continued)

See accompanying notes to financial statements.

Cochise County Community College District
Statement of Cash Flows - Primary Government
For the Year Ended June 30, 2005
(Concluded)

	<u>Business-Type Activities</u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (17,102,706)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	1,189,506
Changes in assets and liabilities:	
Increase in:	
Other receivables	(66,783)
Inventories	(7,635)
Accounts payable	76,745
Decrease in:	
Accounts receivable	3,892
Government grants and contracts receivable	68,482
Prepaid items	11,349
Deferred revenues	(110,041)
Accrued payroll and employee benefits	(183,980)
Compensated absences payable	(57,349)
Net cash used for operating activities	\$ <u><u>(16,178,520)</u></u>
Noncash investing, noncapital financing, and capital and related financing transactions:	
During the year the District disposed of obsolete and retired capital assets in the amount of \$40,945 having net book value of \$0.	

See accompanying notes to financial statements.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

The Cochise College Foundation, Inc. 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. 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 only the Foundation's statements of financial position and activities are included in the District's financial statements as required by generally accepted accounting principles for public colleges and universities.

For financial reporting purposes, the Foundation follows the Financial Accounting Standards Board statements for non-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information included in the District's financial report. Accordingly, those financial statements have been reported on separate pages following the respective counterpart financial statements of the District. The Foundation has a June 30 year end.

During the year ended June 30, 2005, the Foundation distributed \$363,819 to and on behalf of the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Cochise College Foundation, 4190 West State Highway 80, Douglas, Arizona 85607.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

B. Basis of Presentation and Accounting

The financial statements include a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows. A statement of net assets provides information about the assets, liabilities, and net assets of the District at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net assets are classified according to external donor restrictions or availability of assets to satisfy District obligations. Invested in capital assets, net of related debt represents the value of capital assets, net of accumulated depreciation, less any outstanding debt incurred to acquire or construct the assets. Nonexpendable restricted net assets are gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net assets represent grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net assets include all other net assets, including those that have been designated by management to be used for other than general operating purposes.

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

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

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized in the year for which they are levied. State appropriations are recognized as revenue in the year in which the appropriation is first made available for use. Grants and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District eliminates all internal activity.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

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 assets are available.

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

C. Cash and Investments

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

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 estimated fair value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$5,000	N/A	N/A
Improvements other than buildings	5,000	Straight line	15 years
Buildings	5,000	Straight line	40 years
Equipment	5,000	Straight line	5-30 years
Museum art collection	5,000	Straight line	60 years
Library books	1	Straight line	10 years

F. Investment Income

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

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

G. Compensated Absences

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

Employees may accumulate up to 176 hours of vacation depending on years of service, but any vacation hours in excess of the maximum amount that are unused at year-end are forfeited. Upon termination of employment, all unused and unforfeited vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Generally, sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with employees. Therefore, a liability for sick leave benefits is not accrued in the financial statements. However, for employees 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, a portion of their sick leave benefits does vest. Those amounts are accrued as a liability in the financial statements.

H. Scholarship Allowances

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (Cont'd)

At June 30, 2005, the District's deposits and investments consisted of the following:

	Reported on the Statement of Net Assets as:	
	Cash and Cash Equivalents	Cash and Investments Held by Trustee
Deposits:		
Cash on hand	\$ 18,016	\$
Cash in bank	2,346,270	
Investments at fair value:		
Cash and investments held by the County Treasurer	333,924	
Investment in State Treasurer's investment pool	14,197,350	
Money market mutual fund		32,633
Total	<u>\$16,895,560</u>	<u>\$32,633</u>

Deposits: 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. At June 30, 2005, the carrying amount of the District's cash in bank was \$2,346,270 and the bank balance was \$3,025,334, of which \$2,925,334 was collateralized with securities held by the pledging financial institution.

Investments: At June 30, 2005, the District's investments consisted of the following:

	Maturities	Fair Value
Money Market Mutual Fund	Less than one year	\$ 32,633
County Treasurer's investment pool	18.75 months average	333,924
State Treasurer's investment pools	152 days average	14,197,350
Total		<u>\$14,563,907</u>

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

Interest Rate Risk. The District currently does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (Concl'd)

Credit Risk. The District has no investment policy that would further limit its investment choices. As of June 30, 2005, the District's investment in the State and County Treasurer's investment pools did not receive a credit quality rating from a national rating agency.

