



**COCHISE COLLEGE**

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

**Fiscal Year Ended June 30, 2011**

Cochise County Community College District  
Douglas, Arizona



**COCHISE COLLEGE**

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

**Fiscal Year Ended June 30, 2011**

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**Cochise County Community College District**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2011**

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# **COCHISE COLLEGE**

Creating opportunities...changing lives.



**COCHISE COLLEGE**

FINANCIAL REPORT  
INTRODUCTORY  
SECTION



## COCHISE COLLEGE

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

December 1 2011

To the Citizens of Cochise County:



I am pleased to present to you the FY 2011 Comprehensive Annual Financial Report (CAFR) for the Cochise County Community College District (the District). This report describes the financial operation of the District and provides you, the taxpayer, evidence that the District takes its fiduciary charge to be a responsible steward of the monies entrusted to it very seriously. We are living in an interesting time - never have the services of Cochise College been more essential to the well-being of our communities, our state and our great nation. We seek to fulfill the District'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 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 Provisional Community College District, the District has also provided 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 District's mission from its inception.

FY 2011 was another record year for enrollment, as the District's full-time student equivalents (FTSE) reached 9,511, surpassing the prior year by more than 10 percent while several thousand more students were served through non-credit programs. This growth is net of the 277 FTSE receiving education in Santa Cruz County. We anticipate continued enrollment growth in the years to come as students and communities reposition themselves for the challenges of the coming decade. The District places a strong emphasis on balancing the cost of an affordable education with providing a solid asset base to best position the District for a bright future.

With this philosophy in mind, the District has completed over \$52 million of new construction and refurbishment of its facilities across the county. These improvements will provide quality learning environments appropriate for today's teaching and learning. The District's sound financial management practices have earned an A3 rating from Moody's Investors Services, a rating which provides financial flexibility as plans for the future continue to be developed.

As you read this Comprehensive Annual Financial Report, I hope you will agree that FY 2011 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



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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 1, 2011

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, 2011 (FY 2011).

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

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

This CAFR is presented in three sections: Introductory, Financial and Statistical. The introductory section includes the President's welcome, this transmittal letter, the District's organizational chart and a list of principal officers. The financial section includes the independent auditors' report, the Management's Discussion and Analysis (MD&A), the basic financial statements and supplemental financial information. The auditing firm of William Dobridge, CPA, P.C., has issued an unqualified opinion on the District's financial statements for the year ended June 30, 2011. 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 other sites in southeastern Arizona.

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

## **Organization and Administration**

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

## **Service Area**

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

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

## **LOCAL ECONOMIC OUTLOOK**

The population of Cochise County as of Census 2010 was 131,436. The Arizona Office of Employment and Population Statistics (OEPS) previously projected the county's population would exceed 156,000 in 2014 with an average annual growth rate of 2.2%; however, this projection will likely be revised downward considerably based on the Census 2010 figures.

Because the District receives a significant amount of its annual funding from local property taxes, new construction rates in the county and valuations of existing properties are important economic indicators. A total of 347 new single-family home permits were issued countywide in 2010, down from 380 in 2009. This drop represents the 5th consecutive year of declining new residential construction in Cochise County. The number of new home permits issued countywide in 2010 was at its lowest level since 1991. The median home price was down 14 percent in 2010 and 16.3 percent in the first quarter of 2011, compared to the same periods the year prior. Part of the reason for the price declines is an increasing number of foreclosed homes on the market, which are sold at lower prices. In the first half of 2010, foreclosed homes accounted for 22 percent of all sales countywide. This jumped to more than 27 percent in the third quarter and nearly 35 percent in the fourth quarter. In the first quarter of 2011, a third of all sales countywide were foreclosures.

According to OEPS 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 64,434 actual or potential workers in 2010. Cochise County's unemployment rate for all of 2010 was 8.4%; in July 2011, the county's seasonally adjusted monthly unemployment rate was 8.3%. In the 12 months ended in July 2011, the county saw a net loss of 350 private-sector jobs but gained 25 government jobs, for a total net loss of 325 jobs. The private goods-producing subsector saw a net loss of 75 jobs while the county's private service-providing subsector saw a net loss of 275 jobs. Within this latter subsector, professional and business services lost 125 jobs. A portion of these job losses can be explained by the conversion of defense contracting positions at Fort Huachuca to government civil servant positions which transfers jobs from the professional and business services industry to the federal government. Educational and health services jobs and trade, transportation, and utilities jobs each stabilized in the 12 months ended in July 2011.

According to OEPS estimates for 2010, the primary non-farm industry in Cochise County was government, which accounted for 33.7% of all non-farm employment. This was followed by trade, transportation, and utilities (16.4%); professional and business services (15.1%); educational and health services (11.6%); and leisure and hospitality (10.8%). The Fort Huachuca Army post was home to approximately 7,200 active duty military personnel as of 2010, approximately 55% of whom were students temporarily there for training.

Like many places across the U.S., Cochise County's economy was impacted by the general economic slowdown beginning in late 2007 and continuing into 2010, during which time annual retail sales countywide declined considerably. In 2010, retail sales fell by 4.8 percent but were down only 1 percent from January through June of 2011 compared to the same periods the year prior. County restaurant and bar sales in 2010 were flat, and the first 6 months of 2011 saw a 0.5 percent decline. The county's accommodation sales in 2010 rebounded and were up 8.3 percent for the year, but then declined 5.6 percent from January through June 2011. The District's Center for Economic Research projects a continued slow recovery through 2011 and into 2012.

## **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 which is based on actual results and reasonable estimates, and which is updated periodically to reflect most recent performance for short and long-term planning purposes.

## **MAJOR PROGRAM INITIATIVES**

### **District Infrastructure**

District planning for the Douglas campus emphasizes two major strategies: 1) strengthen the campus environment through enhanced residential experiences; and 2) leverage the competitive advantage of the campus airport into world-class aviation offerings. To accomplish the first objective, the district began renovation of the 80 room Huachuca Hall residence hall in February 2011. This project marks the completion of all projects financed by the \$10M Series 2008 Revenue Bond issuance. The project replaces the 1960's HVAC with an emerging, cost-efficient, natural gas HVAC technology. The residence hall rooms will be converted from double to single occupancy.

In May 2011, the District completed negotiations and recorded aviation easements to secure the airspace over our runway protection zones. This control was essential to qualify for a number of Department of Transportation grants for the upgrade of the campus runway and airport facility.

Also in May 2011, the District began the addition of a kiln enclosure to the Art Building on the Sierra Vista campus. This enclosed patio will provide housing for a new natural gas kiln and several electric kilns that will help us keep pace with our growing pottery program.

### **Enrollment**

During FY 2011, the District served a record total of 9,787 Full Time Student Equivalents (FTSE) at all locations, up nearly 15% from FY 2010, with near-record annual unduplicated headcount of 16,520. The District's strong partnership with the county's largest employer, Fort Huachuca, remained a significant factor in both the number of students served and in the number of degrees conferred. For the 2010-11 academic year, the District awarded a total of 1,198 associate degrees and 1,487 college-level certificates.

### **Student Achievement**

District students again received national and state recognition in FY 2011 for leadership and academic achievements. Four students were named to the All-Arizona Academic Team: two to the First Team and two to the Second Team. One of these students was also selected as a Coca-Cola Silver Scholar and another was selected as a Coca-Cola Bronze Scholar. Two District athletic teams were recognized for their academic achievements by being named to the 2010-11 National Junior College Athletic Association's Academic Teams-of-the-Year: men's baseball (3.46 GPA, first in the country) and women's basketball (3.12 GPA).

## **PROGRAM DEVELOPMENT AND FUTURE INITIATIVES**

During FY2011 the District developed a new Medication Assistant certificate in the nursing area. This certificate will prepare Certified Nursing Assistants to become Certified Medication Assistants who can safely administer selected medications in some hospitals and in long-term care facilities. In addition, the District initiated a pilot program on the Douglas campus that involves a new approach to developmental mathematics education. This was supported by a grant from the National Center for Academic Transformation. The new approach changes the classes from a lecture format to a computer software laboratory format using software called My Math Lab. This modular software allows students to move at their own pace as they demonstrate proficiency. The flight program also incorporated new technology to increase the efficiency and effectiveness of pilot training. A Redbird flight simulator was purchased which allows students to receive more intensive flight practice and to reduce the number of hours necessary to attain proficiency.

The District continues to emphasize recruiting and preparing students to enter Science, Technology, Engineering, and Mathematics (STEM) fields. During FY 2011, Science Foundation Arizona received a three-year grant from the National Science Foundation for the District to enhance these efforts. The grant emphasizes a stronger connection between STEM industries, especially those portions related to Fort Huachuca, and the curriculum at the college. In addition, the grant supports stronger relationships with K-12 STEM faculty members to address issues that students may be having as they try to enter the field. Finally, the grant provides resources to enable faculty members to use internship experiences to enhance their instruction and to enable students to participate in research or industry internship opportunities. The District is looking forward to FY 2012 and the development of new programs in allied health and aviation. The first program is a Respiratory Therapist AAS degree program which will prepare students to evaluate, treat, and care for patients with breathing or other cardiopulmonary disorders. The second program addresses needs in the unmanned aerial systems (UAS) industry. This program will have two tracks, one preparing students to operate unmanned aerial vehicles (UAVs) and the other to prepare students to maintain and repair UAVs.

