

# COMPREHENSIVE



# ANNUAL *financial report*

**Fiscal Year Ended**

**June 30, 2009**

Cochise County  
Community College District  
Douglas, Arizona



**COCHISE  
COLLEGE**

*Creating opportunities... changing lives*

# COMPREHENSIVE



# ANNUAL *financial report*

**Fiscal Year Ended**

**June 30, 2009**

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**

*Creating opportunities... changing lives*

**Cochise County Community College District**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2009**

**Table of Contents**

**Introductory Section**

Message from the President	1
Letter of Transmittal	3
GFOA Certificate of Achievement	10
Organizational Chart	11
List of Principal Officers	12

**Financial Section**

Independent Auditors' Report	13
Management's Discussion and Analysis	15
Basic Financial Statements:	
Statement of Net Assets – Primary Government	23
Statement of Financial Position – Component Unit	24
Statement of Revenues, Expenses, and Changes in Net Assets – Primary Government	25
Statement of Activities – Component Unit	26
Statement of Cash Flows – Primary Government	27
Notes to Financial Statements	29
Required Supplementary Information:	
Post Employment Health Care Benefits	48

**Statistical Section**

Statistical Section Introduction	49
Net Assets by Component – <i>Last Eight Fiscal Years</i>	50
Changes in Net Assets – <i>Last Eight Fiscal Years</i>	51
Expenses by Function – <i>Last Eight Fiscal Years</i>	52
Expenses by Use – <i>Last Eight Fiscal Years</i>	53
Revenues by Source – <i>Last Eight Fiscal Years</i>	54
Expenditure Limitation – <i>Last Ten Fiscal Years</i>	55
Assessed Value and Current Market Value of All Taxable Property – <i>Last Ten Fiscal Years</i>	56
Assessed Valuation, Tax Rate and Levy History – <i>Last Ten Fiscal Years</i>	57
Property Tax Rates, Direct and Overlapping Governments – <i>Last Ten Fiscal Years</i>	58
Principal Taxpayers – <i>Current Year and Eight Years Ago</i>	59
Property Tax Levies and Collections – <i>Last Ten Fiscal Years</i>	60
Historic Enrollment and Tuition and Fees – <i>Last Ten Fiscal Years</i>	61
Schedule of Ratios of Outstanding Debt – <i>Last Ten Fiscal Years</i>	62
Debt Service Coverage – <i>Last Ten Fiscal Years</i>	63
Computation of Legal Debt Margin – <i>Last Ten Fiscal Years</i>	64
Ratio of Annual Debt Service Expenditures for Certificates of Participation to Operating Expenses/Expenditures – <i>Last Ten Fiscal Years</i>	65
Schedule of Demographic and Economic Statistics – <i>Last Ten Fiscal Years</i>	66
Top 15 Employers for Cochise County – <i>Current Year and Nine Years Ago</i>	67
Employee Statistics – <i>Last Ten Fiscal Years</i>	68
Student Enrollment/Demographic Statistics – <i>Last Ten Fiscal Years</i>	69
Schedule of Capital Asset Information – <i>Last Four Fiscal Years</i>	70



# **COCHISE COLLEGE**

Creating opportunities...changing lives.



**INTRODUCTORY**  
*section*



**COCHISE  
COLLEGE**

*Creating opportunities...changing lives*



## **COCHISE COLLEGE**

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

December 14, 2009

To the Citizens of Cochise County:



I am pleased to present to you the FY 2009 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 college takes its fiduciary charge to be a responsible steward of the monies entrusted to us very seriously. We seek to fulfill Cochise College's lofty 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 well-being of the communities we serve. We strive to offer a wide array of educational and support programs that meet the needs of Cochise County citizens. 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. Through an intergovernmental agreement with the

Santa Cruz County Board of Supervisors, the District also provides educational services to the citizens of Santa Cruz County. 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 college's mission from its inception.

The 2009 fiscal year was a period when we saw our enrollment increase more than 4 percent, serving 7,671 full-time student equivalents. We anticipate continued moderate enrollment growth in the years to come. Never have the educational services provided by Cochise College been more essential and necessary for our citizens, our communities, our state, and our nation. The District's current and prior administrations have placed a strong emphasis on balancing the cost of affordable education with providing a solid asset base to best position the college for a bright future.

Because of this philosophy, the District received an A3 rating from Moody's Investors Services which enabled the District to price revenue bonds and pledged revenue obligations totaling \$25 million for the upgrading of needed educational facilities across the District. Construction on a number of projects highlighted in the Master Facilities Plan began in 2008 and continues today. We are very excited about the enhanced learning environments for our students and communities.

As you read this Comprehensive Annual Financial Report, I hope you will agree that FY 2009 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**

Creating opportunities...changing lives.



## **COCHISE COLLEGE**

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

December 14, 2009

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, 2009 (FY 2009).

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 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 auditing firm of Breecher & Company, P.C., has issued an unqualified opinion on the District's financial statements for the year ended June 30, 2009. 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. As necessary, the District provides education at various sites throughout the county as part of its Extended Learning program.

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 and aviation maintenance programs 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.

## **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 county seat. In 1929, the 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 mid-2008 was 139,434 according to estimates by the Arizona Department of Commerce (ADOC). ADOC projects the county's population will reach 153,784 in 2013, an average annual growth rate of 2.0%.

As the District receives a significant amount of its annual funding from local property taxes, valuations of existing properties and new construction rates in the county are important economic indicators. Recent declines in prices of existing homes coupled with lower interest rates and a growing inventory of new homes for sale have resulted in a slowing of new residential construction. New residential construction in Cochise County was down about 20% in 2008 from the prior year. In the first 6 months of 2009, permits were down about 40% compared to the same period a year earlier. Existing home prices, which increased nearly 40% from 2004 to 2007, began to decline slightly in 2008 and into 2009, but have generally stabilized by mid-2009. The median price of a home sold in Cochise County in the second quarter of 2009 was \$181,750, down less than 1% from \$182,961 in the second quarter of 2008.

According to ADOC estimates, the county's civilian labor force, which includes those persons 16 years old and older who are employed or actively seeking work (excluding active duty military), consisted of 60,500 actual or potential workers in 2008. Cochise County's unemployment rate for all of 2008 stood at 5.3%; by September of 2009, however, the county's unemployment rate had risen to 7.5%, which was still the lowest rate of Arizona's 15 counties. In the 12 months ending in July 2009, the county lost 1,325 jobs. Most of the job losses occurred in trade, transportation, and utilities; construction; educational and health services; and state/local government. The only industries in the county to see positive job growth in the 12 months ending in July 2009 were leisure and hospitality and federal government.

According to ADOC estimates for 2008, the primary non-farm industry in Cochise County was government, which accounted for 32.6% of all non-farm employment. This was followed by trade, transportation, and utilities (17.5%); professional and business services (15.0%); educational and health services (10.9%); and leisure and hospitality (10.7%). The Fort Huachuca Army post was home to approximately 6,100 active duty military personnel as of 2009, approximately 55% of whom were students temporarily there for training.

Like many places across the United States, Cochise County's economy was impacted by the general economic slowdown beginning in late 2007 and continuing through 2008 and into 2009. The county's retail sales were down 6.5% in 2008 and 3.6% in the first 5 months of 2009, after adjusting for inflation. Accommodation sales, which include hotel, motel, and other temporary lodging stays, were up 1.0% in 2008 but were down by 5.3% from January through May 2009. The county's restaurant and bar sales were up 0.2% in 2008 but were down 2.6% in the first 5 months of 2009. The District's Center for Economic Research projects the county's growth will begin to rebound by the end of 2009.

## **LONG-TERM FINANCIAL PLANNING**

The District engages in a five-year strategic planning cycle that involves all levels of the organization. This plan is updated as external environments or internal opportunities and needs dictate. The process provides a framework for structuring and adjusting the District's mission, vision, core values and goals to best meet the needs of students, faculty/staff and the community. A high-level 15-year financial projection model is also maintained, most recently in support of the Master Facilities Plan discussed below, which is based on actual results and updated periodically to reflect most recent performance.

## **MAJOR PROGRAM INITIATIVES**

### **Master Facilities Plan**

The District began implementation of its revised Master Facilities Plan in FY 2008. The plan focuses on upgrading classroom technology and learning environments as well as modernizing substandard facilities. It includes new construction, renovation of some existing buildings and limited site improvements at both the Douglas and Sierra Vista campuses as well as at the Willcox Center.

Phase I of the plan began in January of 2008 with construction of a new Career Technical Education building and an addition to the Science building on the Sierra Vista campus. Both of these buildings were completed for use in the fall semester in 2008. Phase II began in July of 2008 on the Sierra Vista campus with the demolition of the Technical Education building and the relocation of four portable buildings to make room for a new Student Union building which will be complete in November of 2009. At the same time, the Adult Education building was relocated to allow for construction of the new Learning Commons Complex which also will be completed in the fall of 2009.

On the Douglas campus, ground was broken in October of 2008 for a new Science building, a new Career Technical Education building, a new 104-bed, townhouse-style residence complex and a new Central Housing building, all of which are scheduled for completion in the fall of 2009. Also in October of 2008, renovation of the 600 and 1000 buildings was begun to provide functional student services, counseling and tutoring space on the Douglas campus; these renovations were substantially complete in June of 2009.

Funding for the revised Master Facilities Plan comes from college reserves accumulated for this purpose, and non-tax-supported financing. In July of 2008 the District issued approximately \$10.6 million in Revenue Bonds and \$15.0 million in Pledged Revenue Obligations. In FY 2009, the District expended approximately \$24.4 million on Master Facilities Plan projects.

### **Enrollment**

During FY 2009, the District served a total of 7,671 Full Time Student Equivalents (FTSE) at all locations with annual unduplicated headcount of 15,137, the highest enrollment in its history. The District's ongoing partnership with the county's largest employer, Fort Huachuca, continued to serve as a significant factor in the number of students served by the District and the number of degrees conferred. For the 2008-09 academic year, the District awarded a total of 995 associate degrees and 952 college-level certificates.

### **Student Achievement**

The District's students also continued to receive both national and state recognition for their leadership and academic achievements. Four students were named to the All-Arizona Academic Team; one was named to the First Team, two to the Second Team, and one to the Third Team. Three of the District's athletic teams were recognized for their academic achievements by being named to the 2008-09 National Junior College Athletic Association's spring academic Teams-of-the-Year: men's baseball with a 3.39 GPA, men's basketball with a 3.03 GPA, and women's basketball with a 3.27 GPA. Finally, because of numerous contributions to local communities in a variety of student and faculty service learning activities throughout the academic year, the District was included in the 2008 Honor Roll for Extraordinary and Exemplary Community Service Contributions as designated by the Corporation for National and Community Service in collaboration with the President's Council on Service and Civic Participation.

## **PROGRAM DEVELOPMENT AND FUTURE INITIATIVES**

During FY 2009, the District successfully requested and was awarded a \$500,000 grant from Science Foundation Arizona that provides support for various initiatives in Science, Technology, Engineering and Mathematics (STEM). A matching \$500,000 endowment created by the Cochise College Foundation will provide scholarships to students enrolling in STEM programs. The grant will enable the District to expand its successful Running Start Academy in pre-engineering utilizing the Project Lead the Way curriculum to include an applied engineering pathway known as mechatronics. This pathway will assist in preparing students for international certification in certain technical fields in concert with the Siemens Corporation while extending the District's ITV (Interactive TV for distance learning) connectivity to several feeder high school districts within the county. It will also enhance the District's K-12 partnerships to include additional Math Bridge Programs and a Parents' Academy for middle-school students. Due to the success of the Running Start Academy concept in STEM fields and the desire of the local law enforcement community to 'grow its own', the College will be launching a Running Start Academy in public safety/criminal justice during FY 2010. Due to strong local area interest and increased enrollments, the District has recently hired its first full-time culinary arts instructor to lead the development of that program district-wide.

The online campus program continues to grow, ending the 2008-09 academic year with an 8% increase in headcount over the prior year; it also completed a comprehensive strategic plan that will guide its continued growth and development well into the future. To ensure that District students receive thorough support designed to increase student retention, engagement and satisfaction, the District will be launching two First Year Experience pilot programs during FY 2010. These programs will be based on academic best practices and will include a number of components: summer bridge courses designed to prepare students for college-level work; enrollment in a College Success class; and intrusive advising, counseling, tutoring and mentoring along with opportunities to participate in learning communities.

