



# Cochise College Comprehensive Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2015  
Cochise County Community College District | Douglas, Arizona



**COCHISE COLLEGE**



# Cochise College Comprehensive Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2015

Published and Distributed by The Office of Financial Operations | Cochise County Community College District  
4190 West Highway 80 | Douglas, Arizona 85607-6190 | [www.cochise.edu](http://www.cochise.edu)



**COCHISE COLLEGE**

**Cochise County Community College District**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2015**

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**COCHISE  
COLLEGE**



# Cochise College Comprehensive Annual Financial Report

INTRODUCTORY SECTION



**COCHISE COLLEGE**



## COCHISE COLLEGE

4190 West Highway 80 • Douglas, AZ 85607-6190 • 520-364-7943 • [www.cochise.edu](http://www.cochise.edu)

December 11, 2015



To the Citizens of Cochise County:

I am pleased to present to you the FY 2015 Comprehensive Annual Financial Report (CAFR) for the Cochise County Community College District (the District). This report describes the financial operation of the District and provides you, the taxpayer, evidence that the District takes its fiduciary charge to be a responsible steward of the monies entrusted to it very seriously. We continue to live in a very interesting time - never have the services of Cochise College been more essential to the well being of our communities, our state and our great nation. We seek to continue to fulfill the District's mission of enhancing the quality of life by providing accessible educational opportunities that lead to constructive citizenship, meaningful careers, and lifelong learning. We are committed to making a difference in the lives of our students and in the communities we serve. We continue to offer a wide array of educational and support programs that meet the needs of Cochise County and our citizen based groups. Since its founding in 1962, the District has provided accessible and affordable opportunities to thousands of students. The District has grown from a single campus organization to a comprehensive community college district with two full service campuses, Douglas and Sierra Vista, and three additional educational centers located in Benson, Willcox, and on Ft. Huachuca. At the close of this fiscal year due to the generosity of the Legacy Foundation we have acquired the old Sierra Vista Regional Health Center that will become an additional center for FY17. Through our intergovernmental agreement with the Santa Cruz County Provisional Community College District, the District has also provided educational services to the citizens of Santa Cruz County. Also the District has developed an online campus to provide students with learning opportunities beyond the boundaries of time and place. Increasing access to affordable educational opportunities has been at the core of the District's mission from its inception.

The college continues to educate Cochise County students and is contracted to educate those in Santa Cruz County as well. Cochise College served 12,662 students in fiscal year 2015, 402 of which came through the Adult Education department. Students enrolled in courses generating 6,557 full-time student equivalents (FTSE) and continue to succeed through the attainment of degrees and certificates. Though the total number of completions decreased slightly, the number of students completing remained stable at 1,837. The District saw the number of associate degrees increase to 1,441 and granted 691 certificates of completion. The District places a strong emphasis on balancing the educational needs of today while providing a solid asset base and plan for the future. As a District, we have been able to balance shrinking budgets with providing the quality programs and services the citizens of Cochise County have come to expect.

With this philosophy in mind, we continue to plan for the future. New opportunities abound and we are well positioned to address any and all challenges. The District's sound financial management practices have earned an A3 rating from Moody's Investors Services, a rating that provides financial flexibility as we prepare for our future.

As you read this Comprehensive Annual Financial Report, I hope you will agree that FY 2015 represented another year when the Cochise County Community College District served its taxpayers well and used its resources wisely.

Sincerely,

J.D. Rottweiler, Ph.D.  
President



# **COCHISE COLLEGE**



## **COCHISE COLLEGE**

4190 West Highway 80 • Douglas, AZ 85607-6190 • 520-364-7943 • www.cochise.edu

December 11, 2015

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

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the Cochise County Community College District (the District), Douglas, Arizona, for the fiscal year ended June 30, 2015 (FY 2015).

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

District management is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting as established by the Government Accounting Standards Board (GASB).

This CAFR is presented in three sections: Introductory, Financial and Statistical. The introductory section includes the President's welcome, this transmittal letter, the District's organizational chart and a list of principal officers. The financial section includes the independent auditors' report, the Management's Discussion and Analysis (MD&A), the basic financial statements and supplemental financial information. The State of Arizona, Office of the Auditor General has issued an unmodified opinion on the District's financial statements for the year ended June 30, 2015. The MD&A, which provides a narrative overview and analysis of the basic financial statements, complements this transmittal letter and should be read in conjunction with it. Finally, the statistical section includes selected unaudited financial and demographic information, generally presented on a multi-year basis.

### **THE REPORTING ENTITY**

The District is an independent reporting entity within the criteria established by GAAP and the GASB. Although the District shares the same geographic boundaries with Cochise County, financial accountability over all activities related to public community college education in Cochise County is exercised solely by the District. According to GASB Statement No. 14, the financial reporting entity consists of the primary government organization for which the primary government is financially accountable as well as other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

### **History**

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

With a constituency base that encompasses more than 6,200 square miles, the District has extended its reach into some of the more rural parts of Cochise County. The Willcox Center opened in 1988 for residents in that part of the county and the expansion continued in 2000 with the opening of the Benson Center to better serve the educational needs of residents in Benson, St. David and surrounding communities. The District is making plans to open a new center in downtown Sierra Vista for FY 2017. As necessary, the District provides education at various other sites in southeastern Arizona.

The District is accredited by the Higher Learning Commission of the North Central Association. The District also holds Federal Aviation Administration certification for its professional pilot program and Arizona Department of Health Services/Emergency Medical Services certification for its paramedicine and emergency medical technology programs. The nursing program is accredited by the National League for Nursing Accrediting Commission and approved by the Arizona State Board of Nursing.

### **Organization and Administration**

As a political subdivision of the State of Arizona, the Cochise County Community College District is subject to the oversight of the District's Governing Board which is comprised of five elected members representing each of the five precincts of the county. These members are elected for six-year terms on a staggered basis. The District's Governing Board is granted full authority by the Arizona Revised Statutes to manage the business and educational needs of the District. The administrative staff of the District, led by the president, is responsible for the operation and administration of all District functions. The District currently operates from two primary campuses and three centers, with additional programs delivered at various locations throughout Cochise County and through its online campus. The District also provides a growing instructional program to the citizens of neighboring Santa Cruz County through an arm's length intergovernmental agreement with the Santa Cruz County Provisional Community College District.

### **Service Area**

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

The historic Old West towns of Tombstone, Bisbee, Douglas, Willcox and Benson are located within the county, and Sierra Vista – the county's primary population center – is home to Fort Huachuca, the U.S.

Army's intelligence training center. Cochise County's mountain ranges and desert grasslands make it an important destination for migratory birds. The county's temperate climate, open spaces, and proximity to the international border with Mexico make it one of the most culturally, historically and geographically diverse areas in the American Southwest.

### **LOCAL ECONOMIC OUTLOOK**

The population of Cochise County as of 2014 was 129,628, down 1% from 2013, according to estimates by Arizona's Office of Employment and Population Statistics (EPS). EPS projects the countywide population will grow by 1% per year, reaching 142,398 in 2020.

Because the District receives a significant amount of its funding from local property taxes, new construction rates and valuations of existing properties are important economic indicators. New residential construction in Cochise County was up 10.5 percent in 2014—the first year of growth following eight consecutive years of decline. There were 179 new home permits issued countywide in 2014 (up from a record low of 162 in 2013 [with records back to 1990]). Despite the jump in 2014, the number of new home permits for the year was down more than 85 percent from the housing boom peak back in 2005. A large volume of foreclosed homes, which place upward pressure on existing home sales and downward pressure on prices, will continue to dampen demand for new home construction countywide into 2016. In 2014, foreclosures accounted for 25.5 percent of home sales in Cochise County (down from 29.3 percent in 2013).

According to EPS estimates, the county's civilian labor force consisted of 50,978 actual or potential workers in 2014. The unemployment rate as of July 2015 was 7.6%—down from 8.4% in July 2014. The drop in unemployment, however, has been related to a decline in the labor force, not job growth. Cochise County lost 200 nonfarm jobs from July 2014 to July 2015 for a 12-month job growth rate of -0.6%. The government sector shed 100 jobs from July 2014 to July 2015, for job growth of -0.9%. All of the government job losses were in federal government (-1.9%). In Cochise County's private sector, the number of jobs in July 2015 was down by 100 compared to July 2014 for a 12-month job growth rate of -0.4%. Within the private sector, the number of goods-producing jobs was down by 100 (-5.6 percent). All of those job losses were in construction (-8.3 percent). Cochise County's private-sector services stabilized in the 12 months ended in July 2015, with a gain of 100 educational and health services jobs (2.2 percent) and 100 leisure and hospitality jobs (2.6 percent) offset by the loss of 100 information jobs (-25.0 percent) and 100 professional and business services jobs (-2.3 percent). Jobs numbers stabilized in all other private service-providing industries (trade, transportation, and utilities; financial activities; and other services) in the 12 months ended in July 2015.

The primary non-farm industry in Cochise County is government, followed by trade, transportation, and utilities, educational and health services, professional and business services, and leisure and hospitality. The county's largest employer is Fort Huachuca. As of September 2014, approximately 2,300 active duty military personnel were assigned to the fort, with an additional 350 deployed from the fort to other locations worldwide. There are also approximately 2,600 military trainees (students) temporarily assigned to the fort for training on any given day with more than 8,000 trained on site each year. Fort Huachuca also directly employs approximately 3,500 civilian workers and contracts with numerous area firms including General Dynamics, Northrup Grumman, ManTech International, Raytheon, TASC, Booz Allen Hamilton, and others employing several thousand workers.

The largest threat to labor market improvement in Cochise County comes from defense budget cuts impacting Fort Huachuca, which are the natural upshot of winding down the wars in Iraq and Afghanistan. While the rest of the state and nation suffered through the severe effects of the Great Recession of 2008-2009, Cochise County was largely buffered from the worst of it due to increased spending on the fort and its missions. Those increases were principally tied to the wars. From 2009 to 2014, however, Fort Huachuca lost 2,350 fulltime equivalent jobs (permanently assigned active duty military, civil servants, non-appropriated fund workers, and average daily number of students assigned for training; this number does not include contractors). The bulk of those reductions came from the relocation of units from the fort, and a drop in the number of intelligence students trained. The fort's average daily student load declined 35% from more than 3,200 in 2010 to approximately 2,100 in 2014. As of 2014, average daily student load was below the level it was in 2000 and 2001, before the 9/11 terrorist attacks and subsequent buildup. Fort Huachuca adjusted to the war-related increases in students by hiring contractors to provide training. As student numbers have dropped, contracting jobs have been eliminated. The eight largest defense contractors in Sierra Vista lost nearly 465 jobs from 2012 to 2013 alone. When factoring in defense contractors, the total number of Fort Huachuca-related jobs lost from 2009 to 2014 is likely in the range of 3,000 to 4,500. Further defense cuts are likely to continue to hinder labor market improvement at the county level through 2016.

Retail sales countywide were down 1.0 percent in 2014 but up 11.3 percent in the first five months of 2015. Cochise County's restaurant and bar sales were up 1.4 percent in 2014 and 2.6 percent from January through May 2015. Countywide accommodation sales were down 0.6 percent in 2014, but up 13 percent in the first five months of 2015.

Overall, Cochise County's Gross Domestic Product was down 1.3% in 2013—the third consecutive year of recession. During the national Great Recession of 2008-2009, Cochise County's economy overall grew due largely to war-related spending impacting Fort Huachuca. Although the overall economy was kept out of recession in those years, certain segments of the economy were in recession, including utilities; manufacturing; wholesale trade; truck transportation; finance and insurance; rental and leasing; arts, entertainment, and recreation; and other services. State and local government spending in Cochise County also declined in 2008 and 2009. The countywide recession that began in 2011 has impacted virtually all industries.

The District's Center for Economic Research projects continued economic instability into 2016.

### **LONG-TERM FINANCIAL PLANNING**

The District engages in short and long term strategic planning. The short term (5 year) cycle involves all levels of the organization. This plan is updated as external environments or internal opportunities and needs require. The process provides a framework for structuring and adjusting the District's goals in order to support its mission, vision, and values. A high-level 15-year financial projection model is maintained and based on actual results as well as reasonable estimates. It is updated periodically to reflect most recent performance for both short and long-term planning purposes.

## **MAJOR PROGRAM INITIATIVES**

### **District Infrastructure**

The libraries on both the Douglas and Sierra Vista campuses were the locations of small remodeling projects. The Douglas campus library project was the establishment of a small writing lab. The Sierra Vista campus library saw a remodeling project which included the relocation of the administrative computing staff from the Douglas campus into Sierra Vista library space. This will allow for better communication between the staff and other administrative functions housed on the Sierra Vista campus.

Significant resources were spent on continuing efforts to address the maintenance of the District's infrastructure. Both main campuses saw upgrades efforts in support of academic programs. The Douglas Campus upgraded several of our main building's fire alarm systems. Heating and cooling supply lines were replaced in three buildings which also received new air conditioning units. Several strategic areas were the recipients of landscaping projects, including sidewalks and curbing were installed.

The District was also able to continue physical improvements to the Aviation Department facilities on the Douglas campus with help from a grant through the Arizona Department of Transportation (ADOT). Last year the runway was replaced; this year grant supported the replacement of the taxiway, connectors, and lighting. Additional funding was also available to do the engineering design for the flightline and apron rehabilitation. Implementation of the rehabilitation project will need to wait until further assistance from ADOT becomes available.

The Sierra Vista Campus received a remodeling project in the main student services area of the Student Union Building to better facilitate an improved and efficient interaction between the students and their counselors and advisors. Two sites also received additional instructional equipment, one for automotive and the other for culinary.

The District accepted the donation of the former Sierra Vista Regional Medical Center from the Legacy Foundation. Initial planning began to develop a major remodeling project to support a number of college and community functions. The programs, departments, and organizations scheduled to move into the remodeled Downtown Center in the fall of 2016 include the following:

- Nursing, Paramedicine, Respiratory Therapy, and Culinary Arts programs,
- Center for Lifelong Learning, Small Business Development Center, and Center for Economic Development departments,
- Disabled American Veterans, Sierra Vista Volunteer Interfaith Caregiver Program, and the
- Workforce Investment and Opportunity Act organizations.

### **Enrollment**

During FY 2015, the District served a total of 6,557 Full Time Student Equivalent (FTSE) at all locations, a 12% decline from FY 2014, with an annual unduplicated headcount of 12,662. During this time the District awarded a total of 1,441 associate degrees and 691 college-level certificates. These awards represent a 5% decrease from FY 2014.

The District's strong partnership with the county's largest employer, Fort Huachuca, remained a significant factor in both the number of students served and in the number of degrees conferred. This partnership also has its downside. As the military draw down continues, the college continues to experience enrollment declines associated with the fort.

Another factor, largely related to the fort, which may be influencing enrollments is a decline in population. Cochise County lost a larger percentage of its population in 2013 than any other county in the country. More than 2,700 residents left the county and more than 850 residents left Santa Cruz County. The District has undertaken and continues to explore public-private joint ventures to draw students into aviation, automotive, and allied health programs.

### **Student Achievement**

District students continue to receive recognition for leadership and academic achievements. Four students were named to the All-Arizona Academic Team, two to the second team and two to the third team. A student from the District received the top scholarship from the Arizona Business Aviation Association (AZBAA). And two students presented undergraduate biology research projects at the National Poster Session of the Community College Undergraduate Research Initiative (CCURI) in Washington D.C.

Athletic teams also achieved notable success. The baseball team made it to the National Junior College Athletic Association (NJCAA) Region I Division I Tournament. The women's rodeo team placed 16th overall at the College National Finals Rodeo. The men's basketball team reached the NJCAA Division I National Championship Tournament.