## **FINANCIAL INFORMATION**

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

### **Internal Control**

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

## **Budgetary Controls**

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

## **Cash Management**

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

## **Financial Reporting**

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

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

## **RISK MANAGEMENT**

District staffing includes positions dedicated to the risk management function with responsibilities that include minimization of risks through the implementation of insurance and safety and loss prevention procedures across the District. The District maintains a full complement of insurance 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.

## **INDEPENDENT AUDIT**

The District utilizes the audit services of William Dobridge, CPA, P.C., to determine that the financial statements are free of material misstatements and ensure compliance with Arizona Revised Statutes requiring an annual audit of the District's financial statements. The Independent 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, 2011.

## **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, 2010. 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

David Gage  
Controller

# 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, 2010

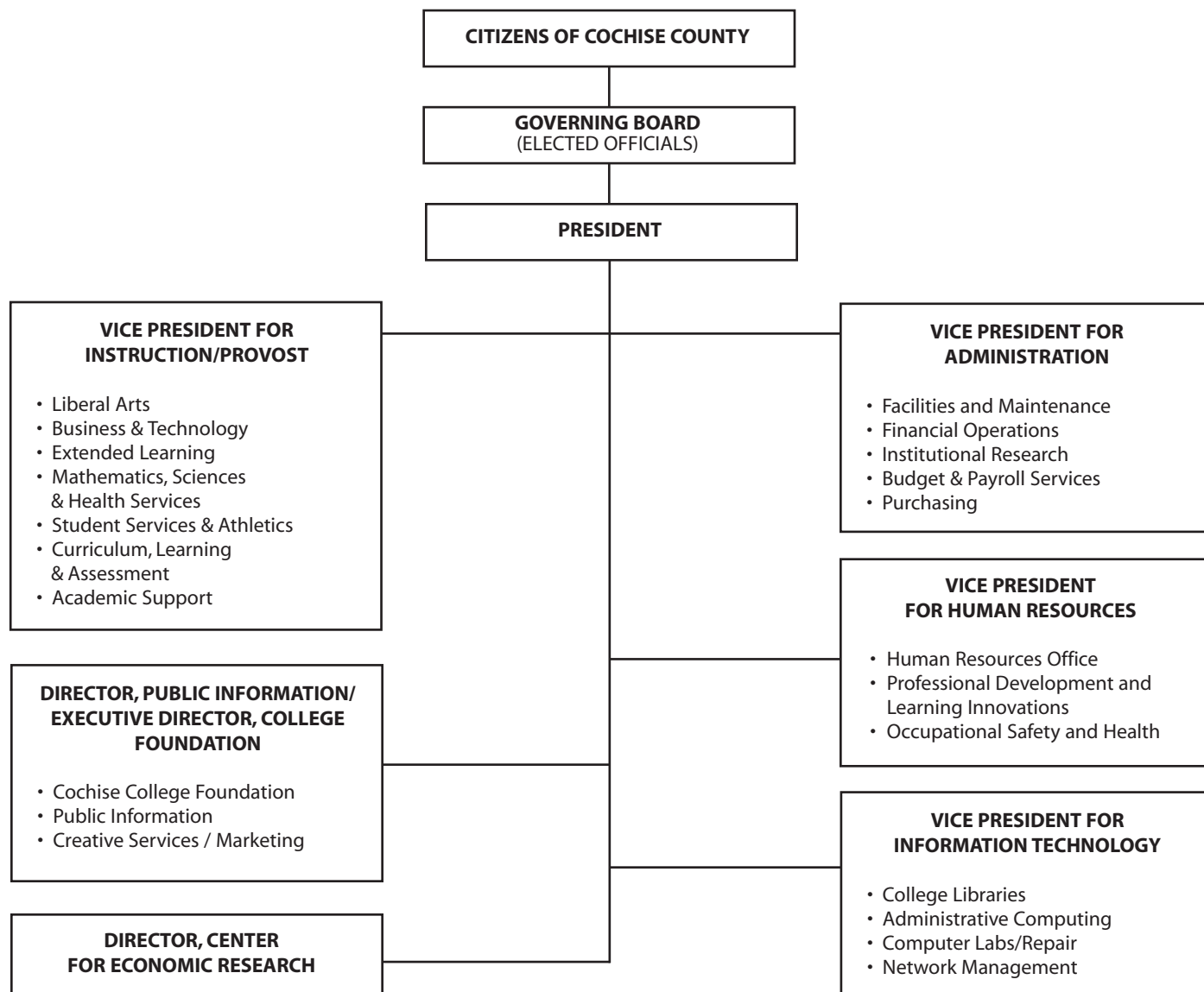
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards 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, 2011

### **DISTRICT GOVERNING BOARD**

Mrs. Jan Guy, *Chair, Precinct 5*

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

Mr. David DiPeso, *Precinct 1*

Mr. Donald Hudgins, *Precinct 2*

Dr. John Eaton, *Precinct 4*

### **PRESIDENT**

Dr. James Rottweiler

### **ADMINISTRATION**

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

Mr. Kevin Butler, *Vice President for Administration*

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

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



**COCHISE COLLEGE**

FINANCIAL REPORT  
**FINANCIAL**  
SECTION



### Independent Auditor's 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, 2011, 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 audit 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, 2011 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.

The Management's Discussion and Analysis on pages 15 through 22 and the Post Employment Health Care Benefits - Schedule of Funding Progress on page 49 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 have also issued a report dated December 1, 2011 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.

William Dobridge, CPA PC

December 1, 2011

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Introduction**

This discussion and analysis introduces the basic financial statements and provides an overview of the District's financial activities for the year ended June 30, 2011. It should be read in conjunction with the letter of transmittal, which precedes this section, and with the financial statements and their accompanying notes, which immediately follow.

**Basic Financial Statements**

The basic financial statements consist of the Statement of Net 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, 2011. 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, 2011. 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, 2011. 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 2010-11 (FY 2011), comparative data is also presented for the previous fiscal year 2009-10 (FY 2010). 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, 2011**

**Condensed Financial Information  
Statement of Net Assets**

	As of June 30, 2011	As of June 30, 2010
<u>Assets</u>		
Current assets	\$ 22,131,817	\$20,486,278
Noncurrent assets, other than capital assets	1,959,673	1,988,386
Capital assets, net	58,231,224	57,181,234
Total assets, net	<u>82,322,714</u>	<u>79,655,898</u>
<u>Liabilities</u>		
Other liabilities	3,153,327	3,955,740
Long-term liabilities	26,188,951	26,886,434
Total liabilities	<u>29,342,278</u>	<u>30,842,174</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	34,051,711	31,548,105
Restricted for:		
Grants and contracts	1,204,129	1,112,562
Debt service	1,398,939	1,407,733
Unrestricted	16,325,657	14,745,324
Total net assets	<u>\$52,980,436</u>	<u>\$48,813,724</u>

Total assets increased by \$2.6 million in FY 2011 due largely to the renovation of existing buildings, which increases the value of existing buildings. Total liabilities decreased by \$1.5 million primarily due to payments against long term debt and a decrease in accounts payable. Total net assets increased by \$4.2 million (8.5%) in FY 2011 compared with an increase of \$5.1 million (11.5%) in FY 2010 over the previous year. The FY 2011 increase resulted from conservative spending in a difficult economic climate.

For FY 2011, the current ratio increased to 5.4, up from 4.1 last fiscal year, mostly due to a decrease in current liabilities caused by a decrease in accounts payable due to the completion of the majority of the Master Facilities Projects (MFP).