Engaged in a number of efforts related to sustainability and alternative energy, the District has partnered with a number of different entities to rapidly develop new as well as modified curricula around 'green' technologies. The District will also accelerate its work to expand partnerships with public and private universities to produce more baccalaureate degrees while ensuring pathways that are affordable and accessible. Planning will continue on university Transfer Admission Guarantees (TAGs) to enable students to complete more than 64 credit hours within the District prior to transfer and, pending completion of specific requirements, guarantee their admission into specific university programs and majors.

## **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 in the form of line item budgets and budget transfer restrictions by function and object. The objective of these budgetary controls is to ensure compliance with the annual budget adopted by the District Governing Board. The District complies with state statutes requiring that a report of the District's adopted budget be published annually within the prescribed format as required by the State of Arizona, Office of the Auditor General. The District also complies with Arizona statutes governing community colleges by issuing an annual budget expenditure limitation report that is examined by the Office of the Auditor General. The expenditure limitation calculation determines the maximum allowable expenditure level to be supported by state appropriations and property tax levies.

### **Cash Management**

The District is governed by the Arizona Revised Statutes relating to the overall investment of idle public funds. The fiduciary responsibility of such investments is entrusted to the District Governing Board and 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 as prescribed by Arizona Revised Statutes. The principal investment vehicles used during the fiscal year were a pooled investment with the County Treasurer as well as direct investments in a Local Government Investment Pool (LGIP) with the State Treasurer's office. These pools have provided the District with safe, high yielding liquid investments.

### **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 and state agencies, and financial institutions as well as others throughout the general public. Internal management reports are customized and provided to meet the information and decision-making needs at all levels of the organization and to aid management in the allocation of resources.

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

## **RISK MANAGEMENT**

The District maintains a full complement of insurance coverage in accordance with Arizona Revised Statutes. Liability coverage is carried on a broad basis, including errors and omissions and “wrongful acts” coverage and is maintained with policy limits in excess of \$50,000,000. Property coverage is maintained on a replacement value basis in accordance with an agreed-upon schedule of values. Additional coverage includes vehicle fleet liability, crime and fidelity coverage, boiler and machinery insurance, professional liability, workers’ compensation, aircraft and airport liability and student athlete accident coverage. District staffing includes positions dedicated to the risk management function with responsibilities that include minimization of risks through the implementation of insurance, safety and loss prevention procedures across the District.

## **INDEPENDENT AUDIT**

The District utilizes the audit services of Breecher and Company, P.C., to ensure compliance with Arizona Revised Statutes requiring an annual audit of the District’s financial statements. The Independent Auditor’s Report is included in the financial section of this CAFR. The District received an unqualified opinion for the fiscal year ended June 30, 2009.

## **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, 2008. 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 and the independent auditors 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,

Kevin S. Butler  
Vice President for Administration

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Cochise County Community College District Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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

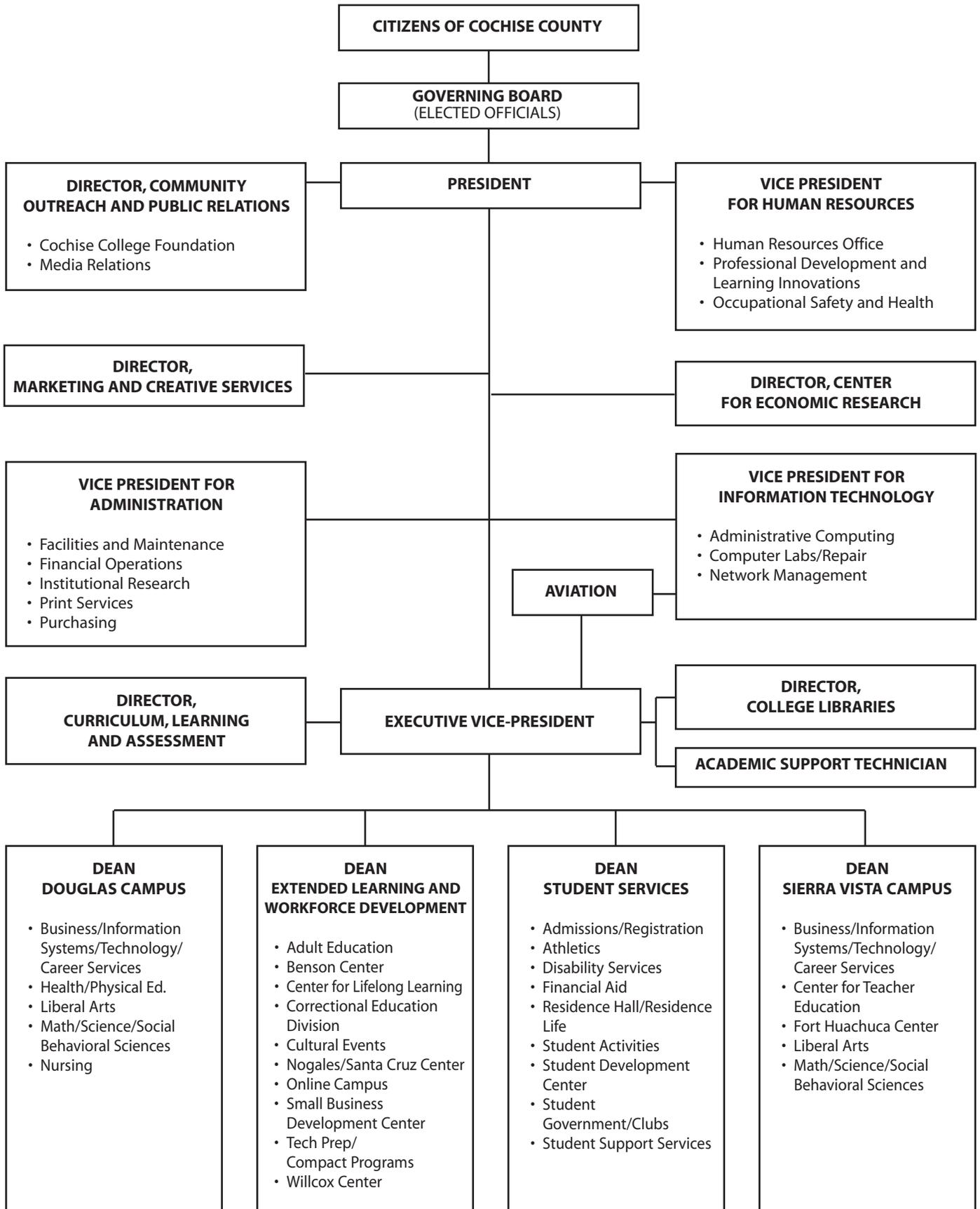


President

Executive Director

# COCHISE COUNTY COMMUNITY COLLEGE DISTRICT

## ORGANIZATIONAL CHART



# COCHISE COUNTY COMMUNITY COLLEGE DISTRICT

## PRINCIPAL OFFICERS

June 30, 2009

### DISTRICT GOVERNING BOARD

Mrs. Jan Guy, *Chair, District 5*

Mrs. Jane C. Strain, *Secretary, District 3*

Mr. Donald Hudgins, *District 2*

Dr. John M. Eaton, *District 4*

Mr. David DiPeso, *District 1*

### PRESIDENT

Dr. Karen A. Nicodemus

### ADMINISTRATION

Dr. Joanna K. Michelich, *Executive Vice President*

Mr. Kevin Butler, *Vice President for Administration*

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

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



**FINANCIAL**  
*section*



**COCHISE  
COLLEGE**

*Creating opportunities...changing lives*



## Independent Auditors' Report

The Auditor General of the State of Arizona

The Governing Board of  
Cochise County Community College District

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Cochise County Community College District (the District) as of and for the year ended June 30, 2009 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

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

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Cochise County Community College District, as of June 30, 2009 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 6, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which represents a change in accounting principle.

The Management's Discussion and Analysis on pages 15 through 22 and the Post Employment Health Care Benefits - Schedule of Funding Progress on page 48 are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cochise County Community College District's basic financial statements. The accompanying supplementary information, such as the introductory section and statistical section, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

*Breecher & Company P.C.*

Certified Public Accountants

December 14, 2009

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2009**

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, 2009. It should be read in conjunction with the letter of transmittal, which precedes this section, and with the financial statements, which immediately follow.

**Introduction**

During FY 2009, the District once again enjoyed a strong financial position as it maintained reserves in anticipation of further investment in facilities over the coming years. Both student headcount and Full Time Student Equivalency (FTSE) were up significantly versus the prior year and several new programs and initiatives were launched across the District. The District also initiated full implementation of the construction phases of its Master Facilities Plan.

**Basic Financial Statements**

The basic financial statements consist of the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. The Statement of Net Assets reflects the financial position of the District at June 30, 2009. It shows the various assets owned or controlled by the District, related liabilities and other obligations, and the various categories of net assets. Net assets is defined as total assets less total liabilities, and as such, represents the institutional equity or ownership in the total assets of the District.

The Statement of Revenues, Expenses, and Changes in Net Assets reflects the results of operations and other changes for the year ended June 30, 2009. It shows the various revenues and expenses, both operating and non-operating, and reconciles the beginning net assets balance to the ending net assets balance shown on the Statement of Net Assets described above.

The Statement of Cash Flows reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2009. 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 Assets 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 Assets described above.

Although the primary focus of this document is on the results of activities for fiscal year 2008-09 (FY 2009), comparative data is also presented for the previous fiscal year 2007-08 (FY 2008). 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, 2009**

**Condensed Financial Information  
Statement of Net Assets**

	As of June 30, 2009	As of June 30, 2008
<u>Assets</u>		
Current assets	\$25,763,341	\$27,325,071
Noncurrent assets, other than capital assets	9,027,936	1,793,971
Capital assets, net	41,103,518	17,151,247
Total assets, net	75,894,795	46,270,289
 <u>Liabilities</u>		
Other liabilities	4,573,109	3,520,358
Long-term liabilities	27,567,126	1,593,559
Total liabilities	32,140,235	5,113,917
 <u>Net Assets</u>		
Invested in capital assets, net of related debt	15,508,518	16,861,247
Restricted for:		
Grants and contracts	1,165,082	1,904,829
Capital projects	7,608,370	-
Debt service	1,419,566	-
Unrestricted	18,053,023	22,390,296
Total net assets	\$43,754,560	\$41,156,372

Total assets increased by \$29.6 million in FY 2009 due largely to the ongoing construction of new buildings and the renovation of existing buildings. Noncurrent assets increased \$7.2 million as a result of unused bond proceeds. Total liabilities increased by \$27.0 million mostly due to the issuance of \$10.6 million in revenue bonds and \$15.0 million in pledged revenue obligations in support of the facilities construction. Total net assets increased by \$2.6 million (6.3%) in FY 2009 compared with an increase of \$4.4 million (11.8%) in FY 2008 over the previous year. The FY 2009 increase was largely a result of conservative spending patterns in a difficult economic climate.

For FY 2009, the current ratio (current assets to current liabilities) decreased to 4.6, down from last fiscal year when the current ratio was 5.6. This decrease in the ratio was due to a decrease in current assets as some reserves were used for construction and an increase in the current portion of long-term debt and interest for the revenue bonds and the pledged revenue obligations.