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 the possession of an outside party. The District currently does not have an investment policy for custodial credit risk. The District's cash and investments held by the trustee have a custodial credit risk exposure of \$32,633 because the related securities are uninsured, unregistered and held by the District's brokerage firm.

NOTE 3 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 495,580	\$	\$	\$ 495,580
Total capital assets not being depreciated	<u>495,580</u>			<u>495,580</u>
Capital assets being depreciated:				
Buildings	18,577,743	394,385		18,972,128
Equipment	5,567,498	258,993		5,826,491
Improvements other than buildings	4,033,817	123,222		4,157,039
Library books	1,232,981	67,161	40,945	1,259,197
Museum art collection	66,000			66,000
Total capital assets being depreciated	<u>29,478,039</u>	<u>843,761</u>	<u>40,945</u>	<u>30,280,855</u>
Less accumulated depreciation for:				
Buildings	(9,874,630)	(483,181)		(10,357,811)
Equipment	(4,468,241)	(446,654)		(4,914,895)
Improvements other than buildings	(2,609,812)	(205,078)		(2,814,890)
Library books	(961,185)	(53,493)	(40,945)	(973,733)
Museum art collection	(30,250)	(1,100)		(31,350)
Total accumulated depreciation	<u>(17,944,118)</u>	<u>(1,189,506)</u>	<u>(40,945)</u>	<u>(19,092,679)</u>
Total capital assets being depreciated, net	<u>11,533,921</u>	<u>(345,745)</u>		<u>11,188,176</u>
Capital assets, net	<u>\$12,029,501</u>	<u>\$ (345,745)</u>	<u>\$</u>	<u>\$11,683,756</u>

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 4 – LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Compensated absences payable	\$986,783	\$686,303	\$743,652	\$929,434	\$767,000
Certificates of participation payable	<u>1,280,000</u>		<u>225,000</u>	<u>1,055,000</u>	<u>240,000</u>
Total long-term liabilities	<u>\$2,266,783</u>	<u>\$686,303</u>	<u>\$968,652</u>	<u>\$1,984,434</u>	<u>\$1,007,000</u>

Certificates of Participation - The District has issued certificates of participation that were generally non-callable until 2004 when they became callable at a premium, with interest payable semiannually to fund a portion of the \$5,000,000 building expansion project on the Sierra Vista campus.

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

<u>Issue</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
Series 1993	\$3,000,000	7/1/2005-09	5.80%-6.25%	\$1,055,000

The following schedule details debt service requirements to maturity for the District's certificates of participation payable at June 30, 2005:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2006	240,000	57,620
2007	255,000	42,642
2008	270,000	26,495
2009	<u>290,000</u>	<u>9,063</u>
Total	<u>\$1,055,000</u>	<u>\$135,820</u>

NOTE 5 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all such risks of loss, including workers' compensation and accident insurance. In addition, the District carries specialized commercial insurance for the risks of loss associated with its aircraft program and nursing and emergency medical technician student program. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 6 - RETIREMENT PLAN

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

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

Funding policy - The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2005, active plan members and the District were each required by statute to contribute at the actuarially determined rate of 5.70 percent (5.20 percent retirement and 0.50 percent long-term disability) of the members' annual covered payroll. The District's contributions to the System for the years ended June 30, 2005, 2004, and 2003, were \$738,337, \$620,691, and \$279,956, respectively, which were equal to the required contributions for the year.

NOTE 7 - OPERATING EXPENSES

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

Personnel services	\$19,714,317
Contract services	2,749,871
Supplies and other services	2,212,951
Rent and insurance	711,074
Communications and utilities	889,455
Travel	419,345
Scholarships	3,009,865
Depreciation	1,189,506
Other	589,429
Total	<u>\$31,485,813</u>

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 8 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURE

A. Summary of Significant Accounting Policies

Cochise College Foundation, Inc. (the Foundation) is an Arizona not-for-profit organization established to support the educational goals of the Cochise County Community College District primarily through the funding of scholarships. Foundation policy is provided and directed by a fifteen member Board of Directors composed of appointed individuals.

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows.

Unrestricted net assets – net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – net assets subject to donor-imposed restrictions that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently restricted net assets – net assets subject to donor-imposed restrictions that must be maintained permanently by the Foundation.