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

During FY 2015 the District took a number of steps to broaden student opportunities and improve instructional quality. One such step has been to continue to add faculty positions to career programs which only have one full-time instructor to improve program quality. Additional instructors in Automotive Technology and Heating, Ventilation, and Air Conditioning were hired this year. The District also upgraded the director of institutional research to a dean of institutional effectiveness to broaden the departmental expectations regarding data support and improvement efforts across the institution.

New programs have been added to provide degree options. In FY 2015 the District implemented an AA degree in Social Science and AAS degrees in Cybersecurity, Media Production Arts and Unmanned Aircraft Systems and Operations. Additional degrees were designed for FY 2016 in Mathematics (AA), Cisco & Linux Networking (AAS), Engineering Technology (AAS), and Aviation Dispatch (AGS).

Improving opportunities and quality also drove the District to participate in the development of a National Science Foundation (NSF) grant with the facilitation of Science Foundation Arizona (SFAz). This grant will provide for enhanced Science, Technology, Engineering, and Math (STEM) efforts at the eight rural Arizona community college districts.

In addition to runway related improvements and program additions like Aviation Dispatch, the Aviation Department has been developing relationships with a number of regional airlines to help address their pilot shortages and to improve the pathway for a student who wants to become an airline pilot. These agreements include ways for the students to become associate faculty, thus increasing their hours, as well as time for them to work on a bachelor's degree which will reduce the hours necessary to become a pilot.

The Aviation Department has also been improving the attractiveness of the program by adding and updating equipment. Two planes were purchased in FY 2015 and another four planes are expected in FY 2016. In addition, a regional jet simulator was ordered for FY 2016. Both of these will improve the image and the effectiveness of the program as it works to alleviate the shortage of pilots.

During FY 2015 the District Strategic Think Tank (STT) process developed a focus which also impacts quality. This strategic focus, student success, has three components: professional development/relationship development, first year experience, and college preparation. Projects to move these forward will be developed this coming year. The District also completed some of the FY 2014 STT projects: completed IT assessments, and hired a director of continuous improvement who began projects with several departments.

One other significant effort impacting quality is preparation for an upcoming accreditation visit by the Higher Learning Commission (HLC) in October 2016. The Accreditation Committee spent much of FY 2015 planning and drafting the necessary documentation to provide to the HLC as a part of the team visit.

## **FINANCIAL INFORMATION**

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

### **Internal Control**

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

### **Cash Management**

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

with the State Treasurer's office, and direct investment in eligible U.S. Treasury and U.S. Government Agency securities.

The District routinely revisits its changing liquidity needs, and adjusts the structure of its idle funds to properly reflect these needs. In FY 2014, the District continued to monitor targeted proportions of its idle funds in various maturity ranges, matching conservative projections of cash flow needs. These maturity range targets are adjusted periodically, as cash flow needs evolve. Most importantly, this approach continually prioritizes the District's primary objectives of maintaining safe, liquid investments, then, after those objectives are met, seeking to maximize yield.

### **Financial Reporting**

This CAFR for the District was formulated with data from various sources including District and Foundation records, the Cochise County Treasurer's Office and the Cochise County Assessor's Office. The statements present information on the financial condition of the District and whether resources were adequate to cover the costs of providing services during the reporting period. The District's CAFR will be distributed to the District Governing Board and executive administration; federal, state and county agencies, and financial institutions as well as others throughout the general public. Internal management reports are customized and provided to meet the information and decision-making needs at all levels of the organization and to aid management in the allocation of resources.

The Notes to the Financial Statements are an integral part of this CAFR and should be read in conjunction with the Financial Statements for a full understanding of the information presented therein.

### **RISK MANAGEMENT**

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

### **INDEPENDENT AUDIT**

The District utilizes the audit services of State of Arizona, Office of the Auditor General to determine that the financial statements are free of material misstatements and ensure compliance with Arizona Revised Statutes requiring an annual audit of the District's financial statements. The Independent Auditors' Report is included in the financial section of this CAFR. The District received an unmodified opinion for the fiscal year ended June 30, 2015.

### **GFOA CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Cochise County Community College District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 10

2014. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The District believes that the current CAFR continues to meet the Certificate of Achievement program's requirements and will be submitting it to the GFOA to determine its eligibility for another certificate.

### **ACKNOWLEDGEMENTS**

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

Respectfully submitted,

LaMont Schiers  
Vice President for Administration

David Gage  
Director of Finance

Michelle L. Landis  
Controller



Government Finance Officers Association

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

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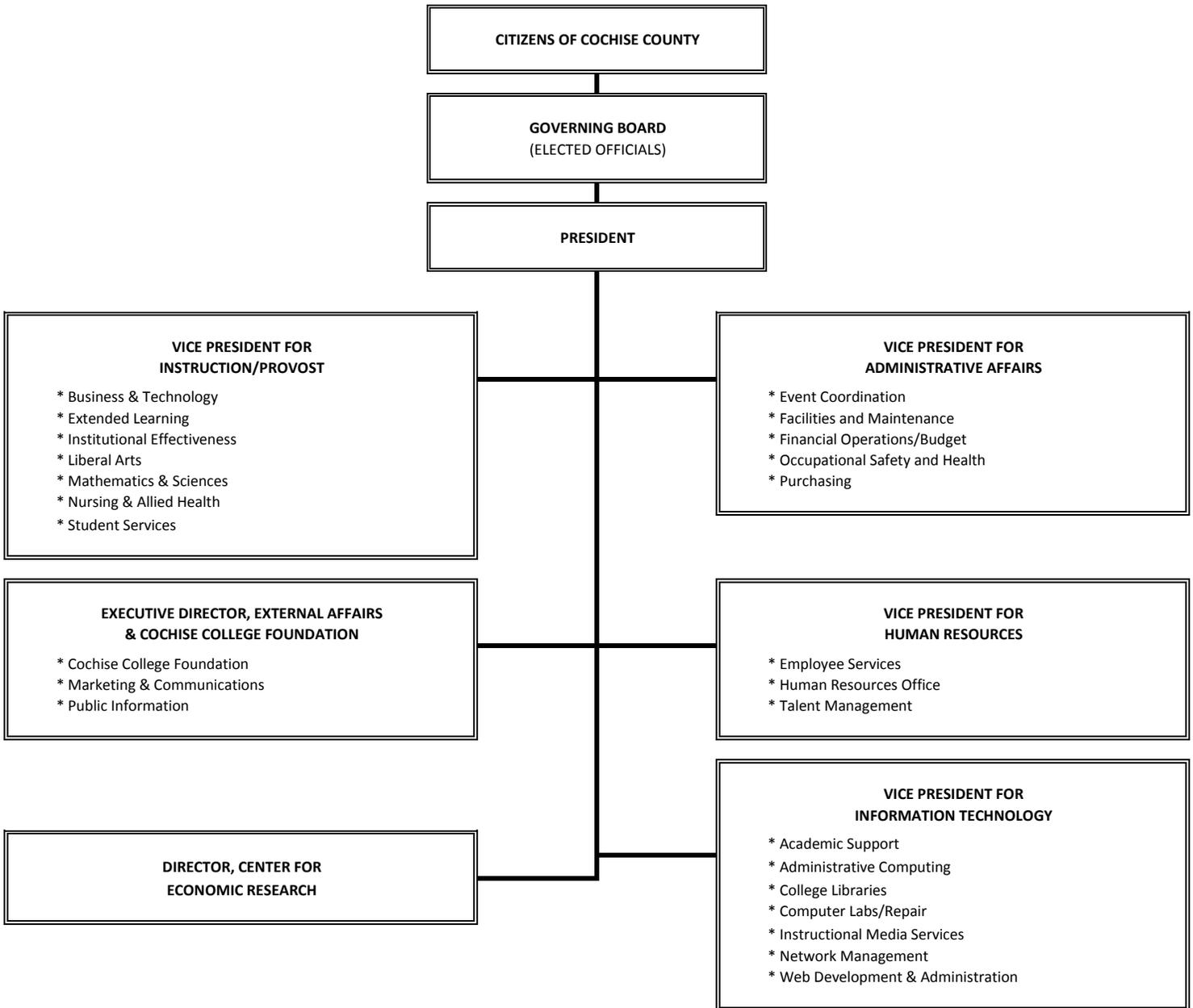
**Cochise County  
Community College District  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
ORGANIZATIONAL CHART**



# COCHISE COUNTY COMMUNITY COLLEGE DISTRICT

## PRINCIPAL OFFICERS

June 30, 2015

### DISTRICT GOVERNING BOARD

Mr. David DiPeso, *Chair, Precinct 1*

Dr. John Eaton, *Secretary, Precinct 4*

Mr. Donald Hudgins, *Precinct 2*

Mrs. Jane C. Strain, *Precinct 3*

Mr. Dennis Nelson, *Precinct 5*

### PRESIDENT

Dr. James D. Rottweiler

### ADMINISTRATION

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

Mr. LaMont Schiers, *Vice President for Administration*

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

Ms. Wendy Davis, *Vice President for Human Resources*



**COCHISE  
COLLEGE**



# Cochise College Comprehensive Annual Financial Report

FINANCIAL SECTION



**COCHISE COLLEGE**



**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

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

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report**

Members of the Arizona State Legislature

The Governing Board of  
Cochise County Community College District

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Cochise County Community College District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

**Auditors' Responsibility**

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

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

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

***Basis for Qualified Opinion on the Discretely Presented Component Unit***

The discretely presented component unit is the trustee for a charitable remainder trust for which the trust assets and trust liabilities have not been included in these financial statements. The fair value of the trust assets not included in these financial statements totaled approximately \$587,900 as of June 30, 2015. The other auditors were unable to form an opinion regarding the accounting for the trust because the information necessary to value the trust liabilities related to future payments to be made to the income beneficiaries over the term of the trust was inadequate.

### **Qualified Opinion**

Based on the report of the other auditors, except for the effects of the matter described in the “Basis for Qualified Opinion on the Discretely Presented Component Unit” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the discretely presented component unit of Cochise County Community College District as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### **Unmodified Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Cochise County Community College District as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, for the year ended June 30, 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the Management’s Discussion and Analysis on pages 17 through 24, Schedule of the District’s Proportionate Share of the Net Pension Liability on page 54, Schedule of District Pension Contributions on page 55, and the Post Employment Health Care Benefits Schedule of Funding Progress on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters at a future date. The purpose of that report is 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* in considering the District’s internal control over financial reporting and compliance.

Debbie Davenport  
Auditor General

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Introduction**

This discussion and analysis introduces the basic financial statements and provides an overview of the District's financial activities for the year ended June 30, 2015. It should be read in conjunction with the letter of transmittal, which precedes this section, and with the financial statements and their accompanying notes, which immediately follow.

**Basic Financial Statements**

The basic financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position reflects the financial position of the District at June 30, 2015. It shows the various assets owned or controlled by the District, deferred outflows and inflows, related liabilities and other obligations, and the various categories of net position. Net position is defined as total assets and deferred outflows less total liabilities and deferred inflows, and as such, represents the institutional equity or ownership in the total assets of the District.

The Statement of Revenues, Expenses, and Changes in Net Position reflects the results of operations and other changes for the year ended June 30, 2015. It shows the various revenues and expenses, both operating and non-operating, and reconciles the beginning net position balance to the ending net position balance shown on the Statement of Net Position described above.

The Statement of Cash Flows reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2015. It indicates the various cash activities by type and reconciles the beginning cash and cash equivalents balance to the ending cash and cash equivalents balance shown on the Statement of Net Position described above. In addition, this statement reconciles cash flows used for operating activities to the operating loss on the Statement of Revenues, Expenses, and Changes in Net Position described above.

Although the primary focus of this document is on the results of activities for fiscal year 2014-15 (FY 2015), comparative data is also presented for the previous fiscal year 2013-14 (FY 2014). This Management's Discussion and Analysis (MD&A) uses the prior fiscal year as a reference point in illustrating issues and trends when assessing the institution's financial health.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Condensed Financial Information  
Net Position**

	As of June 30, 2015	As of June 30, 2014
<u>Assets</u>		
Current assets	\$ 27,493,953	\$ 26,894,238
Noncurrent assets, other than capital assets	1,539,297	1,519,597
Capital assets, net	62,370,052	57,357,307
Total assets, net	91,403,302	85,771,142
 <u>Deferred Outflows of Resources</u>		
	3,644,652	-
 <u>Liabilities</u>		
Other liabilities	3,363,570	3,465,197
Long-term liabilities	52,711,618	23,491,602
Total liabilities	56,075,188	26,956,799
 <u>Deferred Inflows of Resources</u>		
	5,445,615	-
 <u>Net Position</u>		
Net investment in capital assets	41,984,840	35,925,323
Restricted for:		
Grants and contracts	1,471,468	1,213,846
Debt service	1,055,000	1,015,000
Unrestricted	(10,984,157)	20,660,174
Total net position	\$ 33,527,151	\$ 58,814,343

Total assets increased by \$5.6 million in FY 2015 due to the District receiving donated buildings totaling 117,151 square feet from the Legacy Foundation and current year revenues exceeding expenses as a result of conservative budgeting. Total liabilities increased by \$29.1 million primarily due to the implementation of GASB 68 offset with payments against long term debt and a decrease in accounts payable. Total net position decreased by \$25.3 million (42.9%) in FY 2015 compared with an increase of \$1.6 million (2.9%) in FY 2014 over the previous year. The FY 2015 decrease resulted from the implementation of GASB 68 (see Note 2 – Change in Accounting Principle on page 34).

For FY 2015, the current ratio increased to 6.0 up from 5.7 last fiscal year. Total current assets went up \$0.6 million and total current liabilities decreased by \$0.1 million causing the current ratio to increase. The increase in total current assets was due to increases of \$0.2 million in cash and investments, and \$0.4 million in receivables. The decrease in total current liabilities was primarily due to a decrease of \$0.2 million in the Accounts payable liabilities offset by an increase of \$0.1 million in accrued payroll and employee benefits.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

Unrestricted net position decreased by \$31.6 million in FY 2015, a decrease of 153.2% due to the implementation of GASB 68. Unrestricted net position was -32.8% of total net position, down from the 35.1% in the prior fiscal year. The net investment in capital assets increased by \$6.1 million (16.9%) in FY 2015 as a result of the capital asset gift and purchases being greater than the depreciation expense. The net investment in capital assets is now 125.2% of total net position, up from 61.1% last year.

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

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
<u>Operating Revenues</u>		
Tuition and fees (net of scholarship allowances)	\$5,818,553	\$5,451,854
Contracts	1,154,562	1,241,933
Other operating revenues	1,196,479	1,127,486
Total operating revenues	<u>8,169,594</u>	<u>7,821,273</u>
 Total operating expenses	 <u>45,558,602</u>	 <u>43,961,967</u>
 Operating loss	 <u>(37,389,008)</u>	 <u>(36,140,694)</u>
<u>Nonoperating revenues (expenses)</u>		
Property taxes	19,291,883	18,653,023
State appropriations	10,326,735	10,422,500
Government grants	9,982,425	8,018,017
Share of state sales taxes	1,059,998	1,091,200
Investment earnings	180,431	154,161
Interest on capital asset-related debt	(936,821)	(977,421)
Gain/(Loss) on disposal of capital assets	43,502	(27,864)
Net nonoperating revenues	<u>39,948,153</u>	<u>37,333,616</u>
 Income before other revenues	 <u>2,559,145</u>	 <u>1,192,922</u>
 Capital appropriations	 -	 450,400
Capital grants and gifts	<u>4,522,500</u>	<u>-</u>
 Increase in net position	 7,081,645	 1,643,322
Total net position, beginning of year, as restated	<u>26,445,506</u>	<u>57,171,021</u>
Total net position, end of year	<u>\$33,527,151</u>	<u>\$58,814,343</u>

Total operating revenues increased \$0.3 million (4.5%) in FY 2015 compared to the prior year. This operating revenue increase is due to an increase in tuition and fees of \$0.4 million (6.7% of FY 14 tuition and fees; 4.7% of FY 14 total operating revenues) and a decrease in contracts of \$0.1 million. The slight increase in tuition and fees resulted from an increase in the tuition rate offset by a higher scholarship allowance calculation.