Unrestricted net assets decreased by \$4.3 million in FY 2009, a decrease of 19.3%, as District funds were used for construction. Unrestricted net assets were 41.2% of total net assets, down from 54.4% in the prior fiscal year. The investment in capital assets, net of related debt decreased by \$1.4 million in FY 2009, a decrease of 8.0%, as a result of the issuance of long term debt. The investment in capital assets, net of related debt is now 35.4% of total net assets, down from 41.0% last year. Restricted net assets for grants and contracts, was 2.7% of total net assets at year end, a decrease of \$0.7 million from FY 2008. New restricted net assets for capital projects and debt service were set up this year due to the issuance of revenue bonds and pledged revenue obligations.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2009**

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

	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008
<u>Operating Revenues</u>		
Tuition and fees (net of scholarship allowances)	\$4,641,758	\$4,698,520
Contracts	702,115	620,393
Other operating revenues	1,029,101	1,050,070
Total operating revenues	<u>6,372,974</u>	<u>6,368,983</u>
 Total operating expenses	 <u>40,709,523</u>	 <u>38,398,779</u>
 Operating loss	 <u>(34,336,549)</u>	 <u>(32,029,796)</u>
<u>Nonoperating revenues (expenses)</u>		
Property taxes	14,960,185	14,036,854
State appropriations	13,494,004	13,071,100
Government grants	8,305,737	6,549,237
Other nonoperating revenues	924,881	1,034,869
Investment earnings	449,061	962,089
Interest on capital asset-related debt	(1,199,131)	(27,035)
Gain/ (Loss) on disposal of capital assets	<u>0</u>	<u>(284,616)</u>
 Net nonoperating revenues	 <u>36,934,737</u>	 <u>35,342,498</u>
 Excess before capital appropriations	 <u>2,598,188</u>	 <u>3,312,702</u>
 Capital appropriations	 <u>0</u>	 <u>1,060,600</u>
 Increase in net assets	 2,598,188	 4,373,302
Total net assets, beginning of year	<u>41,156,372</u>	<u>36,783,070</u>
Total net assets, end of year	<u><u>\$43,754,560</u></u>	<u><u>\$41,156,372</u></u>

There were no significant changes in total operating revenues in FY 2009 versus the prior year. Although FTSE rose just over 4%, the related increase in tuition and fee revenues was offset by scholarship allowances.

Nonoperating revenues increased \$1.6 million over the prior year with property tax levy revenue increasing \$0.9 million (6.6%) due to increased valuations of existing properties in 2008 and new construction, offset somewhat by a decline in the tax rate. State appropriations (M&O plus equalization aid) increased by \$0.4 million (3.2%) over FY 2008, mostly due to Cochise County's assessed property valuations being significantly below the State's rural county average. Government grant revenues were up \$1.8 million, an increase of 26.8%, as a result of increased federal student aid awards funding combined with broader student eligibility. FY 2009 net investment earnings were down from the prior year by \$0.5 million as a result of lower interest rates. The District received no capital appropriation funds from the State of Arizona in FY 2009 due to the state's economic difficulties.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2009**

Operating expenses increased by \$2.3 million (6.0%) for the year ended June 30, 2009. The most significant elements of the overall increase were as follows:

Operating Expenses Comparison  
(Dollars in thousands)

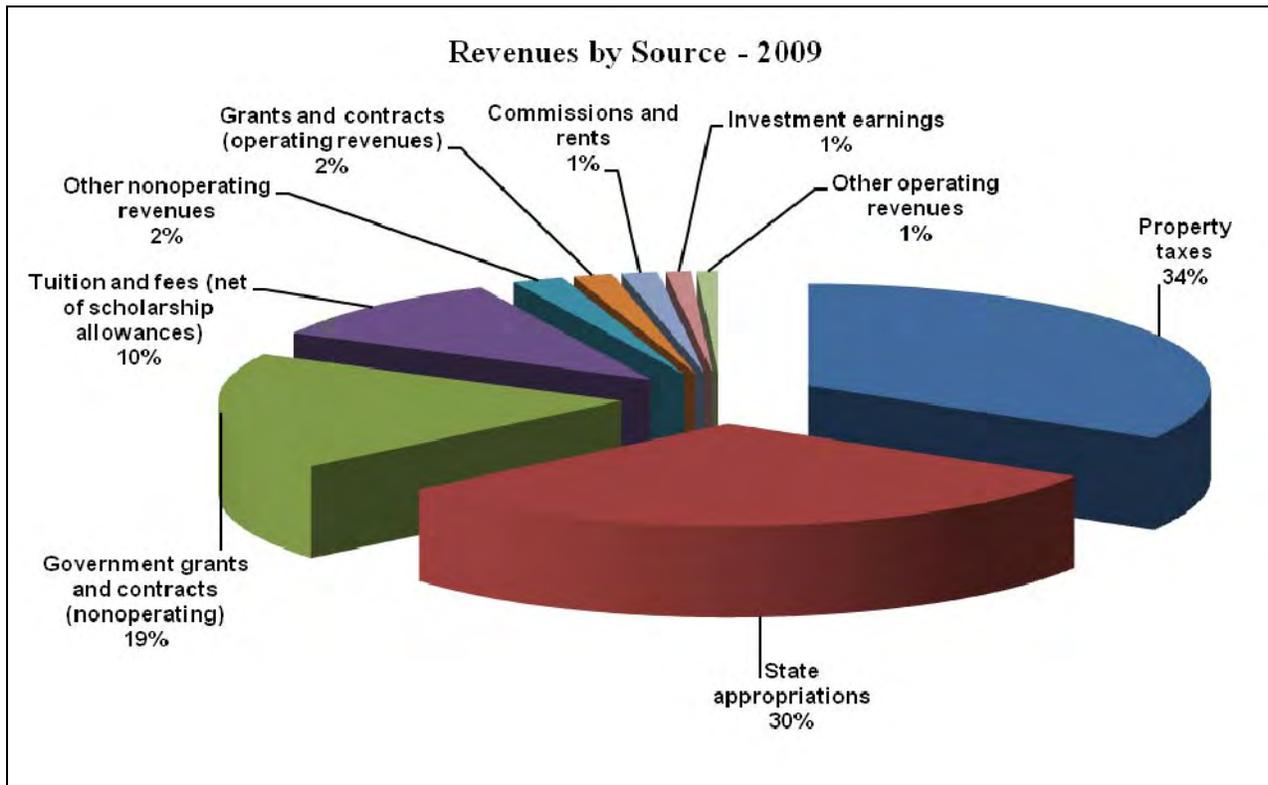
	Fiscal Year Ended <u>June 30, 2009</u>	Fiscal Year Ended <u>June 30, 2008</u>	Increase (Decrease)	Increase (Decrease) (%)
Salaries and wages	\$21,318	\$20,584	\$ 734	3.5
Service fees	2,482	1,418	1,064	75.0
Licenses, permits, fees	534	232	302	130.1
Scholarships	3,206	2,795	411	14.7
Other Expenses	<u>13,170</u>	<u>13,370</u>	<u>(200)</u>	(1.5)
Total	<u>\$40,710</u>	<u>\$38,399</u>	<u>\$2,311</u>	6.0

Comparing FY 2009 to the prior year, overall salaries and wages rose by 3.5% primarily as a result of an average 4.0% salary increase across all employee groups. The issuance costs associated with the new revenue bonds and pledged revenue obligations accounted largely for the \$1.1 million increase in service fees over the prior year. Licenses, permits and fees expenses increased \$0.3 million in the year primarily due to the reclassification of software licensing fees from service fees. Finally, scholarship expense increased \$0.4 million, or 14.7%, as a result of increased federal student aid awards funding coupled with broader student eligibility.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2009**

The following is a summary of revenues for fiscal years ended June 30, 2009 and June 30, 2008:

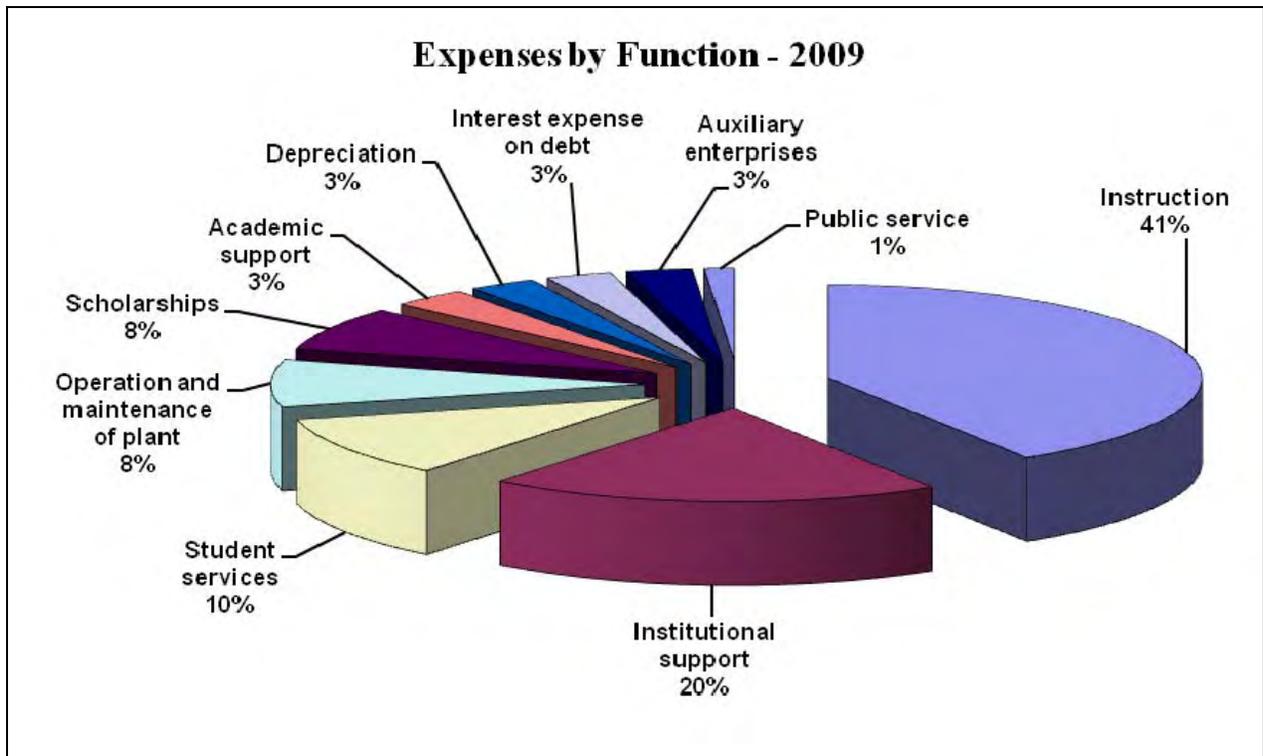
	Fiscal Year Ended June 30, 2009		Fiscal Year Ended June 30, 2008	
<u>Operating revenues</u>				
Tuition and fees (net of scholarship allowances)	\$ 4,641,758	10%	\$ 4,698,520	11%
Grants and contracts	702,115	2	620,393	1
Commissions and rents	650,608	1	656,414	2
Other operating revenues	378,493	1	393,656	1
Total operating revenues	<u>6,372,974</u>	<u>14</u>	<u>6,368,983</u>	<u>15</u>
<u>Nonoperating revenues</u>				
Property taxes	14,960,185	34	14,036,854	33
State appropriations	13,494,004	30	13,071,100	30
Government grants and contracts	8,305,737	19	6,549,237	15
Investment earnings	449,061	1	962,089	2
Other nonoperating revenues	924,881	2	1,034,869	2
Total nonoperating revenues	<u>38,133,868</u>	<u>86</u>	<u>35,654,149</u>	<u>82</u>
Capital appropriations	<u>0</u>	<u>0</u>	<u>1,060,600</u>	<u>3</u>
Total revenues	<u>\$44,506,842</u>	<u>100%</u>	<u>\$43,083,732</u>	<u>100%</u>



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2009**

The following is a summary of expenses for fiscal years ended June 30, 2009 and June 30, 2008:

	Fiscal Year Ended June 30, 2009		Fiscal Year Ended June 30, 2008	
<u>Operating expenses</u>				
Education and general:				
Instruction	\$17,223,291	41%	\$17,701,763	46%
Public service	545,869	1	459,213	1
Academic support	1,373,347	3	1,450,899	4
Student services	4,373,637	10	4,045,079	10
Institutional support	8,208,375	20	6,407,377	17
Operation and maintenance of plant	3,407,441	8	2,896,466	7
Scholarships	3,173,812	8	2,763,227	7
Auxiliary enterprises	1,186,629	3	1,285,996	3
Depreciation	1,217,122	3	1,388,759	4
Total operating expenses	<u>40,709,523</u>	<u>97</u>	<u>38,398,779</u>	<u>99</u>
<u>Nonoperating expenses</u>				
Interest expense on debt	1,199,131	3	27,035	-
Write down of depreciable assets	-	-	284,616	1
Total expenses	<u>\$41,908,654</u>	<u>100%</u>	<u>\$38,710,430</u>	<u>100%</u>



For FY 2009, institutional support increased \$2.0 million (31.1%) mostly due to \$1.1 million in bond issuance costs, \$0.5 million increase in personnel costs, and \$0.3 million increase in licenses and fees. New buildings being placed into service led to increased maintenance costs.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2009**

**Capital Assets**

Below is a summary of Capital assets, net of depreciation, as of June 30, 2009 and June 30, 2008. See Note 3 for further details.