Temporarily restricted net assets are those whose use by the Foundation have been limited by donors to a specific time period or purpose. When a donor restriction expires, either when the stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are classified as unrestricted net assets and reported in the statement of activities as assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reported as restricted contributions and subsequently released from restriction in the accompanying financial statements.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction.

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Unconditional promises and other gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

Revenue and expenses are recorded on the accrual basis. Revenue received for future scholarships is deferred until the applicable year.

Expense Allocation

Directly identifiable expenses of the Foundation's programs are charged to scholarships and other programs. Supporting services 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution. The Foundation has not experienced any losses on its cash equivalents.

Donated Land

Donated land is reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt.

Income Tax Status

The Foundation is exempt from federal income tax as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and from state income

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

taxes under Arizona Revised Statutes. Accordingly, there are no income taxes reflected on the Statement of Financial Position or the Statement of Activities.

B. CASH AND INVESTMENTS

At June 30, 2005, the carrying amount of the Foundation's deposits was \$392,880, and the bank balance was \$145,251, which was entirely covered by Federal depository insurance or Securities Investor Protection Cooperation Coverage.

The Foundation's investments at June 30, 2005, consist of the following.

Equity securities	\$ 19,372
Certificates of deposit	381,517
Corporate bonds	932,469
Mutual funds	<u>651,122</u>
Total investments	<u>\$1,984,480</u>

The following summarizes investment income included in the statement of activities.

	Unrestricted	Temporarily Restricted	Total
Interest and dividends	<u>\$46,390</u>	<u>\$34,402</u>	<u>\$ 80,792</u>
Net realized and unrealized gains (losses)	<u>46,214</u>	<u>34,272</u>	<u>80,486</u>
	<u>\$92,604</u>	<u>\$68,674</u>	<u>\$161,278</u>

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C O C H I S E C O L L E G E

Statistical Section



CREATING OPPORTUNITIES...CHANGING LIVES

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
REVENUES by SOURCE
Last Four Fiscal Years
Unaudited

Source of Revenue	2004/05	2003/04	2002/03	2001/02
Property taxes	\$ 10,910,652	\$ 10,144,554	\$ 9,642,802	\$ 8,744,747
State appropriations	10,296,200	8,430,600	8,228,801	8,819,379
Governmental grants and contracts	7,996,983	7,353,192	7,715,886	6,607,112
Tuition and fees	4,104,156	3,874,044	3,395,065	2,830,410
Investment income	250,213	92,798	(204,595)	197,523
Bookstore sales	165,000	113,160	113,723	106,697
Food services sales	303,693	302,177	304,974	339,556
Dormitory rentals	210,085	193,778	229,280	250,054
Other	2,374,955	1,461,549	778,761	902,581
Total Revenues	\$ 36,611,937	\$ 31,965,852	\$ 30,204,697	\$ 28,798,059

Source: Annual reports on audited financial statements for the past four fiscal years.

Note: Beginning in fiscal year 2001/02, the District implemented the reporting requirements of GASB statement No. 35. Since prior years financial information has not been restated, only the past four fiscal years revenues are presented above.

COSHISE COUNTY COMMUNITY COLLEGE DISTRICT
EXPENSES by FUNCTION
Last Four Fiscal Years
Unaudited

Function	2004/05	2003/04	2002/03	2001/02
Instruction	\$ 12,460,037	\$ 11,664,764	\$ 12,166,791	\$ 11,282,892
Public service	561,156	456,122	340,121	412,659
Academic support	1,051,477	903,969	861,049	829,502
Student services	2,887,048	2,726,816	2,849,238	2,463,364
Institutional support	5,005,656	4,317,051	4,555,534	4,270,073
Operation & maintenance of plant	2,716,508	2,588,501	2,448,144	2,529,219
Scholarships	3,009,865	3,027,789	3,325,570	2,774,394
Depreciation	1,189,506	1,112,495	1,010,505	1,063,415
Interest on debt	70,576	84,098	96,408	107,570
Auxiliary enterprises	2,604,560	1,601,063	1,336,144	1,693,613
Total Expenditures	\$31,556,389	\$28,482,668	\$28,989,504	\$27,426,701

Source: Annual reports on audited financial statements for the past four fiscal years.