Unrestricted net assets increased by \$1.6 million in FY 2011, an increase of 10.7%, due to conservative spending by the District. Unrestricted net assets were 30.8% of total net assets, up slightly from the 30.2% in the prior fiscal year. The investment in capital assets, net of related debt increased by \$2.5 million (7.9%) in FY 2011 as a result of the ongoing renovation of buildings. The investment in capital assets, net of related debt is now 64.3% of total net assets, down slightly from 64.6% last year.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010
<u>Operating Revenues</u>		
Tuition and fees (net of scholarship allowances)	\$5,697,196	\$5,062,696
Contracts	332,607	380,659
Other operating revenues	1,626,343	1,060,143
Total operating revenues	<u>7,656,146</u>	<u>6,503,498</u>
 Total operating expenses	 <u>45,050,465</u>	 <u>42,394,765</u>
 Operating loss	 <u>(37,394,319)</u>	 <u>(35,891,267)</u>
 <u>Nonoperating revenues (expenses)</u>		
Property taxes	16,558,225	15,833,368
State appropriations	15,330,500	15,330,500
Government grants	9,835,411	10,122,113
Other nonoperating revenues	866,461	832,908
Investment earnings	91,903	152,839
Interest on capital asset-related debt	(1,121,469)	(1,161,306)
Loss on disposal of capital assets	-	(159,991)
Net nonoperating revenues	<u>41,561,031</u>	<u>40,950,431</u>
 Increase in net assets	 4,166,712	 5,059,164
Total net assets, beginning of year	<u>48,813,724</u>	<u>43,754,560</u>
Total net assets, end of year	<u><u>\$52,980,436</u></u>	<u><u>\$48,813,724</u></u>

Total operating revenues increased \$1.2 million (17.7%) in FY 2011 versus the prior year. The largest portion of the increase was due to an increase in tuition and fees of \$0.6 million which was mainly attributed to an increase in Full Time Student Equivalents of 14.0%. The related increase in tuition and fee revenues was partially offset by an increase in the scholarship allowances and a decrease in contract revenues.

Nonoperating revenues increased \$0.6 million over the prior year mostly due to property tax levy revenue increasing by \$0.7 million (4.6%) as a result of increased valuations of existing properties and added new construction in 2010, offset somewhat by a decline in the tax rate. State appropriations did not change for FY 2011 from FY 2010. Government grant revenues were down by \$0.3 million, a decrease of 2.8%, mostly as a result of a decrease in state contracts.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

Operating expenses increased by \$2.6 million (6.3%) for the year ended June 30, 2011. The most significant elements of the overall increase were as follows:

Operating Expenses Comparison  
(Dollars in thousands)

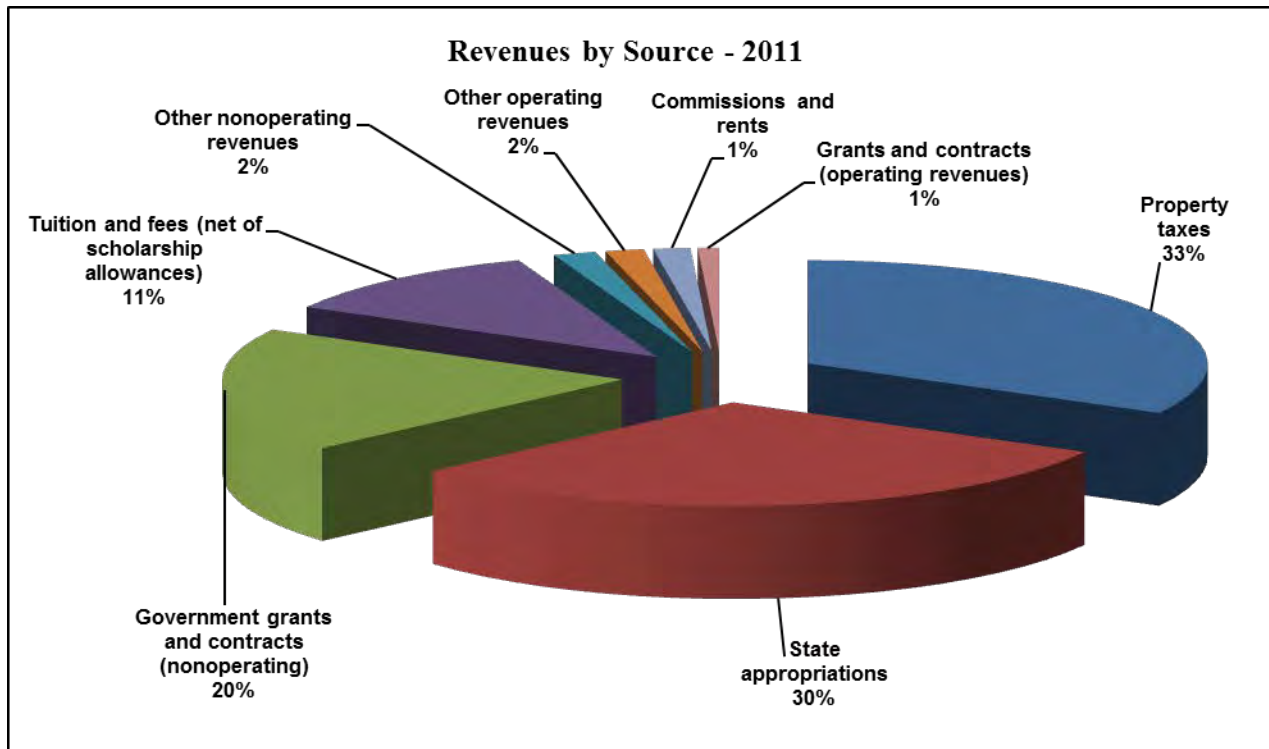
	Fiscal Year Ended <u>June 30, 2011</u>	Fiscal Year Ended <u>June 30, 2010</u>	Increase (Decrease) <u>(Decrease)</u>	Increase (Decrease) <u>(%)</u>
Salaries and wages	\$22,163	\$21,816	\$ 347	1.6
Employee benefits	6,059	5,844	215	3.7
Contractual Services	2,985	2,582	403	15.6
Supplies and materials	2,849	2,662	187	7.0
Scholarships	5,277	4,983	294	5.9
Depreciation	2,500	1,561	939	60.2
Other Expenses	<u>3,217</u>	<u>2,947</u>	<u>270</u>	9.2
Total	\$45,050	\$42,395	\$2,655	6.3

Comparing FY 2010 to the prior year, overall salaries and wages rose by 1.6% and employee benefits increased by 3.7% largely the result of a 2% plus \$500 salary increase across all regular employee groups and an increase in insurance costs. Contractual services increased 15.6% because of increases in service fees and meal program expenses. Supplies and materials increased 7.0% with the largest increase being in maintenance and repairs. Scholarship expense increased \$0.3 million, or 5.9%, as a result of increased federal student aid awards funding coupled with broader student eligibility. Depreciation expense increased significantly this year by \$1.06 million or 60.2% because most of the MFP construction was completed in FY 2010, therefore FY 2011 had a full year of depreciation on the new buildings and renovations.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

The following is a summary of revenues for fiscal years ended June 30, 2011 and June 30, 2010:

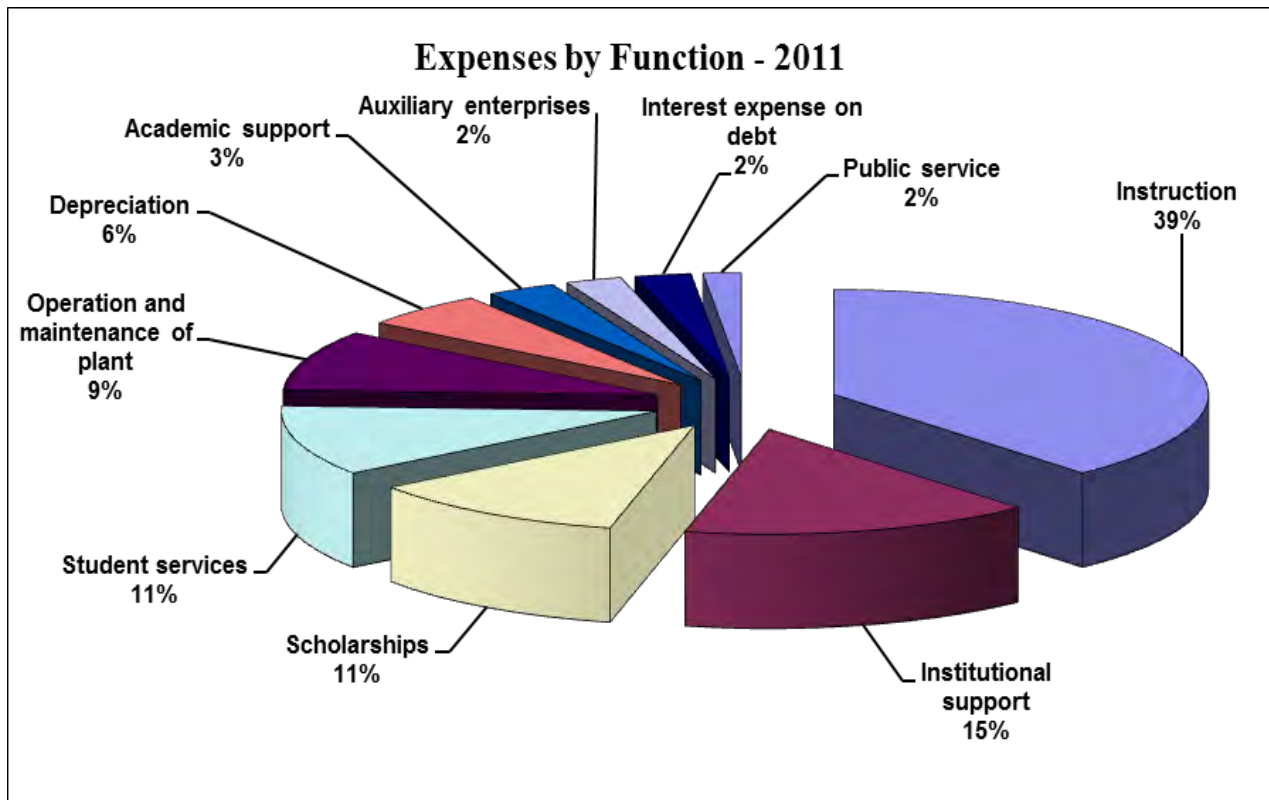
	Fiscal Year Ended June 30, 2011		Fiscal Year Ended June 30, 2010	
<u>Operating revenues</u>				
Tuition and fees (net of scholarship allowances)	\$ 5,697,196	11%	\$ 5,062,696	10%
Grants and contracts	427,620	1	380,659	1
Commissions and rents	746,676	1	745,923	2
Other operating revenues	784,654	2	314,220	-
Total operating revenues	<u>7,656,146</u>	<u>15</u>	<u>6,503,498</u>	<u>13</u>
<u>Nonoperating revenues</u>				
Property taxes	16,558,225	33	15,833,368	32
State appropriations	15,330,500	30	15,330,500	32
Government grants and contracts	9,835,411	20	10,122,113	21
Investment earnings	91,903	-	152,839	-
Other nonoperating revenues	866,461	2	832,908	2
Total nonoperating revenues	<u>42,682,500</u>	<u>85</u>	<u>42,271,728</u>	<u>87</u>
Total revenues	<u>\$50,338,646</u>	<u>100%</u>	<u>\$48,775,226</u>	<u>100%</u>