	As of <u>June 30, 2009</u>	As of <u>June 30, 2008</u>
Land	\$ 495,580	\$ 495,580
Construction in progress	26,093,494	7,071,198
Buildings	12,734,704	7,539,751
Equipment	530,307	741,813
Improvements other than buildings	877,198	967,305
Library books	306,235	304,250
Museum and art collections	66,000	31,350
Total	<u>\$41,103,518</u>	<u>\$17,151,247</u>

The significant increase in Capital assets, net of depreciation, is due to the ongoing construction associated with the Master Facilities Plan. Two new buildings were put into service as of June 30, 2009, which accounts for the net increase of \$5.2 million in the buildings account; the balance of the Master Facilities Plan capital spending was being held in construction in progress at the end of FY 2009. During the year, the District reclassified its museum and art collections from depreciable to non-depreciable and reversed the accumulated depreciation on these assets.

**Long-Term Debt**

At June 30, 2008, the District had one certificate of participation issue outstanding with a principal balance of \$0.3 million; this issue was retired in early FY 2009. The District then issued new debt in the form of \$10,595,000 of revenue bonds and \$15,000,000 of pledged revenue obligations. As the first debt service payment on these issues was due in early FY 2010, the outstanding principal balance on the revenue bonds as of June 30, 2009 was \$10,595,000 while that of the pledged revenue obligations was \$15,000,000. See Note 4 for further information on the District's long-term debt.

**Current Economic Conditions**

The population of Cochise County in mid-2008 was approximately 139,400, about 60% of whom resided in the county's seven incorporated areas while nearly half resided in Sierra Vista and Douglas, the county's two largest cities. About one-third of the county's civilian non-farm workforce is employed by government, with the top public sector employers being Fort Huachuca, the U.S. Department of Homeland Security, the Arizona Department of Corrections and Cochise County. The private sector industry grouping that employs the largest number of workers is trade, transportation, and utilities, which employs 17.5% of the county's civilian non-farm workers, followed by professional and business services (15.0%), education and health services (10.9%) and leisure and hospitality (10.7%).

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2009**

The median household income countywide was \$40,656 in 2007, the latest year for which such data is available, with 12.9% of families in the county below the poverty level, down slightly from 13.5% in 1999. The median value of a home in Cochise County in 2008 was \$184,000, down 5.6% from 2007. The county's 2008 unemployment rate was 5.3%; this rate was 7.5% in September of 2009.

**Current Factors Having Probable Future Financial Significance**

The financial condition of the District as of June 30, 2009 remained strong largely due to continued increases in assessed property valuations and prudent expense management. As a result of the deepening budget crisis at the State level, capital appropriations aid to all community colleges was completely eliminated in FY 2009 and operational appropriations aid (M&O and equalization) was significantly reduced relative to statutory levels. Despite the anticipated continuing economic challenges facing the State, the District's administration believes that any significant further downward pressure on State support levels will be counterbalanced at least to some extent by the urgent need for near-term job creation which in turn is supported by community college career technical education and retraining programs. The District has recently received \$1.6 million in Federal stimulus funding in support of these objectives and anticipates the possibility of additional such support in the near term.

In FY 2009, the District implemented an average tuition increase of 4.8 percent for in-state students and consideration is being given to a similar increase for the upcoming fiscal year. The District is currently implementing a revised Master Facilities Plan to address the substandard and inadequate state of facilities in the District and to meet the future educational needs of the county.

**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 Financial Operations, Cochise County Community College District, 4190 West Highway 80, Douglas, Arizona 85607.

**Cochise County Community College District  
Statement of Net Assets - Primary Government  
June 30, 2009**

	Business-Type Activities
<b><u>Assets</u></b>	
Current assets:	
Cash and cash equivalents	\$ 21,670,992
Receivables:	
Accounts (less allowances of \$417,017)	110,995
Property taxes (less allowances of \$332,006)	732,872
Government grants and contracts	1,820,897
Interest	2,749
Other	569,678
Inventories	474,270
Prepaid items	380,888
Total current assets	25,763,341
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents held by trustee	9,027,936
Capital assets, not being depreciated	26,655,074
Capital assets, being depreciated, net	14,448,444
Total noncurrent assets	50,131,454
Total assets	75,894,795
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable	2,063,164
Accrued payroll and employee benefits	961,702
Interest payable	599,566
Deposits held in custody for others	257,510
Deferred revenues	691,167
Current portion of compensated absences payable	122,239
Current portion of long-term debt	902,248
Total current liabilities	5,597,596
Noncurrent liabilities:	
Compensated absences payable	1,167,160
Long-term debt	25,375,479
Total noncurrent liabilities	26,542,639
Total liabilities	32,140,235
<b><u>Net Assets</u></b>	
Invested in capital assets, net of related debt	15,508,518
Restricted for:	
Grants and contracts	1,165,082
Capital projects	7,608,370
Debt service	1,419,566
Unrestricted	18,053,024
Total net assets	\$ 43,754,560

**See accompanying notes to financial statements.**

**Cochise County Community College District  
Statement of Financial Position - Component Unit  
June 30, 2009**

	<u>Cochise College Foundation</u>
<b><u>Assets</u></b>	
Current assets:	
Cash and cash equivalents	\$ 95,090
Note receivable	15,365
Current portion of long-term investments	397,899
Total current assets	508,354
Noncurrent assets:	
Long-term investments	3,619,320
Land held as an investment	46,438
Total noncurrent assets	3,665,758
Total assets	\$ 4,174,112
<b><u>Liabilities</u></b>	
Current liabilities:	
Deposits held on behalf of others	\$ 15,695
Total current liabilities	15,695
<b><u>Net Assets</u></b>	
Unrestricted	
Undesignated, available for operations	(100,376)
Designated funds	475,496
Total unrestricted net assets	375,120
Temporarily restricted	2,164,859
Permanently restricted	1,618,438
Total net assets	4,158,417
Total liabilities and net assets	\$ 4,174,112

**See accompanying notes to financial statements.**

**Cochise County Community College District**  
**Statement of Revenues, Expenses, and Change in Net Assets - Primary Government**  
**For the Year Ended June 30, 2009**

	Business-Type Activities
Operating revenues:	
Tuition and fees (net of scholarship allowances of \$1,954,016)	\$ 4,641,758
Government contracts	412,708
Private contracts	289,407
Bookstore income	165,000
Food service income	355,009
Dormitory rentals and fees	130,599
Other	378,493
Total operating revenues	6,372,974
Operating expenses:	
Educational and general:	
Instruction	17,223,291
Public service	545,869
Academic support	1,373,347
Student services	4,373,637
Institutional support	8,208,375
Operation and maintenance of plant	3,407,441
Scholarships	3,173,812
Auxiliary enterprises	1,186,629
Depreciation	1,217,122
Total operating expenses	40,709,523
Operating loss	(34,336,549)
Nonoperating revenues (expenses):	
Property taxes	14,960,185
State appropriations	13,494,004
Government grants	8,305,737
Share of state sales taxes	924,881
Investment earnings	449,061
Interest on capital asset-related debt	(1,199,131)
Net nonoperating revenues	36,934,737
Increase in net assets	2,598,188
Total net assets, July 1, 2008	41,156,372
Total net assets, June 30, 2009	\$ 43,754,560

**See accompanying notes to financial statements.**

**Cochise County Community College District**  
**Statement of Activities - Component Unit**  
**For the Year Ended June 30, 2009**

	Cochise College Foundation			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and revenue:				
Contributions	\$ 111,823	\$ 565,053	\$ 38,638	\$ 715,514
Investment loss	(26,093)	(135,862)		(161,955)
Total support and revenue before net assets released from restriction	85,730	429,191	38,638	553,559
Net assets released from restriction	640,675	(640,675)		
Total support and revenue	726,405	(211,484)	38,638	553,559
Expenses:				
Program expenses:				
Scholarships	388,950			388,950
Special programs	251,725			251,725
Other	10,605			10,605
Total program expenses	651,280			651,280
Supporting services:				
Salaries and wages	67,136			67,136
Other	23,526			23,526
Total supporting services	90,662			90,662
Total expenses	741,942			741,942
Change in net assets	(15,537)	(211,484)	38,638	(188,383)
Net assets, beginning of year, as reclassified	390,657	2,376,343	1,579,800	4,346,800
Net assets, end of year	\$ 375,120	\$ 2,164,859	\$ 1,618,438	\$ 4,158,417

**See accompanying notes to financial statements.**

**Cochise County Community College District  
Statement of Cash Flows - Primary Government  
For the Year Ended June 30, 2009**

	Business-Type Activities
Cash flows from operating activities:	
Tuition and fees	\$ 4,771,784
Grants and contracts	365,143
Bookstore receipts	165,000
Food services receipts	355,009
Dormitory rentals and fees	130,599
Other receipts	324,042
Payments to suppliers and providers of goods and services	(9,484,304)
Payments to employees	(26,463,605)
Payments for scholarships	(3,173,812)
Other payments	(235,615)
Net cash used for operating activities	(33,245,759)
Cash flows from noncapital financing activities:	
Property taxes	14,817,782
State appropriations	13,494,004
Government grants	7,296,835
Share of state sales taxes	948,670
Federal family education loan receipts	2,502,284
Federal family education loan disbursements	(2,511,513)
Short-term loans received	500
Short-term loans disbursed	(500)
Deposits held in custody for others received	1,339,729
Deposits held in custody for others disbursed	(1,318,628)
Net cash provided by noncapital financing activities	36,569,163
Cash flows from capital and related financing activities:	
Proceeds from issuance of capital debt	26,127,619
Interest paid on capital debt	(599,565)
Purchases of capital assets	(25,150,717)
Net cash used for capital and related financing activities	377,337
Cash flows from investing activities:	
Interest received on investments	424,146
Net cash provided by investing activities	424,146
Net increase in cash and cash equivalents	4,124,887
Cash and cash equivalents, July 1, 2008	26,574,041
Cash and cash equivalents, June 30, 2009	\$ 30,698,928

(Continued)

**See accompanying notes to financial statements.**

**Cochise County Community College District  
Statement of Cash Flows - Primary Government  
For the Year Ended June 30, 2009  
(Concluded)**

	Business-Type Activities
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (34,336,549)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	1,217,122
Adjust prior year depreciation for art collection	(34,650)
Provision for uncollectable accounts	(12,749)
Net OPEB obligation	181,880
Changes in assets and liabilities:	
Increase in:	
Government grants and contracts receivable	(336,972)
Other receivables	(54,451)
Prepaid items	(63,943)
Accrued payroll and employee benefits	167,144
Deferred revenues	11,510
Decrease in:	
Accounts receivable	131,265
Inventories	25,585
Accounts payable	(126,791)
Compensated absences payable	(14,160)
Net cash used for operating activities	\$ (33,245,759)

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

As of June 30, 2009 the District acquired \$1,715,005 of capital assets for which cash had not been paid. These acquisitions were included in accounts payable at year end.

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 over 30 years the OPEB obligation for employee/retiree health benefits. The Current year net obligation is \$181,880, which is recorded as a long-term liability.

**See accompanying notes to financial statements.**

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

The accounting policies of the Cochise County Community College District (the District) 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, 2009, the District implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. See Note 6.B for further information.

**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 respective counterpart financial statements of the District. For financial reporting purposes only the Foundation's statements of financial position and activities are included in the District's financial statements as required by GAAP for public colleges and universities. The Foundation has a June 30 fiscal year-end.