Note: Beginning in fiscal year 2001/02, the District implemented the reporting requirements of GASB statement No. 35. Since prior years financial information has not been restated, only the past four fiscal years expenses are presented above.

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
1995/96	\$ 19,212,089	\$ 15,155,870	\$ 4,056,219
1996/97	19,803,102	15,439,755	4,363,347
1997/98	20,202,737	17,022,022	3,180,715
1998/99	19,000,727	16,075,334	2,925,393
1999/00	20,295,431	19,459,919	835,512
2000/01	19,189,074	19,094,305	94,769
2001/02	21,370,511	17,160,964	4,209,547
2002/03	22,544,097	16,833,821	5,710,276
2003/04	23,778,152	16,483,870	7,294,282
2004/05	30,719,685	19,043,923	11,675,762

Source: Audited Reports on Audit of Annual Budgeted Expenditure Limitation.

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
PROPERTY TAX LEVIES and COLLECTIONS
Last Ten Fiscal Years
Unaudited

Fiscal Year	(1) Total Tax Levy	(2) Current Tax Collection	Percent of Current Tax Collections to Total Tax Levy	(2) Delinquent Tax Collections	(2) Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
1995/96	\$ 7,157,316	\$ 6,735,969	94.11%	\$ 386,128	\$ 7,122,097	99.51%
1996/97	7,365,886	6,962,282	94.52%	377,923	7,340,205	99.65%
1997/98	7,599,198	7,228,113	95.12%	356,777	7,584,890	99.81%
1998/99	7,754,875	7,348,697	94.76%	402,298	7,750,995	99.95%
1999/00	7,947,218	7,553,817	95.05%	364,588	7,918,405	99.64%
2000/01	8,551,935	8,048,015	94.11%	377,872	8,425,887	98.53%
2001/02	8,755,738	8,312,788	94.94%	403,924	8,716,712	99.55%
2002/03	9,608,286	9,179,967	95.54%	414,385	9,594,352	99.85%
2003/04	10,192,074	9,657,550	94.76%	432,330	10,089,880	99.00%
2004/05	10,918,770	10,477,681	95.96%	-	10,477,681	95.96%

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

Note 1: All amounts shown are for the General Fund only through fiscal year 2000-01. Thereafter, amounts are presented district-wide, in accordance with GASB Statement Number 35.

Note 2: Amounts collected are recorded on a cash basis.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
 ASSESSED VALUE and CURRENT MARKET VALUE of ALL TAXABLE PROPERTY
 Last Ten Fiscal Years
 Unaudited

Fiscal Year/ Levy Type	Net Assessed Value	Full Cash Value (1)	Percentage of Net Assessed to Full Cash Value
1995/96 primary	\$ 409,738,705	\$ 2,787,647,908	14.70%
1995/96 secondary	416,936,109	2,851,941,925	14.62%
1996/97 primary	421,678,814	2,913,200,215	14.47%
1996/97 secondary	425,180,120	2,944,128,560	14.44%
1997/98 primary	437,540,198	3,082,541,434	14.19%
1997/98 secondary	445,097,571	3,138,898,087	14.18%
1998/99 primary	446,503,626	3,193,188,932	13.98%
1998/99 secondary	453,600,888	3,244,824,066	13.98%
1999/00 primary	457,578,184	3,335,394,089	13.72%
1999/00 secondary	466,985,024	3,398,094,759	13.74%
2000/01 primary	492,396,096	3,564,695,900	13.81%
2000/01 secondary	503,163,777	3,666,404,012	13.72%
2001/02 primary	504,130,498	3,709,879,002	13.59%
2001/02 secondary	517,193,490	3,824,151,522	13.52%
2002/03 primary	537,737,089	3,976,034,494	13.52%
2002/03 secondary	554,220,855	4,109,659,631	13.49%
2003/04 primary	570,409,342	4,316,623,673	13.21%
2003/04 secondary	586,985,389	4,457,391,244	13.17%
2004/05 primary	611,079,588	4,677,083,356	13.07%
2004/05 secondary	628,655,003	4,824,239,743	13.03%

Source: Cochise County Assessor's Office.