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

The following is a summary of expenses for fiscal years ended June 30, 2011 and June 30, 2010:

	Fiscal Year Ended June 30, 2011		Fiscal Year Ended June 30, 2010	
<u>Operating expenses</u>				
Educational and general:				
Instruction	\$17,762,911	39%	\$17,313,386	40%
Public service	755,106	2	645,728	1
Academic support	1,379,655	3	1,381,213	3
Student services	4,980,131	11	4,761,273	11
Institutional support	6,987,892	15	6,933,163	16
Operation and maintenance of plant	4,304,833	9	3,771,919	9
Scholarships	5,245,819	11	4,983,370	11
Auxiliary enterprises	1,123,718	2	1,042,744	2
Depreciation	2,510,400	6	1,561,969	4
Total operating expenses	45,050,465	98	42,394,765	97
<u>Nonoperating expenses</u>				
Interest expense on debt	1,121,469	2	1,161,306	3
Loss on disposal of capital assets	-	-	159,991	-
Total expenses	\$46,171,934	100%	\$43,716,062	100%



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Capital Assets and Debt Administration**

Below is a summary of Capital assets, net of depreciation, as of June 30, 2011 and June 30, 2010. See Note 3 for further details.

	As of June 30, 2011	As of June 30, 2010
Land	\$ 711,384	\$ 495,580
Museum and art collections	66,000	66,000
Construction in progress	-	8,639,560
Buildings	47,061,292	40,186,156
Equipment	4,136,072	3,290,609
Improvements other than buildings	5,954,832	4,188,492
Library books	301,644	314,837
Total	<u>\$58,231,224</u>	<u>\$57,181,234</u>

The increase in Capital assets, net of depreciation, is due to the ongoing and completed construction/renovation projects associated with the Master Facilities Plan. One new building and most of the renovations were put into service during FY 2011, which account for the net increase of \$6.9 million in the buildings account. The District also placed \$1.8 million of improvements other than buildings and \$0.8 million for equipment into service in FY 2011. Most of these investments were part of the Master Facilities Plan.

During FY 2011, the District reduced its outstanding long-term debt by \$896,773. At June 30, 2011 the District had two outstanding debt issues totaling \$24.3 million. Note 4 to the basic financial statements beginning on page 35 shows additional detail on bond issues and long-term obligations.

**Current Factors Having Probable Future Financial Significance**

As a result of the budget crisis at the State level, capital outlay aid to all community colleges has not been funded since FY 2008 and is not expected to be appropriated in the near future. In addition, the Governor's Office recommended, and the legislature passed, a budget reconciliation bill for FY 2012 that cut state operating aid to Arizona community colleges by 66%. This resulted in a \$1.9 million year-over-year operating aid reduction for the District, which was partially offset by a 16.7% increase in tuition, a 5% increase in property tax levies and a 3% increase in equalization aid that is provided to districts with lower than average property tax valuations.

Due to the structure of the equalization formula, the District will receive \$2.4 million less in equalization aid in FY 2013. As a result, the District will again consider a higher than average tuition increase as well as a number of cost saving measures. Despite these economic pressures, the District believes that it will continue to provide outstanding educational services to our growing constituencies.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

In April of 2011, the Finance Committee of the Getting AHEAD initiative, funded by the Lumina Foundation, submitted its final report to the Governor on a project to explore better methods for integrating and funding higher education in the State of Arizona. Recommendations in this report include performance-based funding and radical changes to the way in which both universities and community colleges are funded by the State. At this point, it is too early to tell the level of legislative support for these recommendations.

**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, 2011**

	<u>Business-Type Activities</u>
<b><u>Assets</u></b>	
Current assets:	
Cash and cash equivalents	\$ 4,381,525
Investments	14,593,352
Receivables:	
Accounts (less allowances of \$378,854)	252,573
Property taxes (less allowances of \$223,523)	1,115,681
Government grants and contracts	289,277
Interest	34,302
Other	545,767
Inventories	491,578
Prepaid items	427,762
Total current assets	<u>22,131,817</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents held by trustee	1,959,673
Capital assets, not being depreciated	777,384
Capital assets, being depreciated, net	<u>57,453,840</u>
Total noncurrent assets	<u>60,190,897</u>
Total assets	<u>82,322,714</u>
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable	779,955
Accrued payroll and employee benefits	1,135,204
Interest payable	560,734
Deposits held in custody for others	258,845
Deferred revenues	418,589
Current portion of compensated absences payable	108,135
Current portion of long-term debt	936,772
Total current liabilities	<u>4,198,234</u>
Noncurrent liabilities:	
Compensated absences payable	1,167,557
Long-term debt	<u>23,976,487</u>
Total noncurrent liabilities	<u>25,144,044</u>
Total liabilities	<u>29,342,278</u>
<b><u>Net Assets</u></b>	
Invested in capital assets, net of related debt	34,051,711
Restricted for:	
Grants and contracts	1,204,129
Debt service	1,398,939
Unrestricted	<u>16,325,657</u>
Total net assets	<u>\$ 52,980,436</u>

**See accompanying notes to financial statements.**

**Cochise County Community College District  
Statement of Financial Position - Component Unit  
June 30, 2011**

	Cochise College Foundation
	<hr/>
<b><u>Assets</u></b>	
Current assets:	
Cash and cash equivalents	\$ 53,789
Total current assets	<hr/> 53,789 <hr/>
Noncurrent assets:	
Long-term investments	5,309,462
Land held as an investment	46,194
Total noncurrent assets	<hr/> 5,355,656 <hr/>
Total assets	\$ 5,409,445
	<hr/> <hr/>
<b><u>Liabilities</u></b>	
Current liabilities:	
Deposits held on behalf of others	\$ 29,228
Total current liabilities	<hr/> 29,228 <hr/>
<b><u>Net Assets</u></b>	
Unrestricted	
Undesignated, available for operations	190,687
Designated funds	608,970
Total unrestricted net assets	<hr/> 799,657 <hr/>
Temporarily restricted	2,744,877
Permanently restricted	1,835,683
Total net assets	<hr/> 5,380,217 <hr/>
Total liabilities and net assets	\$ 5,409,445
	<hr/> <hr/>

**See accompanying notes to financial statements.**

**Cochise County Community College District**  
**Statement of Revenues, Expenses, and Changes in Net Assets - Primary Government**  
**For the Year Ended June 30, 2011**

	<u>Business-Type Activities</u>
Operating revenues:	
Tuition and fees (net of scholarship allowances of \$3,259,851)	\$ 5,697,196
Government contracts	332,607
Private contracts	95,013
Bookstore income	166,818
Food service income	530,212
Dormitory rentals and fees	49,646
Other	784,654
Total operating revenues	<u>7,656,146</u>
Operating expenses:	
Educational and general:	
Instruction	17,762,911
Public service	755,106
Academic support	1,379,655
Student services	4,980,131
Institutional support	6,987,892
Operation and maintenance of plant	4,304,833
Scholarships	5,245,819
Auxiliary enterprises	1,123,718
Depreciation	2,510,400
Total operating expenses	<u>45,050,465</u>
Operating loss	<u>(37,394,319)</u>
Nonoperating revenues (expenses):	
Property taxes	16,558,225
State appropriations	15,330,500
Government grants	9,835,411
Share of state sales taxes	866,461
Investment earnings	91,903
Interest on capital asset-related debt	(1,121,469)
Net nonoperating revenues	<u>41,561,031</u>
Increase in net assets	<u>4,166,712</u>
Total net assets, July 1, 2010	<u>48,813,724</u>
Total net assets, June 30, 2011	<u>\$ 52,980,436</u>

See accompanying notes to financial statements.