Nonoperating revenues increased \$2.6 million (7.0%) over the prior year due to an increase in the collection of property taxes of \$0.6 million (3.4% increase of property taxes; 1.7% increase in net nonoperating revenues), offset by another decrease in state appropriations of \$0.1 million (0.9% decrease of state appropriations; .3% decrease of net nonoperating revenues), and an

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

increase of \$2.0 million (24.5%) in government grants, and lastly a gain on the sale of assets compared to a loss in the prior year. The state appropriations decrease was primarily due to less property tax equalization appropriations as a result of a decrease in the average assessed property values of all rural counties within the State. The increase in government grants was due to the District receiving grant funding in FY 14 from the State of \$1.3 million for improvements made to the taxiway. The District received \$1.2 million of the grant in FY 15. In addition to the State grant, the increase in PELL over FY 14 was \$0.8 million. The decrease in state appropriations and increase in government grants was accompanied by an increase in the property tax revenue of \$0.6 million (3.4%) as a result of a 2% tax levy increase applied to decreased valuations of existing properties along with an increase in new construction in 2014. The District did not receive \$0.5 million of capital appropriations from the state this year as it had in 2014. The District was the benefactor of a capital gift from the generous Legacy Foundation this year. The appraised value of the gift is \$4.5 million.

Operating expenses increased by \$1.6 million (3.6%) for the year ended June 30, 2015. The most significant elements of the overall increase were as follows:

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

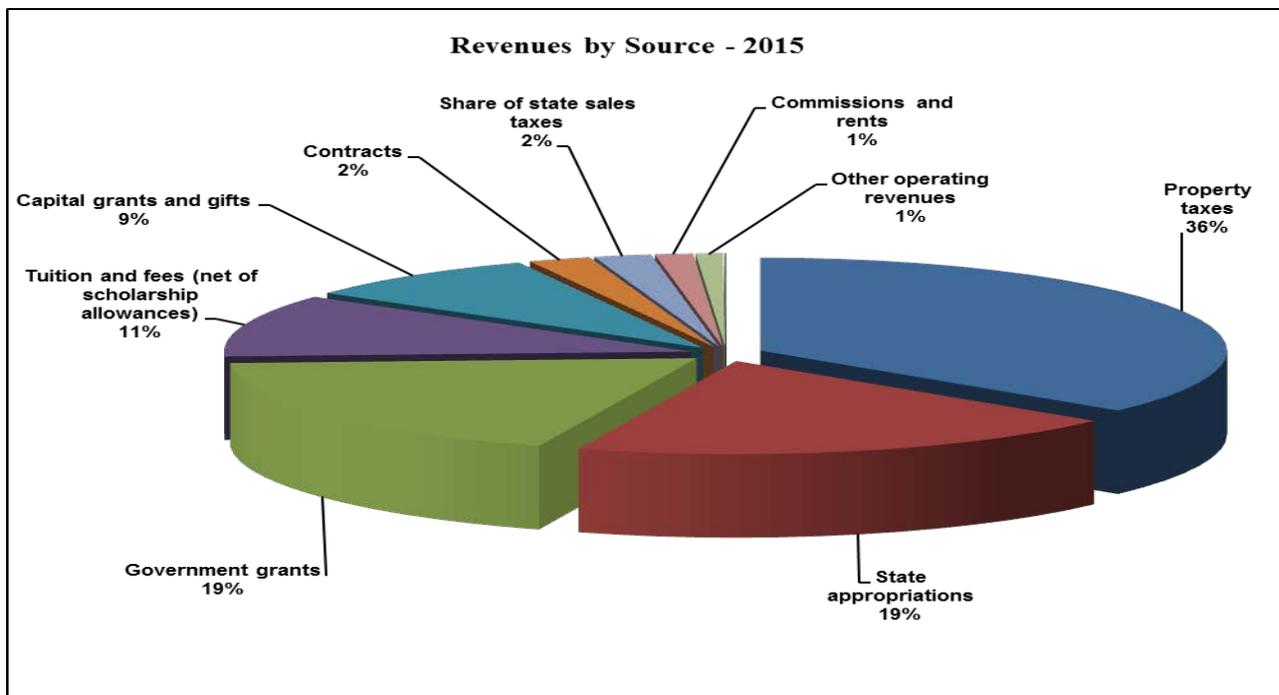
	Fiscal Year Ended <u>June 30, 2015</u>	Fiscal Year Ended <u>June 30, 2014</u>	Increase (Decrease)	Increase (Decrease) (%)
Salaries and wages	\$22,617	\$22,266	\$ 351	1.6
Employee benefits	6,057	6,003	54	0.9
Contractual services	3,343	3,271	72	2.2
Supplies and other services	2,650	2,194	456	20.8
Scholarships	4,326	3,626	700	19.3
Depreciation	3,286	3,432	(146)	(4.3)
Other Expenses	<u>3,280</u>	<u>3,170</u>	<u>110</u>	3.5
Total	\$45,559	\$43,962	\$ 1,597	3.6

Comparing FY 2015 to the prior year, the largest increase was in Supplies and other services which increased 20.8%. This increase in Supplies and other services was due to equipment and supplies received through donations and expensed in the FY 2015. The second highest increase was due to Scholarships (19.3%). Students received more Pell grant award funds. Other increases were seen in overall salaries and wages (1.6%), in employee benefits (0.9%), contractual services (2.2%) and other expenses (3.5%). A decrease was seen in depreciation (4.3%).

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

The following is a summary of revenues for fiscal years ended June 30, 2015 and June 30, 2014:

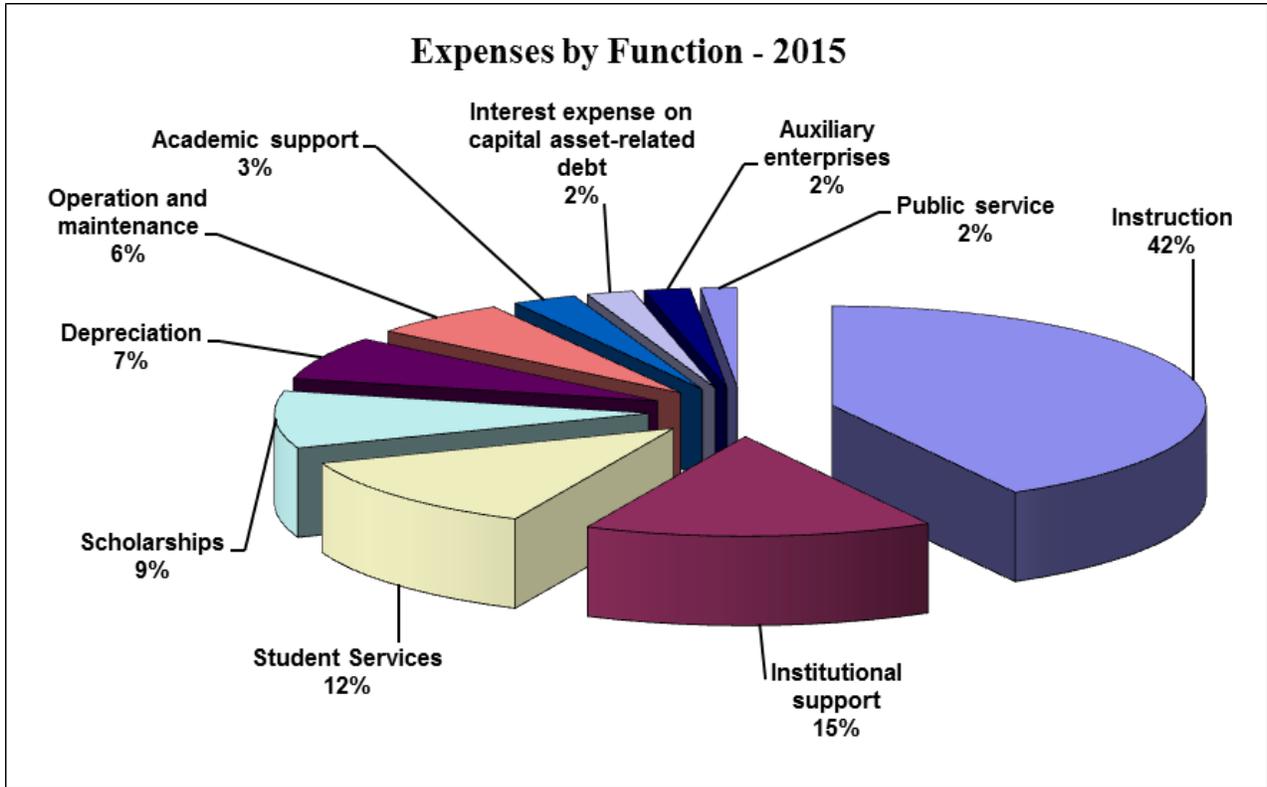
	<u>Fiscal Year Ended June 30, 2015</u>		<u>Fiscal Year Ended June 30, 2014</u>	
<u>Operating revenues</u>				
Tuition and fees (net of scholarship allowances)	\$5,818,553	11 %	\$5,451,854	12 %
Contracts	1,154,562	2	1,241,933	3
Commissions and rents	700,620	1	677,989	1
Other operating revenues	495,859	1	449,497	1
Total operating revenues	<u>8,169,594</u>	<u>15</u>	<u>7,821,273</u>	<u>17</u>
<u>Nonoperating revenues</u>				
Property taxes	19,291,883	36	18,653,023	40
State appropriations	10,326,735	19	10,422,500	22
Government grants	9,982,425	19	8,018,017	17
Investment earnings	180,431	-	154,161	-
Share of state sales taxes	1,059,998	2	1,091,200	3
Gain on disposal of capital assets	43,502	-	-	-
Total nonoperating revenues	<u>40,884,974</u>	<u>76</u>	<u>38,338,901</u>	<u>82</u>
Capital Appropriations	-	-	450,400	1
Capital grants and gifts	4,522,500	9	-	-
Total revenues	<u>\$53,577,068</u>	<u>100 %</u>	<u>\$46,610,574</u>	<u>100 %</u>



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

The following is a summary of expenses for fiscal years ended June 30, 2015 and June 30, 2014:

	<u>Fiscal Year Ended June 30, 2015</u>		<u>Fiscal Year Ended June 30, 2014</u>	
<u>Operating expenses</u>				
Educational and general:				
Instruction	\$19,475,217	42 %	\$17,953,714	40 %
Public service	728,049	2	680,951	1
Academic support	1,292,307	3	1,275,203	3
Student services	5,763,778	12	5,504,157	12
Institutional support	6,990,661	15	6,606,802	15
Operation and maintenance of plant	2,773,621	6	3,979,099	9
Scholarships	4,325,915	9	3,625,679	8
Auxiliary enterprises	922,570	2	904,655	2
Depreciation	<u>3,286,484</u>	<u>7</u>	<u>3,431,707</u>	<u>8</u>
Total operating expenses	<u>45,558,602</u>	<u>98</u>	<u>43,961,967</u>	<u>98</u>
<u>Nonoperating expenses</u>				
Interest expense on capital asset-related debt	936,821	2	977,421	2
Loss on disposal of capital assets	<u>-</u>	<u>-</u>	<u>27,864</u>	<u>-</u>
Total expenses	<u>\$46,495,423</u>	<u>100 %</u>	<u>\$44,967,252</u>	<u>100 %</u>



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Capital Assets and Debt Administration**

Below is a summary of Capital assets, net of accumulated depreciation as of June 30, 2015 and June 30, 2014. See Note 4 for further details.

	As of June 30, 2015	As of June 30, 2014
Land	\$ 1,993,038	\$ 711,384
Museum and art collections	66,000	66,000
Construction in progress	1,944,413	157,239
Buildings	48,382,893	46,178,199
Equipment	1,722,260	1,568,532
Improvements other than buildings	7,966,956	8,379,508
Library books	294,492	296,445
Total	<u>\$62,370,052</u>	<u>\$57,357,307</u>

The increase in capital assets is due to the donation of buildings, totaling 117,151 square feet, and a slight decrease in depreciation for FY 2015.

During FY 2015, the District reduced its outstanding principal balance on revenue bonds payable by \$115,000 and on pledged revenue obligations by \$900,000. At June 30, 2015 the District had an outstanding principal balance due of \$9,975,000 for revenue bonds and \$10,100,000 for pledged revenue obligations. Note 5 to the basic financial statements beginning on page 37 shows additional detail on bond issues and long-term obligations.

**Current Factors Having Probable Future Financial Significance**

As the state of Arizona slowly starts to show signs of economic recovery, the county of Cochise continues to struggle. There are still underlying concerns from the implementation of GASB Statement No. 68, requiring all governmental agencies to report pension liabilities on their statements of net position, which has many financial personnel concerned with the effects it will have on their financial statements due to the fact it will have major impacts on viability ratios and how we as institutions are evaluated for bond issuance, and our ability to borrow funds as needed as time progresses.

District-wide enrollment has continued to decline since FY2011 which affects our state allocation of funds. The reasons for this continued decline stem mainly from our national economic recession that began in 2008; military sequestration continues to drawdown the military and civilian workforce at Fort Huachuca, one of the District's major sources of students. To try and offset this decline, the District has engaged in several initiatives and continues to support these initiatives which are Aviation and our Unmanned Aerial Systems, Allied Health, Culinary Arts and Automotive Technology.

State Equalization Aid to the District in FY 2015 decreased by \$841,900, a decline for the third consecutive year of 18% from last year, which fell 16% from the previous year. The average amount of Maintenance and Operating state funding per Full Time Student Equivalent for all community college districts fell from \$718 in FY 2011 to \$229 in FY 2012. Since FY 2012, the

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

average increased to \$251 in FY 2013 and again to \$257 in FY 2014. In FY 2015 it dropped to \$254. Capital Outlay State Aid to all community colleges has not been funded since FY 2008. However rural districts were funded for STEM Workforce Programs. In FY 2014 STEM Workforce Program revenue of \$.5 million was received and restricted to Capital Outlay. In FY 2015 STEM Workforce Programs funding was increased to \$1.1 million and was utilized for instructional programs such as nursing, auto, flight, and building construction technology.

In June of this year, the local hospital building and its surrounding property was gifted to the District by the Legacy Foundation. Regional Healthcare and the Foundation transferred ownership of the property, including several outbuildings totaling over 110,000 square feet of additional space for the District. This gift will require major renovation efforts in order to make it compatible for instructional purposes. The District plans to use reserves and borrow the remaining funds needed to renovate the main structure. Also included in the renovation plans are to demolish the surrounding buildings to create the needed parking spaces for students coming to attend class at this new college structure. The plans at this point are to house Allied Health, Center for Life Long Learning, Small Business Development, Center for Economic Research and our Culinary Program at this new facility, including several community service programs.