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	(1) State of Arizona	Cochise County	Cities/Towns and Special Districts		School Districts	
					From	To	From	To
1995/96	Primary	1.7468	0.4700	2.9995	0.3299	2.1735	1.5704	11.5044
	Secondary	-	-	0.4148	0.0999	3.0000	0.0000	3.4377
1996/97	Primary	1.7468	-	2.9873	0.3069	2.6321	0.0000	12.0203
	Secondary	-	-	0.4148	0.0999	2.8757	0.5005	2.9480
1997/98	Primary	1.7368	-	2.9873	0.0100	2.5399	0.0000	12.0203
	Secondary	-	-	0.4148	0.0947	3.0000	0.4458	2.9552
1998/99	Primary	1.7368	-	2.9873	0.0096	7.0288	0.0000	12.0203
	Secondary	-	-	0.4148	0.1000	2.7968	0.4305	2.9934
1999/00	Primary	1.7368	-	2.9373	0.0086	2.4774	0.0000	11.3559
	Secondary	-	-	0.4148	0.0100	2.9976	0.0000	2.9562
2000/01	Primary	1.7368	-	2.9373	0.0083	2.4774	1.1679	11.4960
	Secondary	-	-	0.4148	0.1000	3.0000	0.3416	2.5575
2001/02	Primary	1.7368	-	2.9373	0.0076	2.4556	1.2605	11.9069
	Secondary	-	-	0.4148	0.1000	2.9986	0.3111	2.3008
2002/03	Primary	1.7868	-	2.9373	0.1500	2.3675	1.5519	16.5502
	Secondary	-	-	0.4148	0.1000	3.0000	0.0000	2.5127
2003/04	Primary	1.7868	-	2.9373	0.1500	2.3817	0.0666	9.9236
	Secondary	-	-	0.4148	0.1000	2.9999	0.0000	2.5555
2004/05	Primary	1.7868	-	2.9373	0.1435	2.3609	1.0167	10.5605
	Secondary	-	-	0.4148	0.0896	2.9686	0.0000	2.5485

Source: Cochise County Assessors/Treasurer's Office.

Note 1: State property tax eliminated in 1996.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
 PRINCIPAL TAXPAYERS
 June 30, 2005
 Unaudited

Taxpayer	2005 Primary Assessed Valuation	Cochise County's 2004/05 Primary Assessed Valuation
Arizona Electric Power Coop Inc	\$ 32,801,912	4.81%
Sulphur Springs Valley Electric Co-Op Inc	18,935,064	2.77%
El Paso Natural Gas Company	14,358,516	2.10%
Qwest Corporation	13,253,227	1.94%
Southwest Gas Corporation	8,666,971	1.27%
Arizona Public Service Company	6,747,988	0.99%
Valley Telephone Co-Op	5,967,112	0.87%
Union Pacific Railroad	5,349,879	0.78%
Southwest Transmission	5,349,854	0.78%
Price Development Co	3,868,682	0.57%

Source: Cochise County Assessor's Office

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
COMPUTATION of LEGAL DEBT MARGIN
June 30, 2005
Unaudited

Secondary assessed value of real and personal property (1)	<u>\$ 628,655,003</u>
Debt limit = 15% of secondary assessed value	94,298,250
Amount of debt applicable to debt limit:	
General obligation bonded debt	<u>-</u>
Legal debt margin, June 30, 2005	<u>\$ 94,298,250</u>

Source: Cochise County Assessor's Office and District records.

Note: Tax year 2005.

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

Fiscal Year	Primary Assessed Valuation	Tax Rate	(1) Tax Levy	Secondary Assessed Valuation	Tax Rate	(2) Tax Levy
1995/96	\$ 409,738,705	1.7468	\$ 7,157,316	\$ 416,936,109	-	\$ -
1996/97	421,678,814	1.7468	7,365,886	425,180,120	-	-
1997/98	437,540,198	1.7368	7,599,198	445,097,571	-	-
1998/99	446,503,626	1.7368	7,754,875	453,600,888	-	-
1999/00	457,578,184	1.7368	7,947,218	466,985,024	-	-
2000/01	492,396,096	1.7368	8,551,935	503,163,777	-	-
2001/02	504,130,498	1.7368	8,755,738	517,193,490	-	-
2002/03	537,737,089	1.7868	9,608,286	554,220,855	-	-
2003/04	570,409,342	1.7868	10,192,074	586,985,389	-	-
2004/05	611,079,588	1.7868	10,918,770	628,655,003	-	-

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

Note 1: Tax levy for primary property tax, net of adjustments to current or prior years' levy.