**Cochise County Community College District**  
**Statement of Activities - Component Unit**  
**For the Year Ended June 30, 2011**

	Cochise College Foundation			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Contributions	\$ 100,727	\$ 328,315	\$ 60,000	\$ 489,042
Investment Income	75,156	461,021	-	536,177
Net assets released from restriction	422,603	(422,603)	-	-
Total support and revenue	598,486	366,733	60,000	1,025,219
Expenses:				
Program expenses:				
Scholarships	341,751	-	-	341,751
Special programs	73,489	-	-	73,489
Total program expenses	415,240	-	-	415,240
Supporting services:				
Salaries and wages	94,660	-	-	94,660
Other	33,473	-	-	33,473
Total supporting services	128,133	-	-	128,133
Total expenses	543,373	-	-	543,373
Change in net assets	55,113	366,733	60,000	481,846
Net assets, beginning of year (as previously reported)	619,565	2,599,429	1,679,377	4,898,371
Prior period adjustment	124,979	(221,285)	96,306	-
Net Assets, Beginning of Year (as restated)	744,544	2,378,144	1,775,683	4,898,371
Net assets, end of year	\$ 799,657	\$ 2,744,877	\$ 1,835,683	\$ 5,380,217

**See accompanying notes to financial statements.**

**Cochise County Community College District  
Statement of Cash Flows - Primary Government  
For the Year Ended June 30, 2011**

	Business-Type Activities
Cash flows from operating activities:	
Tuition and fees	\$ 5,596,495
Grants and contracts	349,612
Bookstore receipts	190,584
Food services receipts	530,212
Dormitory rentals and fees	49,646
Other receipts	457,359
Payments to suppliers and providers of goods and services	(8,380,136)
Payments to employees	(27,930,096)
Payments for scholarships	(5,245,819)
Other payments	(981,091)
Net cash used for operating activities	<u>(35,363,234)</u>
Cash flows from noncapital financing activities:	
Property taxes	16,368,909
State appropriations	15,330,500
Government grants	10,642,929
Share of state sales taxes	865,130
Federal direct student loan receipts	1,925,112
Federal direct student loan disbursements	(1,924,485)
Short-term loans received	50
Short-term loans disbursed	(50)
Deposits held in custody for others received	1,473,009
Deposits held in custody for others disbursed	(1,471,614)
Net cash provided by noncapital financing activities	<u>43,209,490</u>
Cash flows from capital and related financing activities:	
Principal paid on capital debt	(865,000)
Interest paid on capital debt	(1,141,388)
Purchases of capital assets	(4,150,297)
Net cash used for capital and related financing activities	<u>(6,156,685)</u>
Cash flows from investing activities:	
Purchase of investments	(14,593,352)
Interest received on investments	60,131
Net cash provided by investing activities	<u>(14,533,221)</u>
Net decrease in cash and cash equivalents	(12,843,650)
Cash and cash equivalents, July 1, 2010	<u>19,184,848</u>
Cash and cash equivalents, June 30, 2011	<u><u>\$ 6,341,198</u></u>

(Continued)

**See accompanying notes to financial statements.**

**Cochise County Community College District**  
**Statement of Cash Flows - Primary Government**  
**For the Year Ended June 30, 2011**  
**(Concluded)**

	<u>Business-Type Activities</u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (37,394,319)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	2,510,400
Prior Year Depreciation Adjustment	(55,478)
Provision for uncollectable accounts	(44,101)
Net OPEB obligation	200,508
Changes in assets and liabilities:	
Increase in:	
Accounts receivable	(8,101)
Government grants and contracts receivable	(78,008)
Other receivables	(303,529)
Inventories	(28,624)
Prepaid items	(94,713)
Accrued payroll and employee benefits	92,616
Decrease in:	
Accounts payable	(110,167)
Deferred revenues	(48,500)
Compensated absences payable	(1,218)
Net cash used for operating activities	\$ <u><u>(35,363,234)</u></u>

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

As of June 30, 2011 the District acquired \$326,133 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 \$20,567 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 \$565,957, 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, 2011**

**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).

**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, 2011, the Foundation distributed \$415,240 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.

**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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

accumulated depreciation, less any outstanding debt incurred to acquire or construct the assets. Expendable restricted net assets represent grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net assets include all other net assets, including those that have been designated by management to be used for other than general operating purposes.

A statement of revenues, expenses, and changes in net assets provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net assets are reported. 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 on capital asset related debt, are considered to be nonoperating.

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

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized 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.

**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.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**D. Inventories**

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

**E. Capital Assets**

Capital assets are reported at actual cost, or estimated historical cost if historical records are not available. Donated assets are reported at 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.

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.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**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, 2011, the District's cash and cash equivalents consisted of the following:

	Cash and Cash Equivalents
Deposits:	
Cash on hand	\$ 10,674
Cash in bank	1,928,298
Investments at fair value:	
Cash and investments held by the County Treasurer	168,257
Investment in State Treasurer's investment pool	73,566
Money market mutual fund and State Treasurer's investment pool	1,959,673
Investments held by US Bank	2,200,730
Total	<u>\$ 6,341,198</u>

**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, 2011, the carrying amount of the District's cash in bank was \$1,928,298, and the bank balance was \$2,218,799.

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

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2 - CASH AND CASH EQUIVALENTS (Cont'd)**

As of June 30, 2011, the District reported \$168,257 on deposit with the Cochise County Treasurer's investment pool (CCTIP). The Cochise County Treasurer invests the cash in a pool under policy guidelines established by the County. The Cochise County Treasurer's investment pool is an external investment pool with no regulatory oversight. The CCTIP is not required to register (and is not registered) with the Securities and Exchange Commission. As of June 30, 2011 the CCTIP had not received a quality rating from a national rating agency.

**C. Investments**

At June 30, 2011, the District's investments consisted of the following:

<b>Investment Type</b>	<b>Maturities</b>		<b>Fair Value</b>
	<b>Less than 1 Year</b>	<b>1-5 Years</b>	
US Bank (Trustee)			
Money market mutual fund	\$ 1,465,750		\$ 1,465,750
State Treasurer's investment pool 7	493,923		493,923
U.S. Treasuries	485,842	1,658,525	2,144,367
U.S. Agencies	7,228,655	7,421,060	14,649,715
State Treasurer's investment pool 7	73,566		73,566
County Treasurer's investment pool		168,257	168,257
<b>Total Investments Subject to Interest Rate Risk</b>	<b>\$ 9,747,736</b>	<b>\$ 9,247,842</b>	<b>\$ 18,995,578</b>

The State Board of Investment provides oversight for the State Treasurer's pools. The fair value of a participant's position in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments.

**D. Interest Rate Risk**

Through its investment policy and in accordance with state statute, the District manages its exposure to fair value losses arising from increasing interest rates by limiting the maturity of any one investment to 3 years.

**E. Credit Risk**

Through its investment policy and in accordance with state statute, the District manages its credit risk. The State and County Treasurers' investment pool and the investment in the money market mutual fund are not rated. The District's investments in U. S. Treasuries are backed by the full faith and credit of the U. S. Government. The investments in U. S. Agencies were rated AAA by Standard & Poor's and Aaa by Moody's.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2 - CASH AND CASH EQUIVALENTS (Concl'd)**

**F. Concentration of Credit Risk**

The District does not have a formal policy regarding concentration of credit risk. The District had investments at June 30, 2011 of 5% or more in Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Home Loan Banks. These investments were 29.47%, 23.64%, and 19.92% respectively, of the District's total investments.