During the year ended June 30, 2009, the Foundation distributed \$685,991 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, 2009**

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

**B. Basis of Presentation and Accounting**

The financial statements include a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows. A statement of net assets provides information about the assets, liabilities, and net assets of the District at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net assets are classified according to external donor restrictions or availability of assets to satisfy District obligations. Invested in capital assets, net of related debt represents the value of capital assets, net of accumulated depreciation, less any outstanding debt incurred to acquire or construct the assets. Expendable restricted net assets represent grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net assets include all other net assets, including those that have been designated by management to be used for other than general operating purposes. The District has designated \$6,335,265 to be used for capital purchases.

A statement of revenues, expenses, and changes in net assets provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net assets are reported. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues, such as tuition, bookstore, food service, and dormitory charges, are considered to be operating revenues. Other revenues, such as property taxes, state appropriations and government grants, are not generated from exchange transactions and are considered to be nonoperating revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense on debt, are considered to be nonoperating.

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 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 assets are available.

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**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 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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
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	40 years
Equipment	5,000	Straight line	5-30 years
Library books	All	Straight line	10 years

**F. Investment Earnings**

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

**G. Compensated Absences**

Compensated absences consist of vacation leave 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 termination of employment, all unused and unforfeited vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

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

Generally, sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with employees. Therefore, a liability for sick leave benefits is not accrued in the financial statements. However, for employees who are at least 55 years of age or have met the necessary points for full retirement with the Arizona State Retirement System and have been employed by the District for at least 10 years, a portion of their sick leave benefits does vest. Those amounts are accrued as a liability in the financial statements.

**H. Scholarship Allowances**

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

**NOTE 2 – CASH AND CASH EQUIVALENTS**

At June 30, 2009, the District's deposits and investments consisted of the following:

	Reported on the Statement of Net Assets as:	
	Cash and Cash Equivalents	Cash and Cash Equivalents Held by Trustee
Deposits:		
Cash on hand	\$ 10,674	\$
Cash in bank	12,532,653	
Investments at fair value:		
Cash and investments held by the County Treasurer	120,863	
Investment in State Treasurer's investment pool	9,006,802	
Money market mutual fund and State Treasurer's investment pool		9,027,936
Total	\$ 21,670,992	\$ 9,027,936

**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, 2009, the carrying amount of the District's cash in bank was \$12,532,653, and the bank balance was \$14,050,439. The Federal Deposit Insurance Corporation protects the District against loss on the first \$250,000 of demand deposits and \$250,000 of the time deposits located within the state. The District's cash deposits in excess of the \$250,000 are covered by collateral held by the pledging financial institution's trust department in the District's name.



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**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 the possession of an outside party. The District currently does not have a formal investment policy for custodial credit risk. The District's cash and investments held by the trustee have a custodial credit risk exposure of \$9,027,936 because the related securities are uninsured, unregistered and held by the District's brokerage firm (counterparty) not in the District's name.

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balance, as reclassified	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 495,580	\$	\$	\$ 495,580
Museum art collections	66,000			66,000
Construction in progress	7,071,198	23,416,037	(4,393,741)	26,093,494
Total capital assets not being depreciated	<u>7,632,778</u>	<u>23,416,037</u>	<u>(4,393,741)</u>	<u>26,655,074</u>
Capital assets being depreciated:				
Buildings	19,163,412	5,606,938		24,770,350
Equipment	6,645,962	318,060		6,964,022
Improvements other than buildings	2,084,428	129,228		2,213,656
Library books	1,262,395	58,221	(48,623)	1,271,993
Total capital assets being depreciated	<u>29,156,197</u>	<u>6,112,447</u>	<u>(48,623)</u>	<u>35,220,021</u>
Less accumulated depreciation for:				
Buildings	(11,623,661)	(411,985)		(12,035,646)
Equipment	(5,904,149)	(529,566)		(6,433,715)
Improvements other than buildings	(1,117,123)	(219,335)		(1,336,458)
Library books	(958,145)	(56,236)	48,623	(965,758)
Museum art collections	(34,650)		34,650	-
Total accumulated depreciation	<u>(19,637,728)</u>	<u>(1,217,122)</u>	<u>83,273</u>	<u>(20,771,577)</u>
Total capital assets being depreciated, net	<u>9,518,469</u>	<u>4,895,325</u>	<u>34,650</u>	<u>14,448,444</u>
Capital assets, net	<u>\$ 17,151,247</u>	<u>\$ 28,311,362</u>	<u>\$(4,359,091)</u>	<u>\$ 41,103,518</u>

The District had major contractual commitments at June 30, 2009, related to various capital investment projects for the construction of new buildings on the Sierra Vista and Douglas Campuses; these contractual commitments totaled \$13,523,407 as of that date. The investment projects are being financed with college reserves set aside over the last several years for this purpose and with the proceeds from the sale of revenue bonds and pledged revenue obligations, also issued for this purpose. The museum art collections have been reclassified to show that they are no longer being depreciated.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 4 – LONG-TERM LIABILITIES**

The following schedule details the District’s long-term liability and obligation activity for the year ended June 30, 2009:

	Balance <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2009</u>	Due within <u>one year</u>
Compensated absences	\$1,303,559	\$ 1,371,324	\$ 1,385,484	\$ 1,289,399	\$ 122,239
OPEB obligation	0	232,356	50,476	181,880	50,476
Bonds payable:					
Revenue bonds	0	10,595,000	0	10,595,000	90,000
Pledged revenue obligations	0	15,000,000	0	15,000,000	730,000
Premiums	0	532,619	31,772	500,847	31,772
Certificates of Participation	<u>290,000</u>	<u>0</u>	<u>290,000</u>	<u>0</u>	<u>0</u>
Total long-term liabilities	<u>\$1,593,559</u>	<u>\$27,731,299</u>	<u>\$1,757,732</u>	<u>\$27,567,126</u>	<u>\$1,024,487</u>

**Bonds Payable**

The District’s bonded debt consists of one issue of revenue bonds and one issue of pledged revenue obligations. 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, 2009, were as follows:

<u>Issue</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
Revenue Bonds				
Series 2008	\$10,595,000	7/1/2009-28	3.5-5.125%	\$10,595,000
Pledged Revenue Obligations				
Series 2008	\$15,000,000	7/1/2009-23	4.00-5.50%	\$15,000,000

The following schedule details debt service requirements to maturity for the District’s bonds and PROs at June 30, 2009:

<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>	
2010	\$ 90,000	\$ 521,050	\$ 730,000	\$ 640,256	\$ 1,981,306
2011	100,000	517,550	765,000	603,919	1,986,469
2012	105,000	513,613	800,000	571,919	1,990,532
2013	105,000	509,675	835,000	538,519	1,988,194
2014	105,000	505,475	870,000	503,719	1,984,194
2015-2019	610,000	2,455,613	4,885,000	1,946,476	9,897,089
2020-2024	750,000	2,308,230	6,115,000	609,750	9,782,980
2025-2029	8,730,000	939,413	-	-	9,669,413
Totals	\$10,595,000	\$8,270,619	\$15,000,000	\$5,414,558	\$39,280,177

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

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

**A. Revenue Bonds**

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

**Certificates of Participation**

The District issued certificates of participation that were generally noncallable until 2004 when they became callable at a premium, with interest payable semiannually to fund a portion of the \$5,000,000 building expansion project on the Sierra Vista campus in 1993-94. The certificates were paid off during FY 2009; therefore no balance was outstanding at June 30, 2009.

**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 expected to require less than 33% of the annual pledged gross revenues. FY 2009 interest paid and total pledged gross revenues were \$1,199,131 and \$6,119,920, respectively. Total principal and interest remaining to be paid is \$39,280,177.

**NOTE 5 - RISK MANAGEMENT**

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 6 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS**

**A. Pension Benefits**

**Plan descriptions** – The District contributes to a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health care plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan, all of which are administered by the Arizona State Retirement System (System). The System (through its Retirement Fund) provides retirement (i.e., pension), death and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., a monthly subsidy); and the Long-Term Disability Fund provides long-term disability benefits. Benefits are established by state statute. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

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

**Funding policy** - The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2009, active plan members and the District were each required by statute to contribute at the actuarially determined rate of 9.45 percent of the members' annual covered payroll. The employee's contributions of 9.45 percent were broken down as follows: 8.95 percent for retirement and 0.5 percent for long-term disability. The District's contributions of 9.45 percent were broken down as follows: 7.99 percent for retirement, 0.96 percent for health insurance premium, and 0.5 percent for long-term disability. The District's contributions for the current and two preceding years, all of which were equal to the required contributions, were as follows:

	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
Years ended June 30,			
2009	\$ 1,381,114	\$ 181,232	\$ 86,945
2008	1,322,249	180,071	82,756
2007	1,164,179	161,869	77,061

**B. Postemployment Health Care Benefits**

Effective for the 2008-09 fiscal year, the District implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB Statement No. 45), for certain postemployment health care benefits provided by the Cochise Combined Trust (the Trust). The requirements of GASB Statement No. 45 are being implemented prospectively, with the actuarially determined liability of \$1,786,136 as of July 1, 2008 (the date of transition), amortized over 30 years.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 6 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)**

**Plan descriptions** – The District has a single-employer plan for postemployment health care benefits. The District subsidizes the premium rates paid by retirees by allowing them to participate in the District's health care plan at a reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provided an implicit rate subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The District does not over any explicit subsidies.

Employees may be retained on the Trust's health insurance 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.

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.

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 Post Employment Benefit (OPEB) costs or the net OPEB obligation. For the 2009-09 fiscal year, 18 retirees received postemployment healthcare benefits. The District provided required contributions of \$50,476, or 21.7%, toward the annual OPEB cost of \$232,356, comprised of partial premium payments made on behalf of retirees for post-retirement medical benefits. Retiree contributions totaled \$182,998.

**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.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 6 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)**

<u>Description</u>	<u>Amount</u>
Normal cost (service cost for one year)	\$ 133,036
Amortization of unfunded actuarial:	
Accrued liability	99,320
Interest on normal cost and amortization	-
<b>Annual required contribution (ARC)</b>	232,356
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
<b>Annual OPEB Cost</b>	232,356
Contribution toward the OPEB cost	<u>(50,476)</u>
Increase in net OPEB obligation	181,880
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u><u>\$ 181,880</u></u>

**Funded Status and Funding Progress** – As of June 30, 2009 the actuarial accrued liability for benefits were \$1,786,136 and is unfunded. The covered payroll (annual payroll of active participating employees) was \$15,297,505 for the FY 2009 while the ratio of the unfunded actuarial accrued liability to the covered payroll was 11.7%.

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.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 6 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Concl'd)**

**Method/Assumption**

Valuation date	July 1, 2008
Actuarial cost method	Projected unit credit
Initial amortization period, level dollar amortization method, open period	30 years
Remaining amortization period	29 years
Investment rate of return	4 %
Medicare coverage age	65
Retirement and disability age	ASRS assumptions
Health Care Cost Trend Range	5% - 9%
Participation Assumption	100%
Active members	294
Retirees currently receiving benefits	18

**NOTE 7 - OPERATING EXPENSES**

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

Personnel services	\$26,798,469
Contract services	3,890,058
Supplies and other services	2,622,766
Rent and insurance	1,296,725
Communications and utilities	1,127,915
Travel	381,690
Scholarships	3,173,812
Depreciation	1,217,122
Other	200,966
Total	\$40,709,523

**NOTE 8 – CONTINGENCIES AND LITIGATION**

The District is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of business. Possible claims cannot be reasonably estimated at this time. Management and legal counsel will seek denial of the claims and believe that the loss, if any, resulting from these claims will not have a material impact on the District's financial position, results of operations, or cash flows in future years.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 9 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURE**

**A. Summary of Significant Accounting Policies**

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

**1. Basis of Presentation**

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

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

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

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

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

**2. Revenue Recognition**

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

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 9 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURE (Cont'd)**

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

**3. Expense Allocation**

Directly identifiable expenses of the Foundation's programs are charged to scholarships and other programs. Supporting services expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

**4. Use of Estimates**

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

**5. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Foundation maintains its cash in bank deposit accounts, which, for short periods of time, may exceed federally insured limits. There was no uninsured cash at the end of the current fiscal year.