Note 2: Cochise College District does not currently have any secondary taxes levied.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
RATIO of ANNUAL DEBT SERVICE EXPENDITURES for CERTIFICATES OF PARTICIPATION to
OPERATING EXPENSES/EXPENDITURES
Last Ten Fiscal Years
Unaudited

Fiscal Year	Principal	Interest	Total Debt Service	Total Operating Expenses/ Expenditures (1)	Percentage of Debt Service to Operating Expenses/ Expenditures
1995/96	\$ 145,000	\$ 158,205	\$ 303,205	\$ 22,256,622	1.36%
1996/97	150,000	151,745	301,745	22,664,020	1.33%
1997/98	155,000	144,460	299,460	24,321,126	1.23%
1998/99	165,000	136,455	301,455	26,320,650	1.15%
1999/00	175,000	122,973	297,973	27,867,255	1.07%
2000/01	185,000	112,890	297,890	27,939,256	1.07%
2001/02	190,000	107,570	297,570	27,426,701	1.08%
2002/03	205,000	96,408	301,408	28,989,504	1.04%
2003/04	215,000	84,098	299,098	28,482,668	1.05%
2004/05	225,000	70,578	295,578	31,556,389	0.94%

Source: Annual Audited Financial Statements and District records .

Note: Amounts shown for operating expenditures represent current funds operating expenditures prior to fiscal year 2001-02. Beginning with fiscal year 2001-02, operating expenses are presented using GASB Statement Number 35.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
 CERTIFICATES OF PARTICIPATION COVERAGE
 Last Ten Fiscal Years
 Unaudited

Fiscal Year	Pledged Revenues (1)	Debt Service Requirements (2)			Percentage of Debt Service Requirements To Pledged Revenues
		Principal	Interest	Total	
1995/96	6,009,676	\$ 145,000	158,205	303,205	5.05%
1996/97	5,291,242	150,000	151,745	301,745	5.70%
1997/98	5,156,632	155,000	144,460	299,460	5.81%
1998/99	6,817,871	165,000	132,248	297,248	4.36%
1999/00	6,111,374	175,000	122,973	297,973	4.88%
2000/01	6,552,437	185,000	112,890	297,890	4.55%
2001/02	4,047,073	190,000	107,570	297,570	7.35%
2002/03	4,190,667	205,000	96,408	301,408	7.19%
2003/04	5,445,414	215,000	84,098	299,098	5.49%
2004/05	6,564,645	225,000	70,578	295,578	4.50%

Source: Annual 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. Beginning in fiscal year 2001-02, tuition and fees, food service sales, and dormitory rentals are reported net of scholarships and allowances per GASB Statement Number 35.

Note 2: Certificates of Participation were first issued December 16, 1993, with the first interest payment due on July 1, 1994.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
HISTORIC ENROLLMENT
Last Ten Fiscal Years
Unaudited

Fiscal Year	Historic Headcount	Historic FTSE (1)	Annual Tuition Rates (2)
1995/96	8,592	2,928	810
1996/97	8,669	2,919	810
1997/98	9,297	3,255	810
1998/99	9,950	3,572	810
1999/00	10,033	3,540	810
2000/01	9,865	3,528	960
2001/02	9,206	3,597	970
2002/03	10,367	4,344	1,050
2003/04	12,876	6,035	1,200
2004/05	13,608	6,577	1,350

Source: State Board of Directors for Community Colleges of Arizona 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.

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

Fall Semester Fiscal Year	Attendance		Gender		Residency			
	Full-Time	Part-Time	Male	Female	Resident	Resident Unorganized County	Out of State	Foreign
1995/96	30.3%	69.7%	41.2%	58.8%	93.2%	1.2%	3.5%	2.1%
1996/97	31.9%	68.1%	40.5%	59.5%	93.1%	0.8%	4.9%	1.2%
1997/98	32.9%	67.1%	40.5%	59.5%	93.4%	0.7%	5.0%	0.9%
1998/99	32.3%	67.7%	42.5%	57.5%	92.3%	0.4%	6.0%	1.3%
1999/00	28.1%	71.9%	42.6%	57.4%	93.5%	0.6%	5.0%	1.0%
2000/01	27.6%	72.4%	42.2%	57.8%	94.5%	0.3%	4.5%	0.6%
2001/02	28.6%	71.4%	41.6%	58.4%	92.7%	0.2%	6.5%	0.6%
2002/03	28.3%	71.7%	40.8%	59.2%	92.8%	0.5%	6.2%	0.6%
2003/04	28.8%	71.2%	39.0%	61.0%	92.6%	0.6%	6.0%	0.8%
2004/05	28.1%	71.9%	40.3%	59.7%	89.2%	4.7%	5.2%	0.9%