As a result of the combined reductions in state funding, the District will continue to suggest to our Governing Board to exercise their right to increase the tax levy at the maximum allowed by law. The District will continue to consider adjustments to tuition and public-private partnerships as well as explore additional cost saving measures to counter this reduction in revenues. Despite these economic pressures, the District will continue to fulfill its mission of providing educational opportunities that lead to constructive citizenship, meaningful careers and lifelong learning.

**Requests for Information**

This discussion and analysis is designed to provide a general overview of the Cochise County Community College District's finances for all those with an interest in such matters. Questions concerning any of the information provided in this comprehensive annual financial report or requests for additional financial information should be addressed to the Office of the Director of Finance and Administration, Cochise County Community College District, 4190 West Highway 80, Douglas, Arizona 85607.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF NET POSITION - PRIMARY GOVERNMENT**  
**JUNE 30, 2015**

<u>Assets</u>	<u>Business-Type Activities</u>
Current assets:	
Cash and cash equivalents	\$ 6,798,367
Investments	16,365,627
Receivables:	
Accounts (less allowances of \$430,615)	473,362
Property taxes (less allowances of \$207,430)	1,751,628
Government grants and contracts	708,285
Interest	23,705
Other	400,825
Inventories	489,509
Prepaid items	482,645
Total current assets	<u>27,493,953</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents held by trustee	1,539,297
Capital assets, not being depreciated	4,003,451
Capital assets, being depreciated, net	58,366,601
Total noncurrent assets	<u>63,909,349</u>
Total assets	<u>91,403,302</u>
<b><u>Deferred Outflows of Resources</u></b>	
Deferred outflows related to pensions	3,644,652
Total deferred outflows of resources	<u>3,644,652</u>
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable	542,058
Accrued payroll and employee benefits	1,696,097
Interest payable	484,297
Deposits held in custody for others	237,940
Unearned revenues	403,178
Current portion of compensated absences payable	159,423
Current portion of long-term debt	1,086,772
Total current liabilities	<u>4,609,765</u>
Noncurrent liabilities:	
Compensated absences payable	1,184,807
Net Other Postemployment Benefits obligation (OPEB)	566,848
Long-term debt	19,298,440
Net pension liability	30,415,328
Total noncurrent liabilities	<u>51,465,423</u>
Total liabilities	<u>56,075,188</u>
<b><u>Deferred Inflows of Resources</u></b>	
Deferred inflows related to pensions	5,445,615
Total deferred inflows of resources	<u>5,445,615</u>
<b><u>Net Position</u></b>	
Net investment in capital assets	41,984,840
Restricted:	
Expendable:	
Grants and contracts	1,471,468
Debt service	1,055,000
Unrestricted	<u>(10,984,157)</u>
Total net position	<u>\$ 33,527,151</u>

See accompanying notes to financial statements.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF FINANCIAL POSITION - COMPONENT UNIT  
JUNE 30, 2015**

	<u>Cochise College Foundation</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 126,693
Investments	9,108,354
Land held as an investment	46,194
Assets restricted to investment in property and equipment	<u>1,386,747</u>
 Total assets	 \$ <u><u>10,667,988</u></u>
<b><u>Liabilities</u></b>	
Deposits held on behalf of others	\$ <u>14,826</u>
Total liabilities	<u>14,826</u>
<b><u>Net Assets</u></b>	
Unrestricted net assets:	
Undesignated, available for operations	251,784
Designated funds	<u>630,010</u>
Total unrestricted net assets	881,794
Temporarily restricted	6,896,383
Permanently restricted	<u>2,874,985</u>
Total net assets	<u><u>10,653,162</u></u>
 Total liabilities and net assets	 \$ <u><u>10,667,988</u></u>

**See accompanying notes to financial statements.**

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PRIMARY GOVERNMENT**  
**YEAR ENDED JUNE 30, 2015**

	<u>Business-Type Activities</u>
Operating revenues:	
Tuition and fees (net of scholarship allowances of \$3,412,336)	\$ 5,818,553
Government contracts	885,225
Private contracts	269,337
Bookstore income	122,657
Food service income	543,160
Dormitory rentals and fees	34,803
Other	495,859
Total operating revenues	<u>8,169,594</u>
Operating expenses:	
Educational and general:	
Instruction	19,475,217
Public service	728,049
Academic support	1,292,307
Student services	5,763,778
Institutional support	6,990,661
Operation and maintenance of plant	2,773,621
Scholarships	4,325,915
Auxiliary enterprises	922,570
Depreciation	3,286,484
Total operating expenses	<u>45,558,602</u>
Operating loss	<u>(37,389,008)</u>
Nonoperating revenues (expenses):	
Property taxes	19,291,883
State appropriations	10,326,735
Government grants	9,982,425
Share of state sales taxes	1,059,998
Investment earnings	180,431
Interest expense on capital asset-related debt	(936,821)
Gain on disposal of capital assets	43,502
Net nonoperating revenues	<u>39,948,153</u>
Income before other revenues, expenses, gains, or losses	2,559,145
Capital grants and gifts	4,522,500
Increase in net position	<u>7,081,645</u>
Total net position as restated, July 1, 2014	<u>26,445,506</u>
Total net position, June 30, 2015	<u>\$ 33,527,151</u>

**See accompanying notes to financial statements.**

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF ACTIVITIES - COMPONENT UNIT  
YEAR ENDED JUNE 30, 2015**

	Cochise College Foundation			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and revenue:				
Contributions	\$ 251,768	\$ 1,833,087	\$ 280,000	\$ 2,364,855
Investment income	102,136	40,946	-	143,082
Total support and revenue	<u>353,904</u>	<u>1,874,033</u>	<u>280,000</u>	<u>2,507,937</u>
Net assets released from restriction:				
Satisfaction of donor restrictions	498,835	(469,535)	(29,300)	-
	<u>852,739</u>	<u>1,404,498</u>	<u>250,700</u>	<u>2,507,937</u>
Expenses:				
Program expenses:				
Scholarships	229,966	-	-	229,966
Special programs	328,579	-	-	328,579
Total program expenses	<u>558,545</u>	<u>-</u>	<u>-</u>	<u>558,545</u>
Supporting services:				
Salaries and wages	181,693	-	-	181,693
Other	56,933	-	-	56,933
Total supporting services	<u>238,626</u>	<u>-</u>	<u>-</u>	<u>238,626</u>
Fundraising services:				
Fundraising	67,669	-	-	67,669
Total fundraising services	<u>67,669</u>	<u>-</u>	<u>-</u>	<u>67,669</u>
Total expenses	<u>864,840</u>	<u>-</u>	<u>-</u>	<u>864,840</u>
Change in net assets	(12,101)	1,404,498	250,700	1,643,097
Net assets, beginning of year	<u>893,895</u>	<u>5,491,885</u>	<u>2,624,285</u>	<u>9,010,065</u>
Net assets, end of year	<u>\$ 881,794</u>	<u>\$ 6,896,383</u>	<u>\$ 2,874,985</u>	<u>\$ 10,653,162</u>

**See accompanying notes to financial statements.**

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT  
YEAR END JUNE 30, 2015**

	Business-Type Activities
Cash flows from operating activities:	
Tuition and fees	\$ 5,549,689
Government and private contracts	1,154,478
Bookstore receipts	123,485
Food services receipts	543,160
Dormitory rentals and fees	34,803
Other receipts	906,737
Payments to suppliers and providers of goods and services	(9,342,126)
Payments for employee wages and benefits	(28,784,125)
Payments for scholarships	(4,325,915)
Other payments	(275,614)
Net cash used for operating activities	(34,415,428)
Cash flows from noncapital financing activities:	
Property taxes	19,337,321
State appropriations	10,326,735
Government grants	9,756,861
Share of state sales taxes	1,052,613
Deposits held in custody for others received	1,314,286
Deposits held in custody for others disbursed	(1,383,716)
Net cash provided by noncapital financing activities	40,404,100
Cash flows from capital and related financing activities:	
Principal paid on capital debt	(1,015,000)
Interest paid on capital debt	(988,894)
Proceeds from sale of capital assets	43,502
Purchases of capital assets	(3,992,871)
Net cash used for capital and related financing activities	(5,953,263)
Cash flows from investing activities:	
Net proceeds from sales and maturities of investments	92,840
Interest received on investments	179,327
Net cash provided by investing activities	272,167
Net increase in cash and cash equivalents	307,576
Cash and cash equivalents, July 1, 2014	8,030,088
Cash and cash equivalents, June 30, 2015	\$ 8,337,664

(Continued)

**See accompanying notes to financial statements.**

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT  
YEAR END JUNE 30, 2015  
(CONCLUDED)**

	Business-Type Activities
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (37,389,008)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	3,286,484
Provision for uncollectable accounts	(82,568)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Increase in:	
Accounts receivable	(97,050)
Prepaid items	(39,500)
Government grants and contracts receivable	(84)
Deferred outflows of resources related to pensions	(1,662,001)
Accrued payroll and employee benefits	126,336
Deferred inflows of resources related to pensions	5,445,615
Decrease in:	
Other receivables	167,768
Inventories	6,198
Accounts payable	(3,672)
Compensated absences payable	(84,035)
Unearned revenues	(89,246)
Net OPEB obligation	(64,505)
Net pension liability	(3,936,160)
Net cash used for operating activities	\$ (34,415,428)

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

The District amortized \$11,206 for premiums received on revenue bonds issued. The District also amortized \$20,566 for premiums received on pledged revenue obligations issued.

The District is amortizing its OPEB obligation for employee/retiree health benefits over 30 years. The current year net obligation is \$566,848, which is recorded as a long-term liability.

The District received donated land and buildings with a fair market value of \$757,000 and \$3,743,000, respectively.

**See accompanying notes to financial statements.**

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

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

For the year ended June 30, 2015, the District implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 69, *Government Combinations and Disposals of Governmental Operations*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB Statement No. 69 had no impact on the District's fiscal year 2015 financial statements and therefore, no additional note disclosures were required.

**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. (the Foundation).

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

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

During the year ended June 30, 2015, the Foundation distributed \$558,545 to and on behalf of the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Cochise College Foundation, 4190 West Highway 80, Douglas, Arizona 85607-6190.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

**B. Basis of Presentation and Accounting**

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

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

A statement of revenues, expenses, and changes in net position provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues, such as tuition, bookstore, food service, and dormitory charges, in which each party receives and gives up essentially equal values, are considered to be operating revenues. Other revenues, such as property taxes, state appropriations and government grants, result from transactions in which the parties do not exchange equal values and are considered 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 on capital asset-related debt, are considered to be nonoperating.

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, noncapital financing, capital financing, or investing.

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

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**C. Cash and Investments**

The District's cash and cash equivalents are considered to be cash on hand, cash in the bank, cash and investments held by the County Treasurer, investments in the State Treasurer's Local Government Investment Pool, and highly liquid investments. Cash equivalents are defined as highly liquid investments with maturities of three months or less. 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 for depreciation purposes reported in the financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$5,000	N/A	N/A
Museum art collection	5,000	N/A	N/A
Improvements other than buildings	5,000	Straight line	15 years
Buildings	5,000	Straight line	20-40 years
Equipment	5,000	Straight line	3-20 years
Library books	All	Straight line	10 years

**F. Deferred Outflows and Inflows of Resources**

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

**G. Pensions**

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**H. Investment Earnings**

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

**I. Compensated Absences**

Compensated absences payable consists 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. Any unused vacation hours in excess of the maximum amount at fiscal year-end are forfeited. Upon terminating employment, all unused and unforfeited vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but employees forfeit them upon terminating employment. Because sick leave benefits do not vest with employees 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.

**J. Scholarship Allowances**

A scholarship allowance is the difference between the stated charge for goods and services the District provides 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 position.

**NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE**

Net position as of July 1, 2014, has been restated as follows for the implementation GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

	<b>Primary Government</b>
Net Position as previously reported at June 30, 2014	\$ 58,814,343
Prior period adjustment-implementation of GASB 68:	
Net pension liability	
(measurement date as of June 30, 2013)	(34,351,488)
Deferred outflows -	
district contributions made during fiscal year 2014	1,982,651
Total prior period adjustment	(32,368,837)
Net position as restated, July 1, 2014	\$ 26,445,506

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 – CASH AND INVESTMENTS**

At June 30, 2015, the District’s cash and cash equivalents consisted of the following:

	Cash and Cash Equivalents
Deposits:	
Cash on hand	\$ 4,309
Cash in bank	2,303,420
Investments at fair value:	
Cash and investments held by the County Treasurer	425,629
Investment in State Treasurer’s investment pool	165,568
Money market mutual fund	1,539,297
Investments held by US Bank	3,899,441
Total	\$ 8,337,664

**A. Bank 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, 2015, the carrying amount of the District’s cash in bank was \$2,303,420, and the bank balance was \$3,087,112.

**B. Cash on deposit with the Cochise County Treasurer**

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

As of June 30, 2015, the District reported \$425,629 on deposit with the Cochise County Treasurer’s investment pool (CCTIP). The Cochise County Treasurer invests the cash in a pool under policy guidelines established by the County. The Cochise County Treasurer’s investment pool is an external investment pool with no regulatory oversight. The CCTIP is not required to register (and is not registered) with the Securities and Exchange Commission. As of June 30, 2015 the CCTIP had not received a quality rating from a national rating agency.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 – CASH AND INVESTMENTS (Concl'd)**

**C. Investments**

The District's investments at June 30, 2015, were as follows:

<b>Investment Type</b>	<b>Maturities</b>		<b>Fair Value</b>
	<b>Less than 1 Year</b>	<b>1-5 Years</b>	
US Bank (Trustee)			
Money market mutual fund	\$ 1,539,297	\$ -	\$ 1,539,297
U.S. Treasuries	2,440,650	4,516,819	6,957,469
U.S. Agencies	6,916,744	6,385,726	13,302,470
State Treasurer's investment pool 7	165,568	-	165,568
County Treasurer's investment pool	425,629	-	425,629
Subtotal - Investments Subject to Interest Rate Risk	11,487,888	10,902,545	22,390,433
Common Stock	N/A	N/A	5,129
Total District Investments	\$ 11,487,888	\$ 10,902,545	\$ 22,395,562

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

**D. Interest Rate Risk**

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

**E. Credit Risk**

Through its investment policy and in accordance with state statute, the District manages its credit risk by limiting the maturity of any one investment to 5 years and by limiting the type of investments that the District utilizes to U. S. Treasuries and U. S. Government backed securities. The State and County Treasurers' investment pools are not rated. The District's investments in U. S. Treasuries are backed by the full faith and credit of the U. S. Government. The investments in U. S. Agencies and the investment in the money market mutual fund were rated AA+ by Standard & Poor's and Aaa by Moody's.