**6. Investments**

The Foundation carries investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

**7. Concentrations of Credit and Market Risk**

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

**8. Donated Assets**

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 9 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURE (Cont'd)**

**9. Donated Services**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since recognition criteria were not met.

**10. Income Tax Status**

The Foundation is exempt from federal income tax as an organization other than a private foundation under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Foundation has elected to defer the application of Financial Accounting Standards Board Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, until the fiscal year beginning July 1, 2009. The Foundation has not taken any uncertain tax positions and, therefore, has no policy for evaluating them, nor does it expect that the adoption of FIN 48 will have a material impact on its financial statements.

**11. Subsequent Events**

Subsequent events have been evaluated through November 2, 2009, which is the date the financial statements were available to be issued.

**12. Implementation of FSP FAS 117-1 and FASB Statement No. 157**

In August 2008, the Financial Accounting Standards Board issued FASB Staff Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), an Enhanced Disclosures for All Endowment Funds (FSP FAS 117-1)*. FSP FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the UPMIFA. FSP FAS 117-1 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA. The State of Arizona enacted UPMIFA effective September 15, 2008, the provisions of which apply to endowment funds existing on or established after that date. The Foundation has adopted FSP FAS 117-1 for the year ended June 30, 2009. See Section C below for further detail.

During fiscal year 2009, the Foundation implemented FASB Statement No. 157, *Fair Value Measurements*. See Section B for further detail.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 9 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURE (Cont'd)**

**B. FAIR VALUE MEASUREMENTS**

Fair values of assets measured on a recurring basis are determined by reference to quoted market prices and other relevant information generated by market transactions, which represent level 1 inputs. Investments at June 30, 2009 were comprised of the following.

	<u>Fair Value</u>
Investments	
Money market funds	\$ 256,349
Fixed income investments	2,881,947
Equities	13,888
Mutual funds	865,035
Land	<u>46,438</u>
Total Assets	<u>\$ 4,063,657</u>

Investment loss consisted of the following for the year ended June 30, 2009.

Interest and dividends	\$ 211,241
Unrealized losses	(418,279)
Unrealized gains	63,958
Realized losses	<u>(18,875)</u>
Total investment loss	<u>\$ (161,955)</u>

**C. ENDOWMENTS**

The Foundation's endowments consist of both donor-restricted contributions that were made to its foundation and funds designated by the Board to function as endowments. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on existence or absence of donor-imposed restrictions.

**1. Interpretation of Relevant Law**

The foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historic dollar value of the original gift as of the gift date of 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, and (b) the original value of subsequent gifts to the permanent endowment. 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 UPMIFA.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 9 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURE (Cont'd)**

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

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

**2. Funds with Deficiencies**

From time to time, the fair values of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA 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. There were no such deficiencies as of June 30, 2009.

**3. Return Objectives and Risk Parameters**

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 of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy, as approved by the Board of Directors, up to two-thirds of the endowment assets are invested in fixed income, and up to one-third of the endowment net assets are invested in equities.

**4. Strategies Employed for Achieving Objectives**

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 places a greater emphasis on fixed income investments to achieve its long-term return objectives within prudent risk constraints.

**5. Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Foundation has a policy of appropriating for distribution each year 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.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 9 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURE (Concl'd)**

Endowment Net Asset Composition by Type of Fund as of June 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$	\$ 2,164,859	\$ 1,618,438	\$ 3,783,297
Board-designated endowment funds	475,496			475,496
Total Funds	<u>\$ 475,496</u>	<u>\$ 2,164,859</u>	<u>\$ 1,618,438</u>	<u>\$ 4,258,793</u>

Changes in Endowment Net Assets for the year ended June 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$	\$ 2,002,441	\$ 1,579,800	\$ 3,582,241
Net asset reclassification based on change in law and donor stipulations		<u>373,902</u>		<u>373,902</u>
Endowment net assets, after reclassification		2,376,343	1,579,800	3,956,143
Investment income	28,185	182,896		211,081
Net depreciation, realized and unrealized	<u>(52,689)</u>	<u>(318,758)</u>		<u>(371,447)</u>
Total investment return	\$ (24,504)	(135,862)		(160,366)
Contributions		565,053	38,638	603,691
Board designations	500,000			500,000
Appropriation of endowment assets for expenditure		<u>(640,675)</u>		<u>(640,675)</u>
Endowment net assets, end of year	<u>\$ 475,496</u>	<u>\$ 2,164,859</u>	<u>\$ 1,618,438</u>	<u>\$ 4,258,793</u>

Required  
Supplementary  
Information

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
 POST EMPLOYMENT HEALTH CARE BENEFITS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
 June 30, 2009

Fiscal Year Ended <u>June 30</u>	Actuarial Value of Plan <u>Assets</u>	Actuarial Accrued Liability <u>Entry Age (1)</u>	Unfunded Actuarial Accrued <u>Liability (3)</u>	Funded <u>Ratio (2)</u>	Covered <u>Payroll</u>	Actuarial Liability as a Percentage of Covered <u>Payroll</u>
2009	\$ -	\$ 1,786,136 (4)	\$ 1,786,136	0.00%	\$ 15,297,505 (4)	11.68%

- Notes:
- (1) The Entry Age Actuarial 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.
  - (4) Based on data from an actuarial valuation report as of July 1, 2008, dated June 23, 2009.

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.

The District adopted GASB Statement 45, effective July 1, 2008, therefore only one year of funding progress information is available.



**STATISTICAL**  
*section*



**COCHISE  
COLLEGE**

*Creating opportunities...changing lives*

# 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**

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

## **Revenue Capacity**

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

## **Debt Capacity**

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

## **Demographic and Economic Information**

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

## **Operating Information**

These schedules contain service and 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 ASSETS by COMPONENT  
Last Eight Fiscal Years (1)  
Unaudited

	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
<b>Primary government</b>								
Invested in capital assets, net of related debt	\$ 15,508,518	\$ 16,861,247	\$ 10,896,801	\$ 10,385,795	10,628,755	10,749,501	10,650,275	11,442,979
Restricted (2)	10,193,018	1,904,829	1,599,298	1,457,979	947,780	449,062	359,452	262,010
Unrestricted (2)	18,053,024	22,390,296	24,286,971	20,037,090	15,319,552	10,641,976	7,347,628	5,924,985
<b>Total primary government net assets</b>	<b>\$ 43,754,560</b>	<b>\$ 41,156,372</b>	<b>\$ 36,783,070</b>	<b>\$ 31,880,864</b>	<b>\$ 26,896,087</b>	<b>\$ 21,840,539</b>	<b>\$ 18,357,355</b>	<b>\$ 17,629,974</b>

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

Note (1): Beginning in fiscal year 2001/02, the District implemented the reporting requirements of GASB statement No. 35. Since prior years financial information has not been restated, only the past seven fiscal years revenues are presented above.

Note (2): In FY 2006, Expendable Capital Projects Net Assets and Debt Service Net Assets were reclassified from Restricted Net Assets to Unrestricted Net Assets. Prior years' data have been restated for comparability.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
 CHANGES in NET ASSETS  
 Last Eight Fiscal Years (1)  
 Unaudited

	2008/2009	2007/2008	2006/2007	2005/06	2004/05	2003/04	2002/03	2001/02
<b>Operating Revenues</b>								
Tuition and fees	\$ 4,641,758	\$ 4,698,520	\$ 4,471,602	\$ 4,115,507	\$ 4,104,156	\$ 3,874,044	\$ 3,395,065	\$ 2,830,410
Bookstore sales	165,000	165,000	165,000	165,000	165,000	113,160	113,723	106,697
Food service sales	355,009	303,007	296,025	302,222	303,693	302,177	304,974	339,556
Dormitory rentals	130,599	188,407	206,825	199,604	210,085	193,778	229,280	250,054
Other sales and services	378,493	393,656	529,893	834,528	1,531,498	869,457	352,220	322,833
Contracts	702,115	620,393	579,140	554,668	921,593	612,435	633,393	653,366
<b>Total operating revenues</b>	<b>\$ 6,372,974</b>	<b>\$ 6,368,983</b>	<b>\$ 6,248,485</b>	<b>\$ 6,171,529</b>	<b>\$ 7,236,025</b>	<b>\$ 5,965,051</b>	<b>\$ 5,028,655</b>	<b>\$ 4,502,916</b>
<b>Operating Expenses</b>								
Instruction	\$ 17,223,291	\$ 17,701,763	\$ 15,380,470	\$ 14,136,315	\$ 12,460,037	\$ 11,664,764	\$ 12,166,791	\$ 11,282,892
Public service	545,869	459,213	417,791	498,178	561,156	456,122	340,121	412,659
Academic support	1,373,347	1,450,899	1,608,960	1,136,549	1,051,477	903,969	861,049	829,502
Student services	4,373,637	4,045,079	3,713,085	3,431,102	2,887,048	2,726,816	2,849,238	2,463,364
Institutional support	8,208,375	6,407,377	6,032,729	5,824,808	5,005,656	4,317,051	4,555,534	4,270,073
Operation & maintenance of Plant	3,407,441	2,896,466	3,403,605	3,180,681	2,716,508	2,588,501	2,448,144	2,529,219
Scholarships	3,173,812	2,763,227	2,674,499	2,681,465	3,009,865	3,027,789	3,325,570	2,774,394
Depreciation	1,217,122	1,388,759	1,096,577	1,225,454	1,189,506	1,112,495	1,010,505	1,063,415
Auxiliary enterprises	1,186,629	1,285,996	1,954,700	2,074,570	2,604,560	1,601,063	1,336,144	1,693,613
<b>Total operating expenses</b>	<b>\$ 40,709,523</b>	<b>\$ 38,398,779</b>	<b>\$ 36,282,416</b>	<b>\$ 34,189,122</b>	<b>\$ 31,485,813</b>	<b>\$ 28,398,570</b>	<b>\$ 28,893,096</b>	<b>\$ 27,319,131</b>
<b>Operating income (loss)</b>	<b>\$ (34,336,549)</b>	<b>\$ (32,029,796)</b>	<b>\$ (30,033,931)</b>	<b>\$ (28,017,593)</b>	<b>\$ (24,249,788)</b>	<b>\$ (22,433,519)</b>	<b>\$ (23,864,441)</b>	<b>\$ (22,816,215)</b>
<b>Nonoperating Revenues/(Expenses)</b>								
Property taxes	14,960,185	14,036,854	13,012,950	11,786,056	10,910,652	10,144,554	9,642,802	8,744,747
State appropriations	13,494,004	13,071,100	12,206,400	11,270,300	9,384,000	7,748,800	7,547,001	8,133,700
Government grants (3)	8,305,737	6,549,237	6,369,297	7,361,587	7,147,082	6,744,782	7,084,184	5,954,757
Share of state sales taxes	924,881	1,034,869	1,044,129	962,089	771,765	588,067	424,850	540,737
Investment earnings/(loss)	449,061	962,089	1,240,620	715,239	250,213	92,798	(204,595)	197,523
Miscellaneous	-	-	-	-	-	-	-	38,000
Interest on debt	(1,199,131)	(27,035)	(42,994)	(58,501)	(70,576)	(84,098)	(96,408)	(107,570)
Gain(Loss) on sale/disposal of capital assets	-	(284,616)	33,435	-	-	-	-	-
<b>Total nonoperating revenues/expenses</b>	<b>36,934,737</b>	<b>35,342,498</b>	<b>33,863,837</b>	<b>32,036,770</b>	<b>28,393,136</b>	<b>25,234,903</b>	<b>24,397,834</b>	<b>23,501,894</b>
<b>Income (loss) before other revenues, expenses, gains or losses</b>	<b>2,598,188</b>	<b>3,312,702</b>	<b>3,829,906</b>	<b>4,019,177</b>	<b>4,143,348</b>	<b>2,801,384</b>	<b>533,393</b>	<b>685,679</b>
Capital appropriations	-	1,060,600	1,052,300	965,600	912,200	681,800	681,800	699,900
Capital grants and gifts	-	-	20,000	-	-	-	-	-
<b>Change in Net Assets</b>	<b>\$ 2,598,188</b>	<b>\$ 4,373,302</b>	<b>\$ 4,902,206</b>	<b>\$ 4,984,777</b>	<b>\$ 5,055,548</b>	<b>\$ 3,483,184</b>	<b>\$ 1,215,193</b>	<b>\$ 1,385,579</b>

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

Note (1): Beginning in fiscal year 2001/02, the District implemented the reporting requirements of GASB Statement No. 35. Since prior years financial information has not been restated, only the past seven fiscal years are presented here.