**G. 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 \$18,753,755 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, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 495,580	\$ 329,898	\$ (114,094)	\$ 711,384
Museum art collection	66,000			66,000
Construction in progress	8,639,560		(8,639,560)	-
Total capital assets not being depreciated	9,201,140	329,898	(8,753,654)	777,384
Capital assets being depreciated:				
Buildings	52,702,621	8,129,824		60,832,445
Equipment	10,252,944	1,634,707	(13,392)	11,874,259
Improvements other than buildings	5,686,537	1,992,421	(265)	7,678,693
Library books	1,282,854	57,623	(388,597)	951,880
Total capital assets being depreciated	69,924,956	11,814,575	(402,254)	81,337,277
Less accumulated depreciation for:				
Buildings	(12,516,465)	(1,230,394)	(24,294)	(13,771,153)
Equipment	(6,962,335)	(952,064)	176,212	(7,738,187)
Improvements other than buildings	(1,498,045)	(270,433)	44,617	(1,723,861)
Library books	(968,017)	(57,509)	375,290	(650,236)
Total accumulated depreciation	(21,944,862)	(2,510,400)	571,825	(23,883,437)
Total capital assets being depreciated, net	47,980,094	9,304,175	169,571	57,453,840
Capital assets, net	<u>\$ 57,181,234</u>	<u>\$ 9,634,073</u>	<u>\$ (8,584,082)</u>	<u>\$ 58,231,224</u>

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 4 – LONG-TERM LIABILITIES**

The following schedule details the District's long-term liability and obligation activity for the year ended June 30, 2011:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2011</u>	<u>Due within one year</u>
Compensated absences	\$ 1,276,910	\$ 1,402,862	\$ 1,404,080	\$ 1,275,692	\$ 108,135
OPEB obligation	365,449	251,476	50,968	565,957	-
Bonds payable:					
Revenue bonds	10,505,000	-	100,000	10,405,000	105,000
Pledged revenue obligations	14,270,000	-	765,000	13,505,000	800,000
Premiums	469,075	-	31,773	437,302	31,772
Total long-term liabilities	<u>\$26,886,434</u>	<u>\$ 1,654,338</u>	<u>\$2,351,821</u>	<u>\$26,188,951</u>	<u>\$1,044,907</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, 2011, 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	7/1/2011-28	3.75-5.125%	\$10,405,000
Pledged Revenue Obligations				
Series 2008	\$15,000,000	7/1/2011-23	4.00-5.50%	\$13,505,000

The following schedule details debt service requirements to maturity for the District's bonds and PROs at June 30, 2011:

<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>	
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	115,000	500,875	900,000	467,719	1,983,594
2016	115,000	496,275	940,000	430,119	1,981,394
2017-2021	660,000	2,402,299	5,305,000	1,479,288	9,846,587
2022-2026	3,705,000	2,012,707	3,855,000	179,100	9,751,807
2027-2029	5,495,000	291,100	-	-	5,786,100
Totals	\$10,405,000	\$7,232,019	\$13,505,000	\$4,170,383	\$35,312,402

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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 and 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 and 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.

**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 2011 interest and principal paid and total pledged gross revenues were \$1,986,469 and \$7,320,429, respectively. Total principal and interest remaining to be paid is \$35,312,402.

**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, 2011**

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

**A. Pension Benefits**

**Plan description** – 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 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, 2011, active plan members and the District were each required by statute to contribute at the actuarially determined rate of 9.85 percent of the members' annual covered payroll. The employee's contributions of 9.85 percent were broken down as follows: 9.60 percent for retirement and 0.25 percent for long-term disability. The District's contributions of 9.85 percent were broken down as follows: 9.01 percent for retirement, 0.59 percent for health insurance premium, and 0.25 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,			
2011	\$ 1,570,540	\$ 102,847	\$ 43,363
2010	1,438,490	113,837	68,363
2009	1,381,114	181,232	86,945

**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, 2011**

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

**Plan description** – 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 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 offer any explicit subsidies.

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

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

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 Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the 2010-11 fiscal year, 25 retirees received postemployment healthcare benefits. The District provided required contributions of \$50,968, or 20.3%, toward the annual OPEB cost of \$251,476, comprised of partial premium payments made on behalf of retirees for post-retirement medical benefits. Retiree contributions totaled \$161,781.

**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, 2011**

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

<u>Description</u>	<u>Amount</u>
Normal cost (service cost for one year)	\$ 147,158
Amortization of unfunded actuarial:	
Accrued liability	110,021
Interest on normal cost and amortization	<u>-</u>
<b>Annual required contribution (ARC)</b>	257,179
Interest on net OPEB obligation	14,618
Adjustment to annual required contribution	<u>(20,321)</u>
<b>Annual OPEB Cost</b>	251,476
Contribution toward the OPEB cost	<u>(50,968)</u>
Increase in net OPEB obligation	200,508
Net OPEB obligation, beginning of year	<u>365,449</u>
Net OPEB obligation, end of year	<u><u>\$ 565,957</u></u>

**Funded Status and Funding Progress** – As of June 30, 2011 the actuarial accrued liability for benefits was \$1,978,593 and is unfunded. The plan has no assets. The covered payroll (annual payroll of active participating employees) was \$15,924,770 for the FY 2011 while the ratio of the unfunded actuarial accrued liability to the covered payroll was 12.4%.

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

The District's initial OPEB actuarial valuation as of July 1, 2008, used the entry age actuarial cost method which was also used to estimate the unfunded actuarial accrued liability (UAAL) as of June 30, 2011.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**Method/Assumption**

Valuation date	July 1, 2010
Actuarial cost method	Entry age actuarial cost
Initial amortization period, level dollar amortization method, open period	30 years
Remaining amortization period	27 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	298
Retirees currently receiving benefits	25

**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	\$28,222,002
Contract services	2,985,146
Supplies and other services	2,849,171
Rent and insurance	1,232,396
Communications and utilities	1,324,946
Travel	393,920
Scholarships	5,245,819
Depreciation	2,510,400
Other	286,665
Total	<u>\$45,050,465</u>

**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, 2011**

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

**A. FOUNDATION OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Nature of Operations**

Cochise College Foundation, Inc. (the Foundation) is an Arizona not-for-profit organization established to support the educational goals of the District primarily through the funding of scholarships to students. Foundation policy is provided and directed by a thirteen member Board of Trustees composed of appointed individuals. The Foundation's major sources of revenue are contributions and investment income.

The significant accounting policies followed by the Foundation are as follows:

The Financial Accounting Standards Board (FASB) sets U.S. generally accepted accounting principles (GAAP) to ensure consistent reporting. References to GAAP issued by the FASB in the accompanying footnotes are to the *FASB Accounting Standards Codification* (FASB ASC).

**2. Basis of Presentation**

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

**3. Management's Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

**4. Contributions**

The Foundation accounts for contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. In accordance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted support, where restrictions are met in the same period as the contribution is made, is shown as unrestricted support.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**5. Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits and savings and money market accounts. The Foundation considers all highly liquid investments purchased with an original maturity of ninety days or less to be cash equivalents. Cash deposits are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). At times, cash and cash equivalents may exceed amounts insured by the FDIC.

**6. Investments**

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

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

**7. Land held as an investment**

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

**8. Deposits Held on Behalf of Others**

Deposits held on behalf of others consist of donated amounts designated by third parties to specified scholarship recipients that have yet to be awarded. At June 30, 2011, deposits held on behalf of others totaled \$29,228 and is held within investments on the accompanying statement of financial position.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**9. Donated Materials and Services**

Donated materials and professional services are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. Contributions of donated non-monetary assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. No amounts have been reflected in the financial statements for certain donated volunteer services because they did not qualify for recording under the guidelines of FASB ASC 958-605.

**10. Functional Expenses**

The costs of providing various program support and supporting services have been summarized on a functional basis in the statement of activities. Expenses are charged to the various expense categories based on direct expenditures incurred. Any expenditures not directly chargeable are allocated based on personnel activity or other appropriate indicators.

**11. Income Tax Status**

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, there is no provision for income taxes. In addition, the Foundation qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation. Income determined to be unrelated business taxable income (UBTI) would be taxable.

The Foundation evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts.

The Foundation's federal Return of Organizations Exempt From Income Tax (Form 990) for fiscal 2008, 2009, and 2010 are subject to examination by the IRS, generally for the three years after they were filed. As of the date of this report, the Foundation's fiscal 2011 return had not yet been filed.

**12. Subsequent Events**

The Foundation has evaluated subsequent events through November 9, 2011, which is the date the financial statements were available to be issued.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**B. INVESTMENTS**

Investments consist of:

Equity Securities	\$ 225,072
Mutual funds:	
Large growth	220,952
Fixed income	167,458
Large blend	407,683
Large Value	348,039
Mid-cap growth	18,727
Bonds:	
Corporate:	
Financial sector	1,348,702
Industrial sector	1,444,348
Utilities sector	322,455
Municipal	500,234
US treasury notes	32,498
Unit trusts	77,257
Limited partnership	21,780
Certificates of deposit	48,729
Money Market funds	125,528
Total investments	<u>\$ 5,309,462</u>

Net investment income consists of:

Dividends and interest income	\$ 246,500
Realized/unrealized investment gains	289,677
Investment income	<u>\$ 536,177</u>

The Foundation paid investment broker fees of \$18,368 in 2011, which were charged against investment income.