**F. Custodial Credit Risk**

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

**G. Concentration of Credit Risk**

The District does not have a formal policy regarding concentration of credit risk. The District had investments at June 30, 2015, of 5% or more in Federal National Mortgage Association, Federal Home Loan Banks, and Federal Home Loan Mortgage Corporation. These investments were 23.82%, 19.44%, and 14.91%, respectively, of the District's total investments.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Increases	Transfers and Reclasses	Decreases	Balance June 30, 2015
Capital assets not being depreciated:					
Land	711,384	1,281,654	-	-	1,993,038
Museum art collection	66,000	-	-	-	66,000
Construction in progress	157,239	1,821,787	-	(34,613)	1,944,413
Total capital assets not being depreciated	<u>934,623</u>	<u>3,103,441</u>	<u>-</u>	<u>(34,613)</u>	<u>4,003,451</u>
Capital assets being depreciated:					
Buildings	66,933,329	4,117,646	197,108	-	71,248,083
Equipment	7,626,963	708,346	26,769	(377,506)	7,984,572
Improvements other than buildings	11,379,284	346,052	(223,877)	-	11,501,459
Library books	607,498	58,357	-	(67,161)	598,694
Total capital assets being depreciated	<u>86,547,074</u>	<u>5,230,401</u>	<u>-</u>	<u>(444,667)</u>	<u>91,332,808</u>
Less accumulated depreciation for:					
Buildings	(20,755,130)	(2,106,406)	(3,654)	-	(22,865,190)
Equipment	(6,058,431)	(578,742)	(2,645)	377,506	(6,262,312)
Improvements other than buildings	(2,999,776)	(541,026)	6,299	-	(3,534,503)
Library books	(311,053)	(60,310)	-	67,161	(304,202)
Total accumulated depreciation	<u>(30,124,390)</u>	<u>(3,286,484)</u>	<u>-</u>	<u>444,667</u>	<u>(32,966,207)</u>
Total capital assets being depreciated, net	<u>56,422,684</u>	<u>1,943,917</u>	<u>-</u>	<u>-</u>	<u>58,366,601</u>
Capital assets, net	<u>57,357,307</u>	<u>5,047,358</u>	<u>-</u>	<u>(34,613)</u>	<u>62,370,052</u>

The District had major contractual commitments related to various capital projects at June 30, 2015, for the renovation of a new Downtown Center facility and the near completion of the repaving of the airport taxiway. Inception to date as of June 30, 2015, the District had spent \$1,928,928 on these projects and had remaining contractual commitments with contractors of \$92,553. The Taxiway project is being financed by a state grant and District funds.

**NOTE 5 – LONG-TERM LIABILITIES**

The following schedule details the District's long-term liability and obligation activity for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due within one year
Net Pension Liability*	\$ 34,351,488	\$ -	\$ 3,936,160	\$ 30,415,328	\$ -
Compensated absences	1,428,265	1,354,855	1,438,890	1,344,230	159,423
OPEB obligation	631,353	-	64,505	566,848	-
Bonds payable				-	
Revenue bonds	10,090,000	-	115,000	9,975,000	115,000
Pledged revenue obligations (PROs)	11,000,000	-	900,000	10,100,000	940,000
Premiums	341,984	-	31,772	310,212	31,772
Total long-term liabilities	<u>\$ 57,843,090</u>	<u>\$ 1,354,855</u>	<u>\$ 6,486,327</u>	<u>\$ 52,711,618</u>	<u>\$ 1,246,195</u>

\* The July 1, 2014 amount was restated due to the implementation of GASB Statement Nos. 68 and 71.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5 – LONG-TERM LIABILITIES (Cont'd)**

**Bonds Payable**

The District's bonded debt consists of one issue of revenue bonds and one issue of pledged revenue obligations (PROs). Bond proceeds primarily pay for improving, acquiring or constructing capital assets. Bonds are repaid from tuition, fees, rentals, and other charges to students, faculty, and others. Federal arbitrage regulations are applicable to all of the District's bond issues. Interest payments are due on a semi-annual basis. Bonds outstanding at June 30, 2015, were as follows:

<u>Description</u>	<u>Original Amount Issued</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
Revenue Bonds				
Series 2008	\$10,595,000	7/1/2015-28	4.00-5.125%	\$9,975,000
Pledged Revenue Obligations				
Series 2008	\$15,000,000	7/1/2015-23	4.00-5.50%	\$10,100,000

The following schedule details debt service requirements to maturity for the District's bonds and PROs at June 30, 2015:

<u>Year Ending June 30:</u>	<u>Revenue Bonds</u>		<u>Pledged Revenue Obligations</u>		<u>Total Debt Service Requirements</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 115,000	\$ 496,275	\$ 940,000	\$ 430,119	\$ 1,981,394
2017	125,000	491,275	975,000	391,119	1,982,394
2018	125,000	486,275	1,015,000	350,519	1,976,794
2019	130,000	480,912	1,055,000	307,000	1,972,912
2020	135,000	475,108	1,100,000	246,500	1,956,608
2021-2025	2,190,000	2,199,813	5,015,000	363,250	9,768,063
2026-2029	7,155,000	572,718	-	-	7,727,718
Totals	<u>\$ 9,975,000</u>	<u>\$ 5,202,376</u>	<u>\$ 10,100,000</u>	<u>\$ 2,088,507</u>	<u>\$ 27,365,883</u>

**A. Revenue Bonds**

In July 2008, the District issued \$10,595,000 of revenue bonds to construct, furnish, and equip an academic science building and residence housing and to make related site improvements. Bonds maturing on or before July 1, 2018, are not subject to early redemption. Bonds maturing on or after July 1, 2019, are subject to early redemption.

**B. Pledged Revenue Obligations**

In July 2008, the District issued \$15,000,000 of pledged revenue obligations to construct, furnish, and equip a student services building and two academic buildings and to make related site improvements. Obligations maturing on or before July 1, 2018, are not subject to early redemption. Obligations maturing on or after July 1, 2019, are subject to early redemption.

**Revenues Pledged**

The District has pledged future revenue streams from tuition, fees, rentals, and other payments from students, faculty, and others to make debt service payments on the \$10,595,000 of revenue bonds and \$15,000,000 of pledged revenue obligations. Annual principal and interest payments on the debt issuances, payable solely from these revenues through 2029, are

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 5 – LONG-TERM LIABILITIES (Concl'd)**

expected to require less than 30% of the annual pledged gross revenues. FY 2015 interest and principal paid and total pledged gross revenues were \$1,983,594 and \$6,917,934, respectively. Total principal and interest remaining to be paid is \$27,365,883.

**NOTE 6 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates with other Arizona community college districts and school districts in the Arizona School Risk Retention Trust, Inc. (Trust), a public entity risk pool. The Trust insures the District against liabilities arising from general liability, professional liability, property, automobile, and commercial crime risks. The coverage limit for general liability is \$10 million with no deductible except for employer's liability which is \$500,000. The coverage limit for professional liability is \$10 million with no deductible. The coverage limit for property insurance is \$94 million with a \$1,000 deductible. The coverage limit for automobile liability is \$10 million with no deductible. The coverage limit for commercial crime is \$1.5 million with a \$100 deductible. The coverage limit for cyber liability is \$1 million with a \$5,000 deductible.

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

The District also carries commercial insurance for other risks of loss, including workers' compensation, accidental death and dismemberment for students and employees, employee travel, and extended reporting for errors and omissions. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past 3 fiscal years. There were no uninsured losses in the year ended June 30, 2015. The no-fault mold coverage is limited to \$25,000 per campus and covers direct physical loss or damage caused by fungus, wet or dry rot, or bacteria, including the cost of removal and the cost for clearance testing. The limitation is for mold damage not linked to a specific occurrence. Property damage insurance continues to be available for occurrences reported within 30 days of the event.

The District provides health, prescription, dental, life, and short-term disability benefits to its employees and their dependents through the Cochise Combined Trust ("CCT") currently composed of two member entities - Cochise College and Cochise County. CCT provides the benefits through a self-funding agreement with its participants and has contracted with a third party to administer the program. The District is responsible for paying the premium for employee coverage and employees can enroll eligible dependents, with dependent coverage the responsibility of the employee. During the fiscal year, employees were not required to contribute a portion of the employee premium, but may be required to in the future. If the District withdraws from CCT, it is responsible for a proportional share of any claims runout costs, including administrative costs that exceed trust fund reserves. If CCT were to terminate, the District would be responsible for its proportional share of any trust deficit.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS**

**A. Pension Benefits**

**Plan Description** – District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at [www.azasrs.gov](http://www.azasrs.gov).

**Benefits Provided** – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

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

\* With actuarially reduced benefits.

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

**Contributions** – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members’ annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members’ annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.31 percent for retirement, 0.20 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the District in positions that would

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)**

typically be filled by an employee who contributes to the ASRS. The District's contributions to the pension plan for the year ended June 30, 2015, were \$2,098,856. The District's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

	Health Benefit Supplement Fund	Long-Term Disability Fund
Years ended June 30		
2015	\$ 111,731	\$ 22,825
2014	107,709	43,343
2013	115,745	42,725

**Pension Liability** – At June 30, 2015, the District reported a liability of \$30,415,328 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The District's proportion measured as of June 30, 2014, was .205556 percent, which was a decrease of 0.001078 from its proportion measured as of June 30, 2013.

**Pension Expense and Deferred Outflows/Inflows of Resources** – For the year ended June 30, 2015, the District recognized pension expense for ASRS of \$1,946,310. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	1,545,796	-
Net difference between projected and actual earnings on pension plan investments	-	5,318,702
Changes in proportion and differences between district contributions and proportionate share of contributions	-	126,913
District contributions subsequent to the measurement date	2,098,856	-
<b>Total</b>	<b>\$ 3,644,652</b>	<b>\$ 5,445,615</b>

The \$2,098,856 reported as deferred outflows of resources related to ASRS pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reports as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)**

Year ending June 30	
2016	\$ (712,770)
2017	(712,770)
2018	(1,144,604)
2019	(1,329,675)

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

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3-6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	63%	7.03%
Fixed income	25%	3.20%
Real estate	8%	4.75%
Commodities	4%	4.50%
Total	<u>100%</u>	

**Discount Rate** – The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)**

expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate** – The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

	<b>1 % Decrease (7%)</b>	<b>Current Discount Rate (8%)</b>	<b>1% Increase (9%)</b>
District's proportionate share of the net pension liability	\$ 38,443,415	\$ 30,415,328	\$ 26,059,688

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

**Pension contributions payable** – The District's accrued payroll and employee benefits included \$61,125 of outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2015.

**B. Postemployment Health Care Benefits**

**Plan description** – The District has a single-employer plan for postemployment health care benefits. The District subsidizes the premium rates paid by retirees that retired prior to July 1, 2012. This subsidy is an explicit rate that is based on the difference between the actual retiree rate and the active employee rate. For retirees that retired July 1, 2012 and after, the District does not provide this subsidy. This termination of this benefit significantly reduced the actuarial accrued liability for the years following the termination.

Retired employees may be retained on the Trust's health insurance plan provided they make the required contributions and comply with all other provisions of the Plan. To be eligible the employee must:

1. Retire from the District under the Arizona State Retirement System;
2. Must have a minimum of ten (10) consecutive years of service with the District and be at least fifty-five years of age;
3. Must have accumulated at least eighty (80) points with the Arizona State Retirement System.
4. Must have retired from the District prior to July 1, 2012.

Covered retirees are eligible to participate until the earlier of:

1. Attaining the age of sixty-five (65);
2. Obtaining health care coverage through another employer's health medical plan;
3. The date they are eligible for the Federal Medicare program.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)**

If a covered retiree terminates coverage for any reason, coverage cannot be reinstated. The District does not issue a stand-alone annual report for the plan.

**Funding policy** – Benefit provisions are pursuant to the District’s policy and can be amended by the District Governing Board. The District has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the 2014-15 fiscal year, 12 retirees received postemployment healthcare benefits. The District provided required contributions of \$14,309. The annual OPEB cost of a negative \$32,505 is comprised of amortization on the accrued liability and interest on the net OPEB obligation reduced by an adjustment to the annual required contribution. Retiree contributions totaled \$68,765.

**Annual OPEB Cost and Net OPEB Obligation** – The District’s annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the District’s annual OPEB cost for the year, the amount actually contributed to the plan and changes in the District’s OPEB obligation.

	2015	2014	2013	2012	2011
Normal cost (service cost for one year)	\$ -	\$ -	\$ -	\$ 141,174	\$ 147,158
Amortization of unfunded actuarial:					
Accrued liability	14,309	27,741	29,907	118,495	110,021
Interest on normal cost and amortization	-	-	182	-	-
Annual required contribution (ARC)	14,309	27,741	30,089	259,669	257,179
Interest on net OPEB obligation	25,254	27,927	30,613	22,638	14,618
Adjustment to annual required contribution	(72,068)	(74,391)	(76,643)	(31,471)	(20,321)
Annual OPEB Cost	(32,505)	(18,723)	(15,941)	250,836	251,476
Contribution toward the OPEB cost	(32,000)	(48,088)	(51,227)	(51,461)	(50,968)
Increase/decrease in net OPEB obligation	(64,505)	(66,811)	(67,168)	199,375	200,508
Net OPEB obligation, beginning of year	631,353	698,164	765,332	565,957	365,449
Net OPEB obligation, end of year	\$ 566,848	\$ 631,353	\$ 698,164	\$ 765,332	\$ 565,957
Percentage of annual OPEB cost contributed	98.45%	256.84%	321.35%	20.52%	20.27%

**Funded Status and Funding Progress** – As of June 30, 2015, the actuarial accrued liability for benefits was \$125,355 and is unfunded. The plan has no assets. The covered payroll (annual payroll of active participating employees) was \$17,097,095 for the FY 2015 while the ratio of the unfunded actuarial accrued liability to the covered payroll was 0.7%. Additionally, the required schedule of funding progress, presented on page 56 following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Concl'd)**

**Actuarial Methods and Assumptions** – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment and termination, mortality, and the health care trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

The District's initial OPEB actuarial valuation as of July 1, 2008, used the entry age actuarial cost method which was also used to estimate the unfunded actuarial accrued liability (UAAL) as of June 30, 2015.

**Method/Assumption**

Valuation date	July 1, 2014
Actuarial cost method	Projected Unit Credit
Initial amortization period, level dollar amortization method, closed period	13 years
Remaining amortization period	11 years
Investment rate of return	4 %
General inflation rate	4.5%
Medicare coverage age	65
Retirement and disability age	ASRS assumptions
Health Care Cost Trend Range	5% - 8%
Participation Assumption	100%
Active members	N/A
Retirees currently receiving benefits	12

**NOTE 8 - OPERATING EXPENSES**

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

Personnel services	\$28,673,880
Contract services	3,342,740
Supplies and other services	2,649,771
Rent and insurance	1,292,948
Communications and utilities	1,300,323
Travel	466,194
Scholarships	4,325,915
Depreciation	3,286,484
Other	220,347
Total	\$45,558,602

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 9 – SUBSEQUENT EVENTS**

After year end, the District entered into an agreement with Diversified Design & Construction, Inc. (“DDC”) to renovate the recently donated building planned to serve as the new Sierra Vista Downtown Center. The amount of the District’s commitment to DDC is \$11.5 million. The renovation is scheduled to be completed Fall, 2016. The entire renovation project is budgeted for \$15.3 million and will be funded with a planned \$8 million bond issuance and reserves of \$7.3 million.

**NOTE 10 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES**

***A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

***Nature of Activities*** – The Cochise College Foundation, Inc. (the Foundation) is an Arizona not-for-profit organization incorporated under the laws of the state of Arizona on March 20, 1967. The Foundation’s mission is to promote student success, facilities development and program support for Cochise College. The Foundation funds its activities primarily through contributions and investment income. The governing board of the Foundation consists of 13 appointed individuals who collectively serve as the Board of Trustees.

***Basis of Accounting*** – The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles as related to nonprofit foundations.

***Basis of Presentation*** – The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, Not-for-Profit Entities - Presentation of Financial Statements. Under FASB ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

***Cash and Cash Equivalents*** – Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

***Investments*** – The Foundation accounts for its investments in accordance with FASB ASC 958-320, Not-for-Profit Entities - Investments - Debt and Equity Securities. Under FASB ASC 958-320, the Foundation is required to report investments in equity securities that have readily determinable fair values and all investments in debt securities, at fair value. The fair values of investments in debt and marketable equity securities are based on quoted market prices.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (Cont'd)**

The fair value of investment in shares of a real estate investment trust are based upon the net asset value of shares held at year-end. Certificates of deposit held as investments in the accompanying statement of financial position are carried at amortized cost, which approximates fair value.