Note (2): Total Net Assets for the year ended June 30, 2002 was adjusted due to the understating of capital assets and capital depreciation in the amount of \$487,812.

Note (3): Government grants have been reclassified for the fiscal years prior to fiscal year 2007/2008 to conform with current year presentation.

COSHISE COUNTY COMMUNITY COLLEGE DISTRICT  
EXPENSES by FUNCTION  
Last Eight Fiscal Years (1)  
Unaudited

Function	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Instruction	\$ 17,223,291	\$ 17,701,763	\$ 15,380,470	\$ 14,136,315	\$ 12,460,037	\$ 11,664,764	\$ 12,166,791	\$ 11,282,892
Public service	545,869	459,213	417,791	498,178	561,156	456,122	340,121	412,659
Academic support	1,373,347	1,450,899	1,608,960	1,136,549	1,051,477	903,969	861,049	829,502
Student services	4,373,637	4,045,079	3,713,085	3,431,102	2,887,048	2,726,816	2,849,238	2,463,364
Institutional support	8,208,375	6,407,377	6,032,729	5,824,808	5,005,656	4,317,051	4,555,534	4,270,073
Operation & maintenance of plant	3,407,441	2,896,466	3,403,605	3,180,681	2,716,508	2,588,501	2,448,144	2,529,219
Scholarships	3,173,812	2,763,227	2,674,499	2,681,465	3,009,865	3,027,789	3,325,570	2,774,394
Depreciation	1,217,122	1,388,759	1,096,577	1,225,454	1,189,506	1,112,495	1,010,505	1,063,415
Interest on debt	1,199,131	27,035	42,994	58,501	70,576	84,098	96,408	107,570
Other nonoperating expenses	-	284,616	-	-	-	-	-	-
Auxiliary enterprises	1,186,629	1,285,996	1,954,700	2,074,570	2,604,560	1,601,063	1,336,144	1,693,613
<b>Total Expenses</b>	<b>\$41,908,654</b>	<b>\$38,710,430</b>	<b>\$36,325,410</b>	<b>\$34,247,623</b>	<b>\$31,556,389</b>	<b>\$28,482,668</b>	<b>\$28,989,504</b>	<b>\$27,426,701</b>

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

Note (1): Beginning in fiscal year 2001/02, the District implemented the reporting requirements of GASB statement No. 35. Since prior years financial information has not been restated, only the past seven fiscal years expenses are presented above.

COSHISE COUNTY COMMUNITY COLLEGE DISTRICT  
EXPENSES by USE  
Last Eight Fiscal Years (1)  
Unaudited

USE	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Salaries and benefits	\$ 26,798,469	\$ 25,693,154	\$ 23,925,848	\$ 22,388,383	\$ 19,714,317	\$ 18,523,979	\$ 18,217,369	\$ 18,089,293
Contract services	3,890,058	2,855,842	2,693,339	2,792,749	2,749,871	1,970,927	2,121,736	1,906,728
Supplies and materials	2,392,886	2,562,210	2,243,703	1,910,767	2,212,951	1,550,110	1,869,146	1,564,686
Subscriptions, dues, insurance, and rentals	1,296,725	1,024,344	875,562	875,245	711,074	444,806	635,841	545,764
Utilities and communication	1,127,915	1,077,962	1,064,695	913,088	889,455	885,605	863,847	887,341
Travel	381,690	519,002	462,069	468,778	419,345	395,312	362,474	280,232
Noncapitalized equipment	229,881	207,295	867,186	531,149	280,767	200,456	276,674	-
Scholarships	3,173,812	2,763,227	2,674,499	2,681,465	3,009,865	3,027,789	3,325,570	2,774,394
Depreciation	1,217,122	1,388,759	1,096,577	1,225,454	1,189,506	1,112,495	1,010,505	1,063,415
Other	200,965	306,984	378,938	402,044	308,662	287,091	209,934	207,278
Total operating expenses	40,709,523	38,398,779	36,282,416	34,189,122	31,485,813	28,398,570	28,893,096	27,319,131
Interest on debt	1,199,131	27,035	42,994	58,501	70,576	84,098	96,408	107,570
Other nonoperating expenses	-	284,616	-	-	-	-	-	-
Total nonoperating expenses	1,199,131	311,651	42,994	58,501	70,576	84,098	96,408	107,570
<b>Total expenses</b>	<b>41,908,654</b>	<b>38,710,430</b>	<b>36,325,410</b>	<b>34,247,623</b>	<b>31,556,389</b>	<b>28,482,668</b>	<b>28,989,504</b>	<b>27,426,701</b>

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

Note (1): Beginning in fiscal year 2001/02, the District implemented the reporting requirements of GASB statement No. 35. Since prior years financial information has not been restated, only the past seven fiscal years expenses are presented above.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
REVENUES by SOURCE  
Last Eight Fiscal Years (1)  
Unaudited

Source of Revenue	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Property taxes	\$ 14,960,185	\$ 14,036,854	\$ 13,012,950	\$ 11,786,056	\$ 10,910,652	\$ 10,144,554	\$ 9,642,802	\$ 8,744,747
State appropriations	13,494,004	14,131,700	13,258,700	12,235,900	10,296,200	8,430,600	8,228,801	8,819,379
Grants and contracts	9,007,852	7,169,630	6,946,544	7,909,560	7,996,983	7,353,192	7,715,886	6,607,112
Tuition and fees	4,641,758	4,698,520	4,471,602	4,115,507	4,104,156	3,874,044	3,395,065	2,830,410
Investment income	449,061	962,089	1,240,620	715,239	250,213	92,798	(204,595)	197,523
Bookstore sales	165,000	165,000	165,000	165,000	165,000	113,160	113,723	106,697
Food services sales	355,009	303,007	296,025	302,222	303,693	302,177	304,974	339,556
Dormitory rentals	130,599	188,407	206,825	199,604	210,085	193,778	229,280	250,054
Other	1,303,374	1,428,525	1,629,350	1,803,312	2,374,955	1,461,549	778,761	902,581
<b>Total Revenues</b>	<b>\$ 44,506,842</b>	<b>\$ 43,083,732</b>	<b>\$ 41,227,616</b>	<b>\$ 39,232,400</b>	<b>\$ 36,611,937</b>	<b>\$ 31,965,852</b>	<b>\$ 30,204,697</b>	<b>\$ 28,798,059</b>

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

Note (1): Beginning in fiscal year 2001/02, the District implemented the reporting requirements of GASB statement No. 35. Since prior years financial information has not been restated, only the past seven fiscal years revenues are presented above.

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

FISCAL YEAR	STATUTORY EXPENDITURE LIMITATION (1)	BUDGETED EXPENDITURES SUBJECT TO LIMITATION (2)	UNUSED LEGAL LIMIT
1999/00	20,295,431	19,459,919	835,512
2000/01	19,189,074	19,094,305	94,769
2001/02	21,370,511	17,160,964	4,209,547
2002/03	22,544,097	16,833,821	5,710,276
2003/04	23,778,152	16,483,870	7,294,282
2004/05	30,719,685	19,043,923	11,675,762
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

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

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

Note 2: Budgeted expenditures are net of allowable exclusions.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
 ASSESSED VALUE and CURRENT MARKET 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
1999/00 primary	457,578,184	3,335,394,089	13.72%
1999/00 secondary	466,985,024	3,398,094,759	13.74%
2000/01 primary	492,396,096	3,564,695,900	13.81%
2000/01 secondary	503,163,777	3,666,404,012	13.72%
2001/02 primary	504,130,498	3,709,879,002	13.59%
2001/02 secondary	517,193,490	3,824,151,522	13.52%
2002/03 primary	537,737,089	3,976,034,494	13.52%
2002/03 secondary	554,220,855	4,109,659,631	13.49%
2003/04 primary	570,409,342	4,316,623,673	13.21%
2003/04 secondary	586,985,389	4,457,391,244	13.17%
2004/05 primary	611,079,588	4,677,083,356	13.07%
2004/05 secondary	628,655,003	4,824,239,743	13.03%
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%

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

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

Fiscal Year	Primary Assessed Valuation	Tax Rate	(1) Tax Levy	Secondary Assessed Valuation	Tax Rate	(2) Tax Levy
1999/00	457,578,184	1.7368	7,947,218	466,985,024	-	-
2000/01	492,396,096	1.7368	8,551,935	503,163,777	-	-
2001/02	504,130,498	1.7368	8,755,738	517,193,490	-	-
2002/03	537,737,089	1.7868	9,608,286	554,220,855	-	-
2003/04	570,409,342	1.7868	10,192,074	586,985,389	-	-
2004/05	611,079,588	1.7868	10,918,770	628,655,003	-	-
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	-	-

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

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

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

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

Fiscal Year		Cochise College	(1) State of Arizona	Cochise County	Cities/Towns and Special Districts		School Districts	
					From	To	From	To
1999/00	Primary	1.7368	-	2.9873	0.0096	7.0288	0.0000	12.0203
	Secondary	-	-	0.4148	0.1000	2.7968	0.4305	2.9934
2000/01	Primary	1.7368	-	2.9373	0.0086	2.4774	0.0000	11.3559
	Secondary	-	-	0.4148	0.0100	2.9976	0.0000	2.9562
2001/02	Primary	1.7368	-	2.9373	0.0083	2.4774	1.1679	11.4960
	Secondary	-	-	0.4148	0.1000	3.0000	0.3416	2.5575
2002/03	Primary	1.7868	-	2.9373	0.0076	2.4556	1.2605	11.9069
	Secondary	-	-	0.4148	0.1000	2.9986	0.3111	2.3008
2003/04	Primary	1.7868	-	2.9373	0.1500	2.3675	1.5519	16.5502
	Secondary	-	-	0.4148	0.1000	3.0000	0.0000	2.5127
2004/05	Primary	1.7868	-	2.9373	0.1500	2.3817	0.0666	9.9236
	Secondary	-	-	0.4148	0.1000	2.9999	0.0000	2.5555
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

Source: Cochise County Assessors/Treasurer's Office.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
 PRINCIPAL TAXPAYERS  
 Current Year and Eight Years Ago  
 Unaudited

Taxpayer	2009			2001		
	2009 Primary Assessed Valuation	Rank	Percent of Cochise County's 2009 Primary Assessed Valuation	2001 Primary Assessed Valuation	Rank	Percent of Cochise County's 2001 Primary Assessed Valuation
Arizona Electric Power Coop Inc	\$ 29,297,570	1	3.24%	\$ 42,146,026	1	8.15%
Sulphur Springs Valley Electric Co-Op Int	26,119,638	2	2.89%	14,930,341	2	2.89%
El Paso Natural Gas Company	17,907,299	3	1.98%	8,575,391	4	1.66%
Qwest Corporation/US West	10,054,259	4	1.11%	10,368,078	3	2.00%
Southwest Gas Corporation	9,173,912	5	1.02%	7,659,736	5	1.48%
Arizona Public Service Company	8,980,668	6	0.99%	6,297,186	6	1.22%
S F P P L.P.	7,303,290	7	0.81%	4,104,459	9	0.79%
Wal-Mart Stores Inc	6,629,761	8	0.73%	-	-	-
Valley Telephone Co-Op	5,753,556	9	0.64%	-	-	-
Sierra Vista Mall LLC	5,141,475	10	0.57%	-	-	-
Union Pacific Railroad	-	-	-	5,568,600	7	1.08%
Price Development Co.	-	-	-	4,187,539	8	0.81%
Tucson Electric Power Co.	-	-	-	3,164,423	10	0.61%

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

Note: Nine year prior information is not available. 2001 is the oldest year this information is available.