**C. FAIR VALUE MEASUREMENTS**

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

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

The following table summarizes the valuation of the Foundation's assets and liabilities subject to recurring fair value measurement by the above FASB ASC 820 categories as of June 30, 2011:

	Level 1	Level 2	Total
Equity Securities	\$ 225,072	\$ -	\$ 225,072
Mutual funds:			
Large growth	220,952	-	220,952
Fixed income	167,458	-	167,458
Large blend	407,683	-	407,683
Large value	348,039	-	348,039
Mid-cap growth	18,727	-	18,727
Bonds:			
Corporate:			
Financial sector	-	1,348,702	1,348,702
Industrial sector	-	1,444,348	1,444,348
Utilities sector	-	322,455	322,455
Municipal	-	500,234	500,234
US treasury notes	-	32,498	32,498
Unit trusts	77,257	-	77,257
Limited partnership	21,780	-	21,780
Money market funds	125,528	-	125,528
Total	<u>\$ 1,612,496</u>	<u>\$ 3,648,237</u>	<u>\$ 5,260,733</u>

**D. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of amounts restricted for student scholarships and other educational programs of Cochise County Community College District.

**E. ENDOWMENTS**

As of year end, the Board of Directors has designated \$608,970 of unrestricted net assets as a general endowment fund to support the mission of the Foundation. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

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

In September 2008, the State of Arizona enacted ARS Section 10-11801 et seq Investments for Eleemosynary Purposes (IFEP). The board of Directors of the Foundation has interpreted the IFEP as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by IFEP. In accordance with IFEP, 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 Foundation 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 Foundation
- g. The investment policies of the Foundation

The endowment net asset composition by type of fund as of June 30, 2011 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (9,416)	\$ 1,956,765	\$ 1,835,683	\$ 3,783,032
Quasi-endowments	-	428,201	-	428,201
Board-designated endowment funds	608,970	-	-	608,970
Total Funds	<u>\$ 599,554</u>	<u>\$ 2,384,966</u>	<u>\$ 1,835,683</u>	<u>\$ 4,820,203</u>

The changes in endowment net assets for the year ended June 30, 2011 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 551,298	\$ 2,032,634	\$ 1,775,683	\$ 4,359,615
Contributions	-	49,381	60,000	109,381
Investment returns:				
Net appreciation, realized and unrealized	75,156	214,521	-	289,677
Interest and dividend income	-	246,500	-	246,500
Appropriation of endowment assets for expenditure	(26,900)	(158,070)	-	(184,970)
Endowment net assets, end of year	<u>\$ 599,554</u>	<u>\$ 2,384,966</u>	<u>\$ 1,835,683</u>	<u>\$ 4,820,203</u>

From time to time, the fair values of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or IFEP requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and totaled \$9,416 at June 30, 2011.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

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

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

**F. RELATED PARTY TRANSACTIONS**

The District provides data processing and certain other administrative support services and office space used by the Foundation at no charge. In addition, the District pays certain salaries and administrative expenses for the Foundation. The estimated fair value of these services was \$100,727 for the year ended June 30, 2011. Donated materials and services are recognized as revenue in the accompanying statement of activities as contributions and have been charged to the appropriate expenses to which they relate.

**G. PRIOR PERIOD ADJUSTMENT**

During FY 2011, management noted items requiring adjustment to the Foundation's FY 2010 financial statements. The Foundation determined that unrestricted, temporarily restricted, and permanently restricted net assets were classified in error. This resulted in an understatement of unrestricted net assets of \$124,979, an overstatement of temporarily restricted net assets of \$221,285 and an understatement of permanently restricted net assets of \$96,306. Accordingly, adjustments were made to correct the net asset classifications as of the beginning of the year.

These adjustments had no net effect on total net assets as of the beginning of FY 2011.

# Required Supplementary Information

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
POSTEMPLOYMENT HEALTH CARE BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
June 30, 2011**

<b>Fiscal Year ended <u>June 30</u></b>	<b>Actuarial Value of Plan <u>Assets</u></b>	<b>Actuarial Accrued Liability <u>Entry Age (1)</u></b>	<b>Unfunded Actuarial Accrued Liability (3)</b>	<b>Funded Ratio (2)</b>	<b>Covered Payroll</b>	<b>Actuarial Liability as a Percentage of Covered Payroll</b>
2009	\$ -	\$ 1,786,136	\$1,786,136	0.00%	\$ 15,297,505	11.68%
2010	-	1,934,165	1,934,165	0.00%	15,541,344	12.45%
2011	-	1,978,593 (4)	1,978,593	0.00%	15,924,770	12.42%

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, 2010, dated October 11, 2011.

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 No. 45, effective July 1, 2008, therefore only three years of funding progress information is available.



**COCHISE COLLEGE**

Creating opportunities...changing lives.



**COCHISE COLLEGE**

FINANCIAL REPORT  
STATISTICAL  
SECTION

## Statistical Section

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

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

### **Financial Trends (Pp. 52-55)**

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

### **Revenue Capacity (Pp. 56-63)**

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

### **Debt Capacity (Pp. 64-67)**

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

### **Demographic and Economic Information (Pp. 68-70)**

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

### **Operating Information (Pp. 71-72)**

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 Ten Fiscal Years  
Unaudited

	2010/11	2009/10	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	\$ 34,051,711	\$ 31,548,105	\$ 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)	2,603,068	2,520,295	10,193,018	1,904,829	1,599,298	1,457,979	947,780	449,062	359,452	262,010
Unrestricted (2)	16,325,657	14,745,324	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>\$ 52,980,436</b>	<b>\$ 48,813,724</b>	<b>\$ 43,754,560</b>	<b>\$ 41,156,372</b>	<b>\$ 36,783,070</b>	<b>\$ 31,880,864</b>	<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.

Note (1): Beginning in fiscal year 2001/02, the District implemented the reporting requirements of GASB Statement No. 35.

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 Ten Fiscal Years  
Unaudited

	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02 (2)
<b>Operating Revenues</b>										
Tuition and fees	\$ 5,697,196	\$ 5,062,696	\$ 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	166,818	166,036	165,000	165,000	165,000	165,000	165,000	113,160	113,723	106,697
Food service sales	530,212	410,869	355,009	303,007	296,025	302,222	303,693	302,177	304,974	339,556
Dormitory rentals	49,646	169,018	130,599	188,407	206,825	199,604	210,085	193,778	229,280	250,054
Other sales and services	784,654	314,220	378,493	393,656	529,893	834,528	1,531,498	869,457	352,220	322,833
Contracts	427,620	380,659	702,115	620,393	579,140	554,668	921,593	612,435	633,393	653,366
<b>Total operating revenues</b>	7,656,146	6,503,498	6,372,974	6,368,983	6,248,485	6,171,529	7,236,025	5,965,051	5,028,655	4,502,916
<b>Operating Expenses</b>										
Instruction	17,762,911	17,313,386	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	755,106	645,728	545,869	459,213	417,791	498,178	561,156	456,122	340,121	412,659
Academic support	1,379,655	1,381,213	1,373,347	1,450,899	1,608,960	1,136,549	1,051,477	903,969	861,049	829,502
Student services	4,980,131	4,761,273	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	6,987,892	6,933,163	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	4,304,833	3,771,919	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	5,245,819	4,983,370	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	2,510,400	1,561,969	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	1,123,718	1,042,744	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>	45,050,465	42,394,765	40,709,523	38,398,779	36,282,416	34,189,122	31,485,813	28,398,570	28,893,096	27,319,131
<b>Operating income (loss)</b>	(37,394,319)	(35,891,267)	(34,336,549)	(32,029,796)	(30,033,931)	(28,017,593)	(24,249,788)	(22,433,519)	(23,864,441)	(22,816,215)
<b>Nonoperating Revenues/(Expenses)</b>										
Property taxes	16,558,225	15,833,368	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	15,330,500	15,330,500	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)	9,835,411	10,122,113	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	866,461	832,908	924,881	1,034,869	1,044,129	962,089	771,765	588,067	424,850	540,737
Investment earnings/(loss)	91,903	152,839	449,061	962,089	1,240,620	715,239	250,213	92,798	(204,595)	197,523
Miscellaneous	-	-	-	-	-	-	-	-	-	38,000
Interest on debt	(1,121,469)	(1,161,306)	(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	-	(159,991)	-	(284,616)	33,435	-	-	-	-	-
<b>Total nonoperating revenues/expenses</b>	41,561,031	40,950,431	36,934,737	35,342,498	33,863,837	32,036,770	28,393,136	25,234,903	24,397,834	23,501,894
<b>Income (loss) before other revenues, expenses, gains or losses</b>	4,166,712	5,059,164	2,598,188	3,312,702	3,829,906	4,019,177	4,143,348	2,801,384	533,393	685,679
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>\$ 4,166,712</b>	<b>\$ 5,059,164</b>	<b>\$ 2,598,188</b>	<b>\$ 4,373,302</b>	<b>\$ 4,902,206</b>	<b>\$ 4,984,777</b>	<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.

Note (1): Beginning in fiscal year 2001/02, the District implemented the reporting requirements of GASB Statement No. 35.