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

***Land Held as an Investment*** – The Foundation accounts for land held as an investment in accordance with FASB ASC 958-325, Not-for-Profit Entities - Investments - Other. Under FASB ASC 958-325, the Foundation reports land held as an investment at its original value at the time of gift. There have been no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment. Therefore, the fair value of land held as an investment was not estimated.

***Fair value measurements*** – FASB ASC 820, Fair Value Measurements, establishes a common definition for fair value to be applied to accounting principles generally accepted in the United States of America requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. FASB ASC 820 also establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values by requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability. Assets reported at net asset value (NAV) using the practical expedient provisions are considered Level 2 when the Foundation has the ability to redeem its investment at net asset value or its equivalent at the measurement date or within a reasonably short period of time subsequent to the measurement date.
- Level 3: Unobservable inputs for the asset or liability. Assets reported at NAV using the practical expedient provisions are considered level 3 when investments will never have the ability to be redeemed at the net asset value or the redemption period is long term in nature.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
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**NOTE 10 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (Cont'd)**

Following is a description of the valuation methodologies used for assets measured at fair value:

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

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

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

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

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

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

***Deposits Held on Behalf of Others*** – Deposits held on behalf of others consist of donated amounts designated by third parties to specific scholarship recipients that have yet to be awarded. At June 30, 2015, deposits held on behalf of others totaled \$14,826 and is held within investments on the accompanying statement of financial position.

***Functional expenses*** – The costs of providing various program and supporting services have been summarized on a functional basis in the statement of activities. Expenses are charged to the various expense categories based on direct expenditures incurred. Any expenditure not directly chargeable to a functional expense category is charged to the supporting services category.

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

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (Cont'd)**

The fair value of the assets restricted to investment in property and equipment totaled \$1,386,747 as of June 30, 2015. The Foundation intends to raise additional funds prior to commencing any construction activities. There were no costs incurred related to the construction of the building during the fiscal year 2015.

***Income Taxes*** – Income taxes are not provided for in the financial statements since The Cochise College Foundation, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under A.R.S. 43-1201(4). Furthermore, the Foundation has been classified by the Internal Revenue Service as a publicly supported Foundation, and not as a private foundation.

***Contributions*** – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions. Contributions are recorded as income in the period received. Unconditional promises to give are recognized when the “promise” is received or made, not when the gift is transferred. Conditional promises to give or receive are recognized when the specified future and uncertain event occurs or when the conditions outlined by the donor are substantially met.

Support and investment income that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other donor-restricted support and investment income are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose or time of usage. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

***Management’s Review*** – Management has evaluated all of the Foundation’s events or transactions for subsequent events that would require disclosure in the financial statements through the financial issuance date of October 1, 2015.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
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**NOTE 10 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (Cont'd)**

***B. INVESTMENTS***

Investments consist of:	<u>2015</u>
Equity securities	\$ 4,632,418
Preferred Stock	145,554
Mutual funds:	
Large growth	596,454
Large blend	885,208
Large value	110,984
Mid-cap growth	31,320
Bonds:	
Corporate	2,697,979
Municipal	743,423
Unit trusts	108,919
Limited partnership	151,905
Money market funds	302,343
Cash and cash equivalents	88,594
Total investments	<u>\$ 10,495,101</u>

Net investment income consists of:

Dividends and interest income	\$ 394,011
Realized/unrealized investment gains	<u>(250,929)</u>
Investment income	<u>\$ 143,082</u>

The Foundation paid investment broker fees of \$15,471 in 2015, which were charged against investment income.

***C. FAIR VALUE MEASUREMENTS***

The following table summarizes the valuation of the Foundation's assets and liabilities subject to fair value measurement by the above FASB ASC 820 categories as of June 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equity securities	\$ 4,632,418	\$ -	\$ 4,632,418
Preferred Stock	145,554	-	145,554
Mutual funds:			
Large growth	596,454	-	596,454
Large blend	885,208	-	885,208
Large value	110,984	-	110,984
Mid-cap growth	31,320	-	31,320
Bonds:			
Corporate	-	2,697,979	2,697,979
Municipal	-	743,423	743,423
Unit trusts	108,919	-	108,919
Limited partnership	151,905	-	151,905
Money market funds	302,343	-	302,343
Total	<u>\$ 6,965,105</u>	<u>\$ 3,441,402</u>	<u>\$ 10,406,507</u>

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
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JUNE 30, 2015**

**NOTE 10 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (Cont'd)**

***D. ENDOWMENTS***

As of June 30, 2015, the Board of Directors has designated \$630,010 of unrestricted net assets as a general endowment fund to support the mission of the Foundation. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

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

In September 2008, the State of Arizona enacted ARS§10-11801 et seq Management of Charitable Funds Act (MCFA). The Board of Directors of the Foundation has interpreted MCFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MCFA.

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

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

The endowment net asset composition by type of fund as of June 30, 2015 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (6,322)	\$ 4,271,708	\$ 2,874,985	\$ 7,140,371
Quasi-endowments	-	534,067	-	534,067
Board-designated endowment funds	630,010	-	-	630,010
Total	<u>\$ 623,688</u>	<u>\$ 4,805,775</u>	<u>\$ 2,874,985</u>	<u>\$ 8,304,448</u>

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 10 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (Concl'd)**

The changes in endowment net assets for the year ended June 30, 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 649,303	\$ 3,391,399	\$ 2,624,285	\$ 6,664,987
Contributions	-	1,463,059	280,000	1,743,059
Transfers	-	2,537	(29,300)	(26,763)
Investment returns:				
Net appreciation, realized and unrealized	(19,498)	(231,431)	-	(250,929)
Interest and dividend income	30,615	363,396	-	394,011
Appropriation of endowment assets for expenditure	(36,732)	(183,185)	-	(219,917)
Endowment net assets, end of year	<u>\$ 623,688</u>	<u>\$ 4,805,775</u>	<u>\$ 2,874,985</u>	<u>\$ 8,304,448</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MCFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and totaled \$6,322 at June 30, 2015.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, up to two-thirds of the endowment assets are invested in fixed income securities, and up to one-third of the endowment assets are invested in equity securities.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that consists of equity-securities, corporate bonds, and government securities.

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

***E. RELATED PARTY TRANSACTIONS***

Cochise College provides data processing and certain other administrative support services and office space used by the Foundation at no charge. In addition, Cochise College pays certain salaries and administrative expenses for the Foundation. The estimated fair value of these services was \$190,268 for the year ended June 30, 2015 and is included within contributions on the accompanying statement of activities. Donated materials and services are recognized as revenue in the accompanying statement of activities as contributions and have been charged to the appropriate expenses to which they relate.

***F. CONCENTRATIONS***

The Foundation had a concentration with one donor whose contributions were approximately 58% of total contributions for the year ended June 30, 2015. There was no outstanding pledge balance outstanding related to this donor as of June 30, 2015.

Required  
Supplementary  
Information

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S  
 PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 JUNE 30, 2015**

<b>Arizona State Retirement System</b>	<b>Reporting Fiscal Year (Measurement Date)</b>	
	2015 (2014)	2014 through 2006
District's proportion of the net pension liability	0.205556 %	Information
District's proportionate share of the net pension liability	\$ 30,415,328	unavailable
District's covered-employee payroll	\$ 18,643,023	
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	163.15 %	
Plan fiduciary net position as a percentage of the total pension liability	69.49 %	

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
 JUNE 30, 2015**

<b>Arizona State Retirement System</b>	<b>Reporting Fiscal Year</b>		2013 through 2006
	2015	2014	
Statutorily required contribution	\$ 2,098,856	\$ 1,982,651	Information unavailable
District's contributions in relation to the statutorily required contribution	<u>(2,098,856)</u>	<u>(1,982,651)</u>	
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
District's covered-employee payroll	\$ 19,367,663	\$ 18,643,023	
District's contributions as a percentage of covered-employee payroll	10.84 %	10.63 %	

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 POSTEMPLOYMENT HEALTH CARE BENEFITS  
 SCHEDULE OF FUNDING PROGRESS  
 JUNE 30, 2015**

<b>Fiscal Year ended 30-Jun</b>	<b>Actuarial Value of Plan Assets</b>	<b>Actuarial Accrued Liability (1)</b>	<b>Unfunded Actuarial Accrued Liability (3)</b>	<b>Funded Ratio (2)</b>	<b>Annual Covered Payroll</b>	<b>Actuarial Liability as a Percentage of Covered Payroll</b>
2013	\$ -	\$ 310,586	\$ 310,586	0.00 %	\$ 15,651,222	1.98 %
2014	-	270,768	270,768	0.00	16,150,789	1.68
2015	-	125,355	125,355	0.00	17,097,095	0.73

Notes:

- (1) The Projected Unit Credit actuarial cost method, formerly referred to as the Valuation Cost Method, is used to determine the Plan's funding requirements.
- (2) The percentage funded is derived by dividing the actuarial value of plan assets by the actuarial accrued liability.
- (3) The unfunded actuarial accrued liability is the actuarial accrued liability minus the actuarial value of plan assets.

Isolated analysis of the dollar amounts of the actuarial value of assets, actuarial liability, and unfunded actuarial accrued liability can be misleading.

Expressing the actuarial value of assets as a percentage of the actuarial liability provides one indication of the Plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Plan is becoming financially stronger or weaker. Generally, the greater the percentage, the stronger the plan.



# Cochise College Comprehensive Annual Financial Report

STATISTICAL SECTION



**COCHISE COLLEGE**

## Statistical Section

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

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

### **Financial Trends (Pp. 58-61)**

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

### **Revenue Capacity (Pp. 62-69)**

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

### **Debt Capacity (Pp.70-73)**

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

### **Demographic and Economic Information (Pp. 74-76)**

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

### **Operating Information (Pp. 77-78)**

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

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

	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06
<b>Primary government</b>										
Net investment in capital assets	\$ 41,984,840	\$ 35,925,323	\$ 36,415,925	\$ 34,554,781	\$ 34,051,711	\$ 31,548,105	\$ 15,508,518	\$ 16,861,247	\$ 10,896,801	\$ 10,385,795
Restricted	2,526,468	2,228,846	1,997,386	4,082,474	2,603,068	2,520,295	10,193,018	1,904,829	1,599,298	1,457,979
Unrestricted (1)	(10,984,157)	20,660,174	18,757,710	16,989,965	16,325,657	14,745,324	18,053,024	22,390,296	24,286,971	20,037,090
<b>Total primary government net position</b>	<b>\$ 33,527,151</b>	<b>\$ 58,814,343</b>	<b>\$ 57,171,021</b>	<b>\$ 55,627,220</b>	<b>\$ 52,980,436</b>	<b>\$ 48,813,724</b>	<b>\$ 43,754,560</b>	<b>\$ 41,156,372</b>	<b>\$ 36,783,070</b>	<b>\$ 31,880,864</b>

Source: Annual reports on audited financial statements.

Note (1):

In FY 2015, GASB 68, Accounting and Financial Reporting for Pensions, was implemented requiring restatement of the July 1, 2014 Unrestricted Net Position. See Note 2 for Change in Accounting Principle.

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

	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06
<b>Operating Revenues</b>										
Tuition and fees	\$ 5,818,553	\$ 5,451,854	\$ 4,145,645	\$ 5,895,640	\$ 5,697,196	\$ 5,062,696	\$ 4,641,758	\$ 4,698,520	\$ 4,471,602	\$ 4,115,507
Bookstore sales	122,657	125,890	139,493	145,643	166,818	166,036	165,000	165,000	165,000	165,000
Food service sales	543,160	517,284	436,794	441,992	530,212	410,869	355,009	303,007	296,025	302,222
Dormitory rentals	34,803	34,815	43,526	45,852	49,646	169,018	130,599	188,407	206,825	199,604
Other sales and services	495,859	449,497	744,533	656,049	784,654	314,220	378,493	393,656	529,893	834,528
Contracts	1,154,562	1,241,933	375,176	348,206	427,820	390,659	702,115	620,393	579,140	554,668
<b>Total operating revenues</b>	<b>8,169,594</b>	<b>7,821,273</b>	<b>5,885,167</b>	<b>7,533,382</b>	<b>7,656,146</b>	<b>6,503,498</b>	<b>6,372,974</b>	<b>6,368,983</b>	<b>6,248,485</b>	<b>6,171,529</b>
<b>Operating Expenses</b>										
Instruction	19,475,217	17,953,714	16,995,134	16,943,608	17,762,911	17,313,386	17,223,291	17,701,763	15,380,470	14,136,315
Public service	728,049	680,951	712,767	707,786	755,106	645,728	545,869	459,213	417,791	498,178
Academic support	1,292,307	1,275,203	1,303,798	1,336,388	1,379,655	1,381,213	1,373,347	1,450,899	1,608,960	1,136,549
Student services	5,763,778	5,504,157	5,344,397	5,366,567	4,980,131	4,761,273	4,373,637	4,045,079	3,713,085	3,431,102
Institutional support	6,990,661	6,606,802	7,653,628	7,965,076	6,987,892	6,933,163	8,208,375	6,407,377	6,032,729	5,824,808
Operation & maintenance of plant	2,773,621	3,979,099	4,390,045	4,230,372	4,304,833	3,771,919	3,407,441	2,896,466	3,403,605	3,180,681
Scholarships	4,325,915	3,625,679	1,966,611	4,026,671	5,245,819	4,983,370	3,173,812	2,763,227	2,674,499	2,681,465
Depreciation	3,286,484	3,431,707	3,215,175	3,062,231	2,510,400	1,561,969	1,217,122	1,388,759	1,096,577	1,225,454
Auxiliary enterprises	922,570	904,655	1,053,205	1,045,291	1,123,718	1,042,744	1,186,629	1,285,996	1,954,700	2,074,570
<b>Total operating expenses</b>	<b>45,558,602</b>	<b>43,961,967</b>	<b>42,634,760</b>	<b>44,683,990</b>	<b>45,050,465</b>	<b>42,394,765</b>	<b>40,709,523</b>	<b>38,398,779</b>	<b>36,282,416</b>	<b>34,189,122</b>
<b>Operating income (loss)</b>	<b>(37,389,008)</b>	<b>(36,140,694)</b>	<b>(36,749,593)</b>	<b>(37,150,608)</b>	<b>(37,394,319)</b>	<b>(35,891,267)</b>	<b>(34,336,549)</b>	<b>(32,029,796)</b>	<b>(30,033,931)</b>	<b>(28,017,593)</b>
<b>Nonoperating Revenues/(Expenses)</b>										
Property taxes	19,291,883	18,653,023	17,900,838	17,320,483	16,558,225	15,833,368	14,960,185	14,036,854	13,012,950	11,786,056
State appropriations	10,326,735	10,422,500	11,399,300	13,620,900	15,330,500	15,330,500	13,494,004	13,071,100	12,206,400	11,270,300
Government grants (1)	9,982,425	8,018,017	8,945,661	8,710,077	9,835,411	10,122,113	8,305,737	6,549,237	6,369,297	7,361,587
Share of state sales taxes	1,059,998	1,091,200	982,761	961,059	866,461	832,908	924,881	1,034,869	1,044,129	962,089
Investment earnings/(loss)	180,431	154,161	81,374	202,428	91,903	152,839	449,061	962,089	1,240,620	715,239
Interest on debt	(936,821)	(977,421)	(1,016,422)	(1,085,531)	(1,121,469)	(1,161,306)	(1,199,131)	(27,035)	(42,994)	(58,501)
Gain/(Loss) on sale/disposal of capital assets	43,502	(27,864)	(118)	67,976	-	(159,991)	-	(284,616)	33,435	-
<b>Total nonoperating revenues/expenses</b>	<b>39,948,153</b>	<b>37,333,616</b>	<b>38,293,394</b>	<b>39,797,392</b>	<b>41,561,031</b>	<b>40,950,431</b>	<b>36,934,737</b>	<b>35,342,498</b>	<b>33,863,837</b>	<b>32,036,770</b>
<b>Income (loss) before other revenues, expenses, gains or losses</b>	<b>2,559,145</b>	<b>1,192,922</b>	<b>1,543,801</b>	<b>2,646,784</b>	<b>4,166,712</b>	<b>5,059,164</b>	<b>2,598,188</b>	<b>3,312,702</b>	<b>3,829,906</b>	<b>4,019,177</b>
Capital appropriations	-	450,400	-	-	-	-	-	1,060,600	1,052,300	965,600
Capital grants and gifts	4,522,500	-	-	-	-	-	-	-	20,000	-
<b>Change in net position</b>	<b>\$ 7,081,645</b>	<b>\$ 1,643,322</b>	<b>\$ 1,543,801</b>	<b>\$ 2,646,784</b>	<b>\$ 4,166,712</b>	<b>\$ 5,059,164</b>	<b>\$ 2,598,188</b>	<b>\$ 4,373,302</b>	<b>\$ 4,902,206</b>	<b>\$ 4,984,777</b>

Source: Annual reports on audited financial statements.