Fall Semester Fiscal Year	Age		Ethnic Background					
	Median	Mean	American Indian	Asian American	Hispanic	African American	White	Other/ Unknown
1995/96	28	31	1.2%	4.1%	24.6%	6.9%	60.7%	2.5%
1996/97	27	31	1.2%	3.8%	26.7%	6.9%	57.9%	3.5%
1997/98	27	31	1.1%	3.4%	27.9%	7.0%	56.7%	4.0%
1998/99	27	30	1.0%	3.6%	26.5%	7.4%	56.6%	5.0%
1999/00	26	30	1.2%	3.7%	27.8%	6.6%	56.1%	4.6%
2000/01	26	30	1.0%	4.0%	27.9%	6.4%	56.4%	4.4%
2001/02	25	30	0.8%	3.8%	27.9%	6.5%	55.8%	5.2%
2002/03	25	30	1.1%	4.2%	27.0%	6.5%	55.2%	6.0%
2003/04	25	30	1.0%	3.9%	26.3%	6.8%	55.5%	6.3%
2004/05	25	29	0.9%	3.3%	29.5%	6.6%	54.4%	5.3%

Source: District records.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
ECONOMIC INDICATORS for COCHISE COUNTY
June 30, 2005
Unaudited

Major Employers	Type of Business	Employees
U.S. Army Intelligence Center and Fort Huachuca	Military	12,204
Cochise County	Government	1,039
Sierra Vista Unified School District	Education	997
Sierra Vista Regional Health Center	Healthcare	677
Arizona Department of Corrections	Government	653
Douglas Unified School District No. 27	Education	499
Cochise College	Higher Education	476
Aegis Communications	Professional and Business Services	438
City of Sierra Vista	Government	375
Sierra Southwest Cooperative Services, Inc.	Utilities	302
Safeway, Inc.	Retail Trade	287
Southeastern Arizona Behavioral Health Services, Inc.	Healthcare	275
Lawley Automotive Group	Retail Trade	257
FC Business Systems	Professional and Business Services	250
Willcox Unified School District	Education	234

Employment by Sector	Employees
Mining & Construction	2,550
Education and Health Services	3,800
Financial Activities	900
Government	11,550
Leisure and Hospitality	4,000
Manufacturing	875
Natural Resources and Mining	950
Professional and Business Services	3,550
Other Services	1,100
Information	525
Trade, Transportation and Utilities	6,300

Employment by Occupation	Percent of Total
Office & Administrative	16.9%
Sales & Related	10.0%
Food Preparation & Serving Related	9.7%
Education, Training and Library	7.6%
Protective Service	6.3%
Construction & Extraction	6.1%
Management	4.7%
Building and Grounds, Cleaning and Maintenance	4.4%
Business and Financial Operations	4.3%
Healthcare Practitioners & Technical	4.2%
Computer and Mathematical	3.7%

Unemployment Rate	4.5%
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Labor Force	56,000
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Source: Arizona Department of Commerce and Arizona Department of
Economic Security, Cochise College Center for Economic Research.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MISCELLANEOUS STATISTICS

June 30, 2005

Unaudited

Established	1961
Geographical Location	South Eastern Arizona
County Seat	Bisbee

Personnel Statistics		Number
Faculty	Regular faculty	105
	Associate faculty	267
Staff	Regular staff	250
	Part-time and Temporary Staff	445

Population	1990	2000	2004
Cochise County	97,624	117,755	130,220
State of Arizona	3,665,228	5,130,632	5,833,685

Age Distribution	% of Total
0-17	25.6%
18-24	9.0%
25-44	24.6%
45-64	11.1%
65+	15.5%

Cochise County Population Racial Composition		% of Total
<u>RACE</u>		
White		75.0%
African American		5.1%
Native American		2.4%
Asian or Pacific Islander		3.1%
Other		14.4%
TOTAL		<u>100.0%</u>

Hispanic Origin (of any race) 31.5%

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