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

Fiscal Year	(1) Total Tax Levy	(2) Current Tax Collection	Percent of Current Tax Collections to Total Tax Levy	(2) Delinquent Tax Collections	(2) Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
1999/00	7,947,218	7,553,817	95.05%	376,202	7,930,019	99.78%
2000/01	8,551,935	8,048,015	94.11%	492,796	8,540,811	99.87%
2001/02	8,755,738	8,312,788	94.94%	431,329	8,744,117	99.87%
2002/03	9,608,286	9,179,967	95.54%	416,288	9,596,255	99.87%
2003/04	10,192,074	9,657,550	94.76%	512,252	10,169,802	99.78%
2004/05	10,918,770	10,477,681	95.96%	424,367	10,902,048	99.85%
2005/06	11,877,479	11,464,243	96.52%	394,835	11,859,078	99.85%
2006/07	13,126,004	12,641,430	96.31%	455,696	13,097,126	99.78%
2007/08	14,165,750	13,625,618	96.19%	459,674	14,085,292	99.43%
2008/09	15,002,075	14,286,998	95.23%	-	14,286,998	95.23%

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

Note 1: All amounts shown are for the General Fund only through fiscal year 2000-01. Thereafter, amounts are presented district-wide, in accordance with GASB Statement Number 35. In addition, amounts presented are the original levies, prior to any adjustments.

Note 2: Amounts collected 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		
			Rates (2)	Increase	
				Dollars	Percent
1999/00	10,033	3,540	810	-	-
2000/01	9,865	3,528	960	150	18.52
2001/02	9,206	3,597	970	10	1.04
2002/03	10,367	4,344	1,050	80	8.25
2003/04	12,876	6,035	1,200	150	14.29
2004/05	13,608	6,577	1,350	150	12.50
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

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

	For the Fiscal Year Ended June 30				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Other Debt:</b>					
Revenue Bonds	\$ 10,595,000				
Certificates of participation	\$ -	\$ 290,000	\$ 560,000	\$ 815,000	\$ 1,055,000
Pledged Revenue Obligations	\$ 15,000,000				
Total outstanding debt	\$ 25,595,000	\$ 290,000	\$ 560,000	\$ 815,000	\$ 1,055,000
Per capita	\$ 198.40	\$ 2.15	\$ 4.15	\$ 6.38	\$ 8.36
Per student	\$ 1,690.89	\$ 19.41	\$ 41.08	\$ 60.98	\$ 77.53
Per FTSE	\$ 3,336.59	\$ 39.35	\$ 81.82	\$ 122.94	\$ 160.41

	For the Fiscal Year Ended June 30				
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>Other Debt:</b>					
Certificates of participation	\$ 1,280,000	\$ 1,495,000	\$ 1,700,000	\$ 1,890,000	\$ 2,075,000
Total outstanding debt	\$ 1,280,000	\$ 1,495,000	\$ 1,700,000	\$ 1,890,000	\$ 2,075,000
Per capita	\$ 10.34	\$ 12.29	\$ 14.16	\$ 15.91	\$ 17.58
Per student	\$ 99.41	\$ 144.21	\$ 184.66	\$ 191.59	\$ 206.82
Per FTSE	\$ 212.10	\$ 344.15	\$ 472.62	\$ 535.71	\$ 586.16

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

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	
1999/00	\$ 6,111,374	\$ 175,000	\$ 122,973	\$ 297,973	4.88%
2000/01	6,552,437	185,000	112,890	297,890	4.55%
2001/02	4,047,073	190,000	107,570	297,570	7.35%
2002/03	4,190,667	205,000	96,408	301,408	7.19%
2003/04	5,445,414	215,000	84,098	299,098	5.49%
2004/05	6,564,645	225,000	70,578	295,578	4.50%
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%

Source: Annual Audited Financial Statements and District records.

Note (1): Pledged revenues include tuition and fees, bookstore revenues, food service sales, dormitory rentals, investment and other income. Beginning in fiscal year 2001-02, tuition and fees, food service sales, and dormitory rentals are reported net of scholarships and allowances per GASB Statement Number 35.

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

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  
 COMPUTATION of LEGAL DEBT MARGIN  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Debt Limit</b>	\$152,811,042	\$130,936,851	\$ 115,114,953	\$ 102,355,088	\$ 94,298,250
<b>Total net debt applicable to the limit</b>	-	-	-	-	-
<b>Legal debt margin</b>	<u>\$152,811,042</u>	<u>\$130,936,851</u>	<u>\$ 115,114,953</u>	<u>\$ 102,355,088</u>	<u>\$ 94,298,250</u>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	0%	0%	0%	0%	0%

Fiscal Year	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>Debt Limit</b>	\$ 88,002,808	\$ 83,133,128	\$ 77,579,024	\$ 75,474,567	\$ 70,047,754
<b>Total net debt applicable to the limit</b>	-	-	-	-	-
<b>Legal debt margin</b>	<u>\$ 88,002,808</u>	<u>\$ 83,133,128</u>	<u>\$ 77,579,024</u>	<u>\$ 75,474,567</u>	<u>\$ 70,047,754</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 2009

Secondary assessed value of real and personal property (1) \$ 1,018,740,280

Debt limit = 15% of secondary assessed value 152,811,042

Amount of debt applicable to debt limit:

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

Legal debt margin, June 30, 2009 \$ 152,811,042

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

Note (1): Tax year 2008.

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

Fiscal Year	Principal	Interest	Total Debt Service	Total Operating Expenses/ Expenditures (1)	Percentage of Debt Service to Operating Expenses/ Expenditures
1998/99	165,000	136,455	301,455	26,320,650	1.15%
1999/00	175,000	122,973	297,973	27,867,255	1.07%
2000/01	185,000	112,890	297,890	27,939,256	1.07%
2001/02	190,000	107,570	297,570	27,426,701	1.08%
2002/03	205,000	96,408	301,408	28,989,504	1.04%
2003/04	215,000	84,098	299,098	28,482,668	1.05%
2004/05	225,000	70,578	295,578	31,556,389	0.94%
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%

Source: Annual Audited Financial Statements and District records .

Note (1): Amounts shown for operating expenditures represent current funds operating expenditures prior to fiscal year 2001-02. Beginning with fiscal year 2001-02, operating expenses are presented using GASB Statement Number 35.

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

Year	County Population	County Personal Income (In Thousands)	County Income Per Capita	County Unemployment Rate June
2009	N/A	N/A	N/A	7.1%
2008	129,006	N/A	N/A	5.3%
2007	127,931	\$3,823,812	\$29,890	3.9%
2006	126,763	\$3,570,455	\$28,166	4.6%
2005	125,521	\$3,383,842	\$26,958	4.7%
2004	123,405	\$3,097,128	\$25,097	4.8%
2003	121,267	\$2,794,617	\$23,045	6.0%
2002	119,823	\$2,658,448	\$22,186	5.9%
2001	118,658	\$2,509,222	\$21,147	4.6%
2000	118,036	\$2,329,284	\$19,734	4.6%

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

Notes: N/A= Data not available. Census Bureau midyear population estimates. Per capita personal income was computed using Census Bureau midyear population estimates as of April 2009. Unemployment rate estimates are seasonally adjusted and prepared by the Arizona Department of Economic Security.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
 TOP 15 EMPLOYERS for COCHISE COUNTY  
 Current Year and Nine Years Ago  
 Unaudited

Major Employers	2008-2009			1999-2000		
	Employees	%	Rank	Employees	%	Rank
Fort Huachuca	10,146	18%	1	11,140	N/A	1
Cochise County	1,011	2%	2	1,001	N/A	2
Sierra Vista Unified School District No. 68	825	1%	3	848	N/A	3
Walmart Stores	820	1%	4	539	N/A	10
Northrop Grumman Corporation	780	1%	5	-	-	-
Eurofresh, Inc	752	1%	6	-	-	-
Sierra Vista Regional Health Center	633	1%	7	556	N/A	8
Arizona Department of Corrections	621	1%	8	711	N/A	6
Cochise College	580	1%	9	835	N/A	4
Douglas Unified School District No. 27	527	1%	10	606	N/A	7
Aegis Communications Group, Inc.	504	1%	11	801	N/A	5
Newtec, LLC	491	1%	12	-	-	-
City of Sierra Vista	478	1%	13	500	N/A	11
Arizona's G & T Cooperatives	325	1%	14	-	-	-
Science Applications International Corporation (SAIC)	300	1%	15	334	N/A	14
Safeway Stores, Inc.	-	-	-	546	N/A	9
U. S. Border Patrol	-	-	-	414	N/A	12
KE&G Construction	-	-	-	385	N/A	13
Arizona Electric Power Cooperative	-	-	-	285	N/A	15

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

Note: Total employment for Cochise County for January 2008 through August 2009 is 57,825. Total employment for 2000 is not available.

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

	<b>For the Fiscal Year Ended June 30</b>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Faculty</b>					
<b>Part-time</b>	357	359	381	397	418
<b>Full-time</b>	112	132	121	112	106
<b>Administrative &amp; support staff</b>	649	618	621	642	581
<b>Total employees</b>	1,118	1,109	1,123	1,151	1,105
<b>Students per faculty member</b>	32	31	27	26	26
<b>Students per staff member</b>	23	25	22	21	23

	<b>For the Fiscal Year Ended June 30</b>				
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>Faculty</b>					
<b>Part-time</b>	409	385	391	405	426
<b>Full-time</b>	100	105	108	117	118
<b>Administrative &amp; support staff</b>	583	598	634	611	619
<b>Total employees</b>	1,092	1088	1133	1133	1163
<b>Students per faculty member</b>	25	21	18	19	18
<b>Students per staff member</b>	22	17	15	16	16

Source: District Records.

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 (1)
1999/00	28.1%	71.9%	42.6%	57.4%	446	990
2000/01	27.6%	72.4%	42.2%	57.8%	447	815
2001/02	28.6%	71.4%	41.6%	58.4%	406	917
2002/03	28.3%	71.7%	40.8%	59.2%	416	775
2003/04	28.8%	71.2%	39.0%	61.0%	667	535
2004/05	28.1%	71.9%	40.3%	59.7%	702	561
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

Fall Semester Fiscal Year	Age		Residency			
	Median	Mean	Resident	Resident Unorganized County	Out of State	Foreign
1999/00	26	30	93.5%	0.6%	5.0%	1.0%
2000/01	26	30	94.5%	0.3%	4.5%	0.6%
2001/02	25	30	92.7%	0.2%	6.5%	0.6%
2002/03	25	30	92.8%	0.5%	6.2%	0.6%
2003/04	25	30	92.6%	0.6%	6.0%	0.8%
2004/05	25	29	89.2%	4.7%	5.2%	0.9%
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%

Fall Semester Fiscal Year	Ethnic Background					
	American Indian	Asian American	Hispanic	African American	White	Other/ Unknown
1999/00	1.2%	3.7%	27.8%	6.6%	56.1%	4.6%
2000/01	1.0%	4.0%	27.9%	6.4%	56.4%	4.4%
2001/02	0.8%	3.8%	27.9%	6.5%	55.8%	5.2%
2002/03	1.1%	4.2%	27.0%	6.5%	55.2%	6.0%
2003/04	1.0%	3.9%	26.3%	6.8%	55.5%	6.3%
2004/05	0.9%	3.3%	29.5%	6.6%	54.4%	5.3%
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%

Source: District records.

Note (1): Starting with FY 2003 the Certificates Awarded do not include what IPEDS considers pre-college level certificates.

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

<u>Location</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
<b>Douglas Campus</b>				
Total Building Square Footage	225,374	225,374	225,374	235,177
Total Campus Acreage	568.7	568.7	568.7	568.7
<b>Sierra Vista Campus</b>				
Total Building Square Footage	122,139	122,139	122,139	159,613
Total Campus Acreage	71.1	71.1	71.1	71.1
<b>Benson Campus</b>				
Total Building Square Footage	12,733	12,733	12,733	12,733
Total Campus Acreage	13.3	13.3	13.3	13.3
<b>Wilcox Campus (2)</b>				
Total Building Square Footage	7,200	7,200	7,200	7,200
<hr/>				
<b><u>Total District</u></b>				
Total Building Square Footage	367,446	367,446	367,446	414,723
Total Campus Acreage	653.1	653.1	653.1	653.1

Source: District Records.

Note (1): Information is displayed since the implementation of GASB 44 in FY 2005-06.  
 Additional information for future years will be displayed as it becomes available.

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