Note (1): Government grants have been reclassified for the fiscal years prior to fiscal year 2007/2008 to conform with current year presentation.

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

Function	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06
Instruction	\$ 19,475,217	\$ 17,953,714	\$ 16,995,134	\$ 16,943,608	\$ 17,762,911	\$ 17,313,386	\$ 17,223,291	\$ 17,701,763	\$ 15,380,470	\$ 14,136,315
Public service	728,049	680,951	712,767	707,786	755,106	645,728	545,869	459,213	417,791	498,178
Academic support	1,292,307	1,275,203	1,303,798	1,336,388	1,379,655	1,381,213	1,373,347	1,450,899	1,608,960	1,136,549
Student services	5,763,778	5,504,157	5,344,397	5,366,567	4,980,131	4,761,273	4,373,637	4,045,079	3,713,085	3,431,102
Institutional support	6,990,661	6,606,802	7,653,628	7,965,076	6,987,892	6,933,163	8,208,375	6,407,377	6,032,729	5,824,808
Operation & maintenance of plant	2,773,621	3,979,099	4,390,045	4,230,372	4,304,833	3,771,919	3,407,441	2,896,466	3,403,605	3,180,681
Scholarships	4,325,915	3,625,679	1,966,611	4,026,671	5,245,819	4,983,370	3,173,812	2,763,227	2,674,499	2,681,465
Depreciation	3,286,484	3,431,707	3,215,175	3,062,231	2,510,400	1,561,969	1,217,122	1,388,759	1,096,577	1,225,454
Interest on debt	936,821	977,421	1,016,422	1,085,531	1,121,469	1,161,306	1,199,131	27,035	42,994	58,501
Other nonoperating expenses	-	27,864	118	-	-	159,991	-	284,616	-	-
Auxiliary enterprises	922,570	904,655	1,053,205	1,045,291	1,123,718	1,042,744	1,186,629	1,285,996	1,954,700	2,074,570
<b>Total expenses</b>	<b>\$46,495,423</b>	<b>\$44,967,252</b>	<b>\$43,651,300</b>	<b>\$45,769,521</b>	<b>\$46,171,934</b>	<b>\$43,716,062</b>	<b>\$41,908,654</b>	<b>\$38,710,430</b>	<b>\$36,325,410</b>	<b>\$34,247,623</b>

Source: Annual reports on audited financial statements.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT

EXPENSES by USE  
Last Ten Fiscal Years  
Unaudited

USE	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06
Salaries and benefits	\$ 28,673,880	\$ 28,269,494	\$ 28,149,135	\$ 28,405,143	\$ 28,222,002	\$ 27,659,796	\$ 26,798,469	\$ 25,693,154	\$ 23,925,848	\$ 22,388,383
Contract services	3,342,740	3,270,501	3,209,859	3,337,706	2,985,146	2,582,219	3,890,058	2,855,842	2,693,339	2,792,749
Supplies and materials	2,649,771	2,193,815	2,311,373	2,457,485	2,849,171	2,603,551	2,392,886	2,562,210	2,243,703	1,910,767
Subscriptions, dues, insurance and rentals	1,292,948	1,122,839	1,354,753	1,445,978	1,232,396	1,211,054	1,296,725	1,024,344	875,562	875,245
Utilities and communication	1,300,323	1,312,654	1,395,966	1,369,180	1,324,946	1,221,728	1,127,915	1,077,962	1,064,695	913,088
Travel	466,194	477,412	446,182	409,499	393,920	379,702	381,690	519,002	462,069	468,778
Noncapitalized equipment	124,381	248,463	557,150	115,656	138,172	58,030	229,881	207,295	867,186	531,149
Scholarships	4,325,915	3,625,679	1,966,611	4,026,671	5,245,819	4,983,370	3,173,812	2,763,227	2,674,499	2,681,465
Depreciation	3,286,484	3,431,707	3,215,175	3,062,231	2,510,400	1,561,969	1,217,122	1,388,759	1,096,577	1,225,454
Other	95,966	9,403	28,556	54,441	148,493	133,346	200,965	306,984	378,938	402,044
Total operating expenses	45,558,602	43,961,967	42,634,760	44,683,990	45,050,465	42,394,765	40,709,523	38,398,779	36,282,416	34,189,122
Interest on debt	936,821	977,421	1,016,422	1,085,531	1,121,469	1,161,306	1,199,131	27,035	42,994	58,501
Other nonoperating expenses	-	27,864	118	-	-	159,991	-	284,616	-	-
Total nonoperating expenses	936,821	1,005,285	1,016,540	1,085,531	1,121,469	1,321,297	1,199,131	311,651	42,994	58,501
<b>Total expenses</b>	<b>\$ 46,495,423</b>	<b>\$ 44,967,252</b>	<b>\$ 43,651,300</b>	<b>\$ 45,769,521</b>	<b>\$ 46,171,934</b>	<b>\$ 43,716,062</b>	<b>\$ 41,908,654</b>	<b>\$ 38,710,430</b>	<b>\$ 36,325,410</b>	<b>\$ 34,247,623</b>

Source: Annual reports on audited financial statements.

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

Source of Revenue	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06
Property taxes	\$ 19,291,883	\$ 18,653,023	\$ 17,900,838	\$ 17,320,483	\$ 16,558,225	\$ 15,833,368	\$ 14,960,185	\$ 14,036,854	\$ 13,012,950	\$ 11,786,056
State appropriations	10,326,735	10,422,500	11,399,300	13,620,900	15,330,500	15,330,500	13,494,004	14,131,700	13,258,700	12,235,900
Grants and contracts	11,136,987	9,259,950	9,320,837	9,058,283	10,263,031	10,502,772	9,007,852	7,169,630	6,946,544	7,909,560
Tuition and fees	5,818,553	5,451,854	4,145,645	5,895,640	5,697,196	5,062,696	4,641,758	4,698,520	4,471,602	4,115,507
Investment income	180,431	154,161	81,374	202,428	91,903	152,839	449,061	962,089	1,240,620	715,239
Bookstore sales	122,657	125,890	139,493	145,643	166,818	166,036	165,000	165,000	165,000	165,000
Food services sales	543,160	517,284	436,794	441,992	530,212	410,869	355,009	303,007	296,025	302,222
Dormitory rentals	34,803	34,815	43,526	45,852	49,646	169,018	130,599	188,407	206,825	199,604
Other	1,599,359	1,540,697	1,727,294	1,685,084	1,651,115	1,147,128	1,303,374	1,428,525	1,629,350	1,803,312
<b>Total Revenues</b>	<b>\$ 49,054,568</b>	<b>\$ 46,160,174</b>	<b>\$ 45,195,101</b>	<b>\$ 48,416,305</b>	<b>\$ 50,338,646</b>	<b>\$ 48,775,226</b>	<b>\$ 44,506,842</b>	<b>\$ 43,083,732</b>	<b>\$ 41,227,616</b>	<b>\$ 39,232,400</b>

Source: Annual reports on audited financial statements.

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

FISCAL YEAR	STATUTORY EXPENDITURE LIMITATION (1)	BUDGETED EXPENDITURES SUBJECT TO LIMITATION (2)	UNUSED LEGAL LIMIT
2005/06	40,285,804	21,671,982	18,613,822
2006/07	45,302,970	24,274,057	21,028,913
2007/08	47,165,963	31,616,400	15,549,563
2008/09	50,550,255	33,612,389	16,937,866
2009/10	56,193,413	36,546,032	19,647,381
2010/11	61,030,092	30,744,862	30,285,230
2011/12	70,584,273	30,213,535	40,370,738
2012/13	78,573,112	30,997,697	47,575,415
2013/14	71,911,314	29,920,485	41,990,829
2014/15	62,525,638	26,821,028	35,704,610

Source: Audited Annual Budgeted Expenditure Limitation Reports.

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. Allowable carryforward to FY 16 is \$2,730,349.

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

Fiscal Year/ Levy Type	Net Assessed Value (1)	Full Cash Value	Percentage of Net Assessed to Full Cash Value
2005/06 primary	664,734,679	5,135,195,057	12.94%
2005/06 secondary	682,367,252	5,301,085,759	12.87%
2006/07 primary	734,609,559	5,734,972,269	12.81%
2006/07 secondary	767,433,022	5,996,827,619	12.80%
2007/08 primary	812,722,290	6,477,280,505	12.55%
2007/08 secondary	872,912,337	6,991,051,279	12.49%
2008/09 primary	903,521,761	7,310,606,108	12.36%
2008/09 secondary	1,018,740,280	8,314,559,327	12.25%
2009/10 primary	986,677,834	8,079,032,213	12.21%
2009/10 secondary	1,060,241,909	8,674,971,385	12.22%
2010/11 primary	1,049,525,230	8,630,036,695	12.16%
2010/11 secondary	1,111,756,015	9,170,232,226	12.12%
2011/12 primary	1,049,827,355	8,869,023,621	11.84%
2011/12 secondary	1,092,081,033	9,214,115,159	11.85%
2012/13 primary	1,038,327,080	8,850,763,191	11.73%
2012/13 secondary	1,060,199,126	9,043,935,353	11.72%
2013/14 primary	1,006,475,403	8,676,916,370	11.60%
2013/14 secondary	1,011,138,917	8,726,898,700	11.59%
2014/15 primary	955,783,522	8,280,926,389	11.54%
2014/15 secondary	959,542,199	8,316,032,735	11.54%

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

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

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

Fiscal Year	Primary			Secondary (1)		
	Assessed Valuation	Tax Rate	Tax Levy	Assessed Valuation	Tax Rate	Tax Levy
2005/06	664,734,679	1.7868	11,877,479	682,367,252	-	-
2006/07	734,609,559	1.7868	13,126,004	767,433,022	-	-
2007/08	812,722,290	1.7430	14,165,750	872,912,337	-	-
2008/09	903,521,761	1.6604	15,002,075	1,018,740,280	-	-
2009/10	986,677,834	1.6075	15,860,846	1,060,241,909	-	-
2010/11	1,042,041,186	1.5984	16,655,987	1,111,756,015	-	-
2011/12	1,049,827,355	1.6657	17,486,975	1,092,081,033	-	-
2012/13	1,038,327,080	1.7329	17,993,171	1,060,199,126	-	-
2013/14	1,006,475,403	1.8508	18,627,847	1,011,138,917	-	-
2014/15	955,783,522	2.0329	19,430,123	959,542,199	-	-

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

Note (1): Cochise County Community College District does not currently have any secondary taxes levied.

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

Fiscal Year		Cochise College	Cochise County	Cities/Towns and Special Districts		School Districts	
				From	To	From	To
2005/06	Primary	1.7868	2.9373	0.1435	2.3609	1.0167	10.5605
	Secondary	-	0.4148	0.0896	2.9686	0.0000	2.5485
2006/07	Primary	1.7868	2.9160	0.1435	2.3798	0.3732	10.6949
	Secondary	-	0.4148	0.0919	3.1540	0.0000	2.3675
2007/08	Primary	1.7430	2.8653	0.1319	2.3026	0.0000	11.7345
	Secondary	-	0.4048	0.0000	3.1749	0.0000	2.4684
2008/09	Primary	1.6604	2.6759	0.1258	2.2212	1.2381	12.1619
	Secondary	-	0.4048	0.0000	5.2156	0.0000	2.2953
2009/10	Primary	1.6075	2.6425	0.1139	2.1446	0.9613	12.1334
	Secondary	-	0.4048	0.0000	3.1570	0.0000	1.7989
2010/11	Primary	1.5984	2.6276	0.0000	2.0817	0.0000	11.1018
	Secondary	-	0.4048	0.0000	2.6551	0.0000	2.0982
2011/12	Primary	1.6657	2.6276	0.0000	2.0363	0.0000	11.1018
	Secondary	-	0.4048	0.0000	2.9500	0.0000	1.7461
2012/13	Primary	1.7329	2.6276	0.0000	2.1577	0.0000	11.1018
	Secondary	-	0.4048	0.0000	8.3577	0.0000	1.9239
2013/14	Primary	1.8508	2.6276	0.0000	2.2019	0.0000	11.1018
	Secondary	-	0.4048	0.0000	4.0900	0.0000	2.7933
2014/15	Primary	2.0329	2.6276	0.0000	2.3120	0.0000	11.1018
	Secondary	-	0.4048	0.0000	4.6742	0.0000	2.3184

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

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
 PRINCIPAL TAXPAYERS  
 Fiscal Year 2014 and Nine Years Ago  
 Unaudited

Taxpayer	2015			2006		
	Primary Assessed Valuation	Rank	Percent of Cochise County's Primary Assessed Valuation	Primary Assessed Valuation	Rank	Percent of Cochise County's Primary Assessed Valuation
Arizona Electric Power Coop Inc	\$ 26,800,579	1	2.80%	\$ 32,641,312	1	4.91%
Sulphur Springs Valley Electric Co-Op Inc	19,294,025	2	2.02%	18,504,748	2	2.78%
Kinder Morgan-El Paso Natural Gas Company	14,070,955	3	1.47%	15,373,839	3	2.31%
Southwest Gas Corporation	9,047,720	4	0.95%	8,733,895	6	1.31%
Union Pacific Railroad	7,974,819	5	0.83%	5,341,956	9	0.80%
Arizona Public Service Company	7,284,081	6	0.76%	7,178,264	7	1.08%
Wal-Mart Stores Inc	6,223,801	7	0.65%	-		0.00%
Canyon Vista Medical Center (formerly Sierra Vista Regional Health Center Inc.)	5,117,180	8	0.54%	-		0.00%
Southwest Transmission (T&D)	4,800,631	9	0.50%	6,775,238	8	1.02%
Qwest Corporation/US West	4,447,750	10	0.47%	11,573,436	4	1.74%
Valley Telephone Co-Op	-		0.00%	9,900,990	5	1.49%
Price Development Co.	-		0.00%	4,282,411	10	0.64%

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

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

Fiscal Year	Total Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections to Total Tax Levy	Collections in Subsequent Years (1)	Total Tax Collections (1)	Percent of Total Tax Collections to Total Tax Levy
2005/06	11,877,479	11,464,243	96.52%	405,321	11,869,564	99.93%
2006/07	13,126,004	12,641,430	96.31%	471,573	13,113,003	99.90%
2007/08	14,165,750	13,625,618	96.19%	524,182	14,149,800	99.89%
2008/09	15,002,075	14,286,998	95.23%	677,989	14,964,987	99.75%
2009/10	15,860,846	15,020,601	94.70%	792,227	15,812,828	99.70%
2010/11	16,655,987	15,662,682	94.04%	861,261	16,523,943	99.21%
2011/12	17,486,975	16,563,455	94.72%	742,802	17,306,257	98.97%
2012/13	17,993,171	16,971,410	94.32%	842,308	17,813,718	99.00%
2013/14	18,627,847	17,441,345	93.63%	932,575	18,373,920	98.64%
2014/15	19,430,123	18,348,654	94.43%	-	18,348,654	94.43%

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

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

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

Fiscal Year	Annual Unduplicated Headcount	Annual Audited FTSE (1)	Annual Tuition and Fees		
			Cost	Increase	
			Dollars	Dollars	Percent
2005/06	13,365	6,629	1,350	0	0.00%
2006/07	13,632	6,844	1,410	60	4.44%
2007/08	14,938	7,369	1,470	60	4.26%
2008/09	15,137	7,671	1,540	70	4.76%
2009/10	14,982	8,586	1,630	90	5.84%
2010/11	16,520	9,788	1,690	60	3.68%
2011/12	15,504	9,468	1,970	280	16.57%
2012/13	13,783	7,982	2,100	130	6.60%
2013/14	13,503	7,474	2,190	90	4.29%
2014/15	12,662	6,557	2,250	60	2.74%

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 plus the Registration and Technology fees for 2 semesters.

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

	<b>For the Fiscal Year Ended June 30</b>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Other Debt:</b>					
<b>Revenue Bonds</b>	\$ 9,975,000	\$ 10,090,000	\$ 10,195,000	\$ 10,300,000	\$ 10,405,000
<b>Certificates of participation</b>		-	-	-	-
<b>Pledged Revenue Obligations</b>	10,100,000	11,000,000	11,870,000	12,705,000	13,505,000
<b>Premiums</b>	310,212	341,984	373,575	405,529	437,302
<b>Total outstanding debt</b>	<u>\$ 20,385,212</u>	<u>\$ 21,431,984</u>	<u>\$ 22,438,575</u>	<u>\$ 23,410,529</u>	<u>\$ 24,347,302</u>
<b>Per capita</b>	\$ 159.95	\$ 163.72	\$ 171.41	\$ 179.05	\$ 186.52
<b>Per student</b>	1,609.95	1,587.20	1,627.99	1,509.97	1,473.81
<b>Per FTSE</b>	3,108.92	2,867.54	2,811.15	2,472.59	2,487.46

	<b>For the Fiscal Year Ended June 30</b>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Other Debt:</b>					
<b>Revenue Bonds</b>	\$ 10,505,000	\$ 10,595,000			
<b>Certificates of participation</b>	-	-	\$ 290,000	\$ 560,000	\$ 815,000
<b>Pledged Revenue Obligations</b>	14,270,000	15,000,000			
<b>Premiums</b>	469,074	500,847			
<b>Total outstanding debt</b>	<u>\$ 25,244,074</u>	<u>\$ 26,095,847</u>	<u>\$ 290,000</u>	<u>\$ 560,000</u>	<u>\$ 815,000</u>
<b>Per capita</b>	\$ 192.06	\$ 200.28	\$ 2.22	\$ 4.32	\$ 6.34
<b>Per student</b>	1,653.65	1,690.89	19.41	41.08	60.98
<b>Per FTSE</b>	2,885.51	3,336.59	39.35	81.82	122.94

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

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

	<b>For the Fiscal Year Ended June 30</b>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Debt Limit</b>	\$ 143,931,330	\$ 151,670,838	\$ 159,029,869	\$ 163,812,155	\$ 166,763,402
<b>Total net debt applicable to the limit</b>	-	-	-	-	-
<b>Legal debt margin</b>	<u>\$ 143,931,330</u>	<u>\$ 151,670,838</u>	<u>\$ 159,029,869</u>	<u>\$ 163,812,155</u>	<u>\$ 166,763,402</u>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>		0%	0%	0%	0%

	<b>For the Fiscal Year Ended June 30</b>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Debt Limit</b>	\$ 159,036,286	\$ 152,811,042	\$ 130,936,851	\$ 115,114,953	\$ 102,355,088
<b>Total net debt applicable to the limit</b>	-	-	-	-	-
<b>Legal debt margin</b>	<u>\$ 159,036,286</u>	<u>\$ 152,811,042</u>	<u>\$ 130,936,851</u>	<u>\$ 115,114,953</u>	<u>\$ 102,355,088</u>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	0%	0%	0%	0%	0%

**Legal Debt Margin Calculation for Fiscal Year 2015**

<b>Secondary assessed value of real and personal property (1)</b>	<b>\$ <u>959,542,199</u></b>
<b>Debt limit = 15% of secondary assessed value</b>	<u>143,931,330</u>
<b>Amount of debt applicable to debt limit:</b>	
<b>General obligation bonded debt</b>	<u>-</u>
<b>Legal debt margin, June 30, 2015</b>	<b>\$ <u>143,931,330</u></b>

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

Note (1): Tax year 2014.

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

Fiscal Year	Pledged Revenues (1)	Certificates of Participation Debt Service Requirements (2)			Percentage of Debt Service Requirements To Pledged Revenues
		Principal	Interest	Total	
2005/06	6,332,100	240,000	58,501	298,501	4.71%
2006/07	6,909,965	255,000	42,994	297,994	4.31%
2007/08	6,710,679	270,000	27,035	297,035	4.43%
2008/09	6,119,920	290,000	-	290,000	4.74%

Fiscal Year	Pledged Revenues (1)	Revenue Bonds and Pledged Revenue Obligations Debt Service Requirements (3)			Percentage of Debt Service Requirements To Pledged Revenues
		Principal	Interest	Total	
2008/09	\$ 6,119,920	\$ -	\$ 1,199,131	\$ 1,199,131	19.59%
2009/10	6,275,678	820,000	1,161,306	1,981,306	31.57%
2010/11	7,320,429	865,000	1,121,469	1,986,469	27.14%
2011/12	7,387,604	905,000	1,085,531	1,990,531	26.94%
2012/13	5,591,365	940,000	1,048,194	1,988,194	35.56%
2013/14	6,733,501	975,000	1,009,194	1,984,194	29.47%
2014/15	6,917,934	1,015,000	968,594	1,983,594	28.67%

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

Note (1): Pledged revenues include tuition and fees, bookstore revenues, food service sales, dormitory rentals, investment and other income. Beginning in fiscal year 2001-02, tuition and fees, food service sales, and dormitory rentals are presented net of scholarships and allowances in accordance with GASB Statement No. 35.

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

Note (3): Revenue Bonds and Pledged Revenue Obligations were first issued July 2, 2008, with the first interest payment due on July 1, 2009.

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

Fiscal Year	Principal	Interest	Total Debt Service	Total Operating Expenses	Percentage of Debt Service to Operating Expenses
2005/06	240,000	58,501	298,501	34,189,122	0.87%
2006/07	255,000	42,994	297,994	36,282,416	0.82%
2007/08	270,000	27,035	297,035	38,398,779	0.77%
2008/09	290,000	1,199,131	1,489,131	40,709,523	3.66%
2009/10	820,000	1,161,306	1,981,306	42,394,765	4.67%
2010/11	865,000	1,121,469	1,986,469	45,050,465	4.41%
2011/12	905,000	1,085,531	1,990,531	44,683,990	4.45%
2012/13	940,000	1,048,194	1,988,194	42,634,760	4.66%
2013/14	975,000	1,009,194	1,984,194	43,961,967	4.51%
2014/15	1,015,000	968,594	1,983,594	45,558,602	4.35%

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

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

<b>Fiscal Year</b>	<b>County Population</b>	<b>County Personal Income (In Thousands)</b>	<b>County Income Per Capita</b>	<b>County Unemployment Rate June</b>
2006	128,623	3,743,029	29,101	4.4%
2007	129,522	4,049,948	31,268	3.9%
2008	130,567	4,337,464	33,220	5.7%
2009	130,296	4,470,308	34,309	7.9%
2010	131,436	4,688,309	35,670	8.8%
2011	130,537	4,763,499	36,492	8.8%
2012	130,752	4,837,759	36,625	8.2%
2013	130,906	4,740,219	46,647	8.4%
2014	127,448	N/A	N/A	8.3%
2015	N/A	N/A	N/A	7.6%

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

Notes: N/A= Data not available. Population estimates are from U.S. Census Bureau midyear estimates as of April 2015. Unemployment rate estimates are seasonally adjusted and prepared by the Arizona Department of Economic Security.

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

Major Employers	2015			2006		
	Employees	%	Rank	Employees	%	Rank
Fort Huachuca	7,956	17%	1	13,098	24%	1
Cochise County	816	2%	2	1,092	2%	2
Sierra Vista Unified School District No. 68	707	1%	3	1,065	2%	3
Wal-Mart Stores, Inc.	643	1%	4	-	-	-
Canyon Vista Medical Center (formerly Sierra Vista Regional Health Center Inc.)	623	1%	5	643	1%	6
General Dynamics Information Technology (GDIT)	623	1%	5	-	-	-
Arizona State Prison Complex	615	1%	7	651	1%	5
Cochise College	521	1%	8	522	1%	10
Douglas Unified School District No. 27	492	1%	9	541	1%	9
Northrop Grumman Corporation	450	1%	10	565	1%	7
Eurofresh, Inc.	-	-	-	793	1%	4
Aegis Communications Group	-	-	-	557	1%	8
Southeast Arizona Behavioral Health Services, Inc.	-	-	-	288	1%	12
New Mexico Technology Group, LLC	-	-	-	254	0%	13
Sierra Southwest Cooperative Services, Inc.	-	-	-	241	0%	15

Source: Cochise College Center for Economic Research.

Notes: Total 2015 employment for Cochise County is estimated to be 47,182; total 2006 employment was 55,650.

Under survey methodology, a fulltime equivalent (FTE) employee equals one fulltime or two part-time employees.  
 List includes only employers who responded to the survey.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
STUDENT ENROLLMENT/DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years  
Unaudited

Fall Semester Fiscal Year	Attendance		Gender		Completions	
	Full-Time	Part-Time	Male	Female	Degrees Awarded	Certificates Awarded
2005/06	28.2%	71.8%	39.5%	60.5%	914	536
2006/07	34.6%	65.4%	39.0%	61.0%	1030	737
2007/08	35.8%	64.2%	41.5%	58.5%	990	657
2008/09	25.4%	74.6%	41.7%	58.3%	995	952
2009/10	26.5%	73.5%	41.2%	58.8%	1065	691
2010/11	32.4%	67.6%	44.7%	55.3%	1189	1467
2011/12	33.2%	66.8%	44.9%	55.1%	1404	1819
2012/13	32.8%	67.2%	45.5%	54.5%	1775	1774
2013/14	36.5%	63.5%	46.7%	53.3%	1394	849
2014/15	39.8%	60.2%	46.0%	54.0%	1441	691

Fall Semester Fiscal Year	Age		Residency			
	Median	Mean	Resident	Resident Unorganized County	Out of State	Foreign
2005/06	24	29	87.3%	6.0%	5.0%	1.7%
2006/07	23	29	88.0%	5.9%	3.9%	2.2%
2007/08	23	28	84.8%	8.2%	4.3%	2.8%
2008/09	23	28	84.7%	8.7%	4.1%	1.8%
2009/10	23	28	85.0%	10.4%	3.6%	1.1%
2010/11	24	28	81.5%	11.3%	6.2%	1.0%
2011/12	24	28	81.8%	10.7%	6.7%	0.9%
2012/13	24	28	80.8%	9.3%	9.2%	0.7%
2013/14	23	28	81.3%	9.1%	8.2%	1.4%
2014/15	23	28	77.3%	11.6%	9.2%	2.0%

Fall Semester Fiscal Year	Ethnic Background					
	American Indian	Asian American	Hispanic	African American	White	Other/ Unknown
2005/06	1.0%	3.4%	33.8%	6.0%	51.0%	4.8%
2006/07	1.0%	2.9%	35.8%	5.0%	51.2%	4.2%
2007/08	0.9%	2.5%	37.1%	5.2%	49.4%	5.0%
2008/09	0.6%	3.1%	35.2%	4.6%	49.8%	6.8%
2009/10	0.9%	2.6%	40.2%	4.4%	45.5%	6.4%
2010/11	0.8%	2.3%	39.7%	5.5%	45.9%	5.8%
2011/12	0.7%	2.0%	39.9%	5.2%	46.1%	6.0%
2012/13	0.9%	1.9%	40.1%	5.5%	45.5%	6.1%
2013/14	0.7%	1.7%	41.9%	5.1%	43.7%	6.9%
2014/15	0.7%	1.3%	44.1%	4.5%	42.9%	6.6%

Source: District records.

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

	<b>For the Fiscal Year Ended June 30</b>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Faculty</b>					
<b>Part-time</b>	302	261	264	296	313
<b>Full-time</b>	101	98	98	103	106
<b>Administrative &amp; support staff</b>	486	481	523	503	524
<b>Total employees</b>	889	840	885	902	943
<b>Students per faculty member</b>	31	38	38	39	39
<b>Students per staff member</b>	26	28	26	31	32

	<b>For the Fiscal Year Ended June 30</b>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Faculty</b>					
<b>Part-time</b>	292	253	258	256	256
<b>Full-time</b>	108	100	103	106	101
<b>Administrative &amp; support staff</b>	515	489	471	495	508
<b>Total employees</b>	915	842	832	857	865
<b>Students per faculty member</b>	37	43	41	38	37
<b>Students per staff member</b>	29	31	32	28	26

Source: District Records.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF CAPITAL ASSET INFORMATION (1)  
 Last Ten Fiscal Years  
 Unaudited

Location	Fiscal Year									
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
<b>Douglas Campus</b>										
Total Square Footage	295,069	295,069	295,069	295,069	295,069	295,069	235,177	225,374	225,374	225,374
Total Acreage	518.3	518.3	518.3	518.3	518.3	518.3	518.3	518.3	518.3	518.3
<b>Sierra Vista Campus</b>										
Total Square Footage	188,867	188,867	188,867	188,867	188,867	188,867	159,613	122,139	122,139	122,139
Total Acreage	80.1	76.6	76.6	76.6	76.6	73.6	73.6	73.6	73.6	73.6
<b>Benson Center</b>										
Total Square Footage	12,733	12,733	12,733	12,733	12,733	12,733	12,733	12,733	12,733	12,733
Total Acreage	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
<b>Willcox Center (2)</b>										
Total Square Footage	9,340	9,340	9,340	9,340	9,340	9,340	7,200	7,200	7,200	7,200
<b>Downtown Center</b>										
Total Square Footage	117,151									
Total Acreage	7.7									
<b>Total District</b>										
Total Square Footage	623,160	506,009	506,009	506,009	506,009	506,009	414,723	367,446	367,446	367,446
Total Acreage	619.2	607.9	607.9	607.9	607.9	604.9	604.9	604.9	604.9	604.9

Source: District records.

Note (1): Information is presented in accordance with GASB Statement No. 44 first implemented in FY 2006. Additional information will be added as it becomes available in future years

Note (2): The Willcox Center is located on land leased from Willcox Unified School District.