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 Ten Fiscal Years  
Unaudited

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Function	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Instruction	\$ 17,762,911	\$ 17,313,386	\$ 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	755,106	645,728	545,869	459,213	417,791	498,178	561,156	456,122	340,121	412,659
Academic support	1,379,655	1,381,213	1,373,347	1,450,899	1,608,960	1,136,549	1,051,477	903,969	861,049	829,502
Student services	4,980,131	4,761,273	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	6,987,892	6,933,163	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	4,304,833	3,771,919	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	5,245,819	4,983,370	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	2,510,400	1,561,969	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	1,121,469	1,161,306	1,199,131	27,035	42,994	58,501	70,576	84,098	96,408	107,570
Other nonoperating expenses	-	159,991	-	284,616	-	-	-	-	-	-
Auxiliary enterprises	1,123,718	1,042,744	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>\$46,171,934</b>	<b>\$43,716,062</b>	<b>\$41,908,654</b>	<b>\$38,710,430</b>	<b>\$36,325,410</b>	<b>\$34,247,623</b>	<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.

Note (1): Beginning in fiscal year 2001/02, the District implemented the reporting requirements of GASB Statement No. 35.

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

USE	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Salaries and benefits	\$ 28,222,002	\$ 27,659,796	\$ 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	2,985,146	2,582,219	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	2,849,171	2,603,551	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	1,232,396	1,211,054	1,296,725	1,024,344	875,562	875,245	711,074	444,806	635,841	545,764
Utilities and communication	1,324,946	1,221,728	1,127,915	1,077,962	1,064,695	913,088	889,455	885,605	863,847	887,341
Travel	393,920	379,702	381,690	519,002	462,069	468,778	419,345	395,312	362,474	280,232
Noncapitalized equipment	138,172	58,030	229,881	207,295	867,186	531,149	280,767	200,456	276,674	-
Scholarships	5,245,819	4,983,370	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	2,510,400	1,561,969	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	148,493	133,346	200,965	306,984	378,938	402,044	308,662	287,091	209,934	207,278
Total operating expenses	45,050,465	42,394,765	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	1,121,469	1,161,306	1,199,131	27,035	42,994	58,501	70,576	84,098	96,408	107,570
Other nonoperating expenses	-	159,991	-	284,616	-	-	-	-	-	-
Total nonoperating expenses	1,121,469	1,321,297	1,199,131	311,651	42,994	58,501	70,576	84,098	96,408	107,570
<b>Total expenses</b>	<b>\$ 46,171,934</b>	<b>\$ 43,716,062</b>	<b>\$ 41,908,654</b>	<b>\$ 38,710,430</b>	<b>\$ 36,325,410</b>	<b>\$ 34,247,623</b>	<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.

Note (1): Beginning in fiscal year 2001/02, the District implemented the reporting requirements of GASB Statement No. 35.

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

Source of Revenue	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Property taxes	\$ 16,558,225	\$ 15,833,368	\$ 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	15,330,500	15,330,500	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	10,263,031	10,502,772	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	5,697,196	5,062,696	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	91,903	152,839	449,061	962,089	1,240,620	715,239	250,213	92,798	(204,595)	197,523
Bookstore sales	166,818	166,036	165,000	165,000	165,000	165,000	165,000	113,160	113,723	106,697
Food services sales	530,212	410,869	355,009	303,007	296,025	302,222	303,693	302,177	304,974	339,556
Dormitory rentals	49,646	169,018	130,599	188,407	206,825	199,604	210,085	193,778	229,280	250,054
Other	1,651,115	1,147,128	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>\$ 50,338,646</b>	<b>\$ 48,775,226</b>	<b>\$ 44,506,842</b>	<b>\$ 43,083,732</b>	<b>\$ 41,227,616</b>	<b>\$ 39,232,400</b>	<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.

Note (1): Beginning in fiscal year 2001/02, the District implemented the reporting requirements of GASB Statement No. 35.

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
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
2009/10	56,193,413	36,546,032	19,647,381
2010/11	61,030,092	30,696,000	30,334,092

Source: Audited Annual Budgeted Expenditure Limitation Reports.

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

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

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

Fiscal Year/ Levy Type	Net Assessed Value (1)	Full Cash Value	Percentage of Net Assessed to Full Cash Value
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%
2009/10 primary	986,677,834	8,079,032,213	12.21%
2009/10 secondary	1,060,241,909	8,674,971,385	12.22%
2010/11 primary	1,049,525,230	8,630,036,695	12.16%
2010/11 secondary	1,111,756,015	9,170,232,226	12.12%

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

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

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

Fiscal Year	Primary			Secondary (1)		
	Assessed Valuation	Tax Rate	Tax Levy	Assessed Valuation	Tax Rate	Tax Levy
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	-	-
2009/10	986,677,834	1.6075	15,860,846	1,060,241,909	-	-
2010/11	1,042,041,186	1.6657	17,357,281	1,111,756,015	-	-

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

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

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

Fiscal Year		Cochise College	Cochise County	Cities/Towns and Special Districts		School Districts	
				From	To	From	To
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
2009/10	Primary	1.6075	2.6425	0.1139	2.1446	0.9613	12.1334
	Secondary	-	0.4048	0.0000	3.1570	0.0000	1.7989
2010/11	Primary	1.6657	2.6276	0.0000	2.0817	0.0000	11.1018
	Secondary	-	0.4048	0.0000	2.6551	0.0000	2.0982

Source: Cochise County Treasurer's Office website:

[http://cochise.az.gov/cochise\\_treasurer.aspx?id=98&ekmense=c580fa7b\\_148\\_0\\_98\\_9](http://cochise.az.gov/cochise_treasurer.aspx?id=98&ekmense=c580fa7b_148_0_98_9)

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
PRINCIPAL TAXPAYERS  
Fiscal Year 2009 and Nine Years Ago  
Unaudited

Taxpayer	2011			2002		
	Primary Assessed Valuation	Rank	Percent of Cochise County's Primary Assessed Valuation	Primary Assessed Valuation	Rank	Percent of Cochise County's Primary Assessed Valuation
Sulphur Springs Valley Electric Co-Op Inc	\$ 31,419,331	1	2.99%	\$ 15,504,094	3	3.08%
Arizona Electric Power Coop Inc	24,966,200	2	2.38%	36,989,500	2	7.34%
El Paso Natural Gas Company	16,759,687	3	1.60%	9,716,489	5	1.93%
Southwest Gas Corporation	8,221,960	4	0.78%	7,937,185	6	1.57%
Arizona Public Service Company	7,378,970	5	0.70%	6,680,176	7	1.33%
Wal-Mart Stores Inc	7,075,553	6	0.67%	-	-	-
Nord Resources Corporation	5,759,999	7	0.55%	-	-	-
Sierra Vista Mall LLC	4,314,710	8	0.41%	-	-	-
S F P P L.P.	4,179,588	9	0.40%	-	-	-
Qwest Corporation/US West	3,727,134	10	0.36%	10,113,388	4	2.01%
Duenes Rhonda r & John J Jr	-	-	-	67,719,260	1	13.43%
Union Pacific Railroad	-	-	-	5,505,365	8	1.09%
Level 3 Communications LLC	-	-	-	4,509,790	9	0.89%
Price Development Co.	-	-	-	4,333,250	10	0.86%

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

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (2)	Percent of Current Tax Collections to Total Tax Levy	Collections in Subsequent Years (2)	Total Tax Collections (2)	Percent of Total Tax Collections to Total Tax Levy
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%	515,701	10,173,251	99.82%
2004/05	10,918,770	10,477,681	95.96%	430,362	10,908,043	99.90%
2005/06	11,877,479	11,464,243	96.52%	400,308	11,864,551	99.89%
2006/07	13,126,004	12,641,430	96.31%	466,965	13,108,394	99.87%
2007/08	14,165,750	13,625,618	96.19%	505,942	14,131,560	99.76%
2008/09	15,002,075	14,286,998	95.23%	634,378	14,921,376	99.46%
2009/10	15,860,846	15,020,601	94.70%	690,573	15,711,174	99.06%
2009/10	17,357,281	16,431,878	94.67%	-	16,431,878	94.67%

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

Note (1): All amounts shown are for the General Fund for fiscal year 2000-01. Thereafter, amounts are presented in accordance with GASB Statement No. 35. Amounts presented are the original levies prior to any adjustments.

Note (2): All tax collections are recorded on a cash basis.

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

Fiscal Year	Annual Unduplicated Headcount	Annual Audited FTSE (1)	Annual Tuition and Fees		
			Cost	Increase	
			Dollars	Dollars	Percent
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
2009/10	14,982	8,586	1,630	90	5.84
2010/11	16,520	9,788	1,690	60	3.90

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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Other Debt:</b>					
Revenue Bonds	\$ 10,405,000	\$ 10,505,000	\$ 10,595,000		
Certificates of participation	-	-	-	\$ 290,000	\$ 560,000
Pledged Revenue Obligations	13,505,000	14,270,000	15,000,000		
<b>Total outstanding debt</b>	<b>\$ 23,910,000</b>	<b>\$ 24,775,000</b>	<b>\$ 25,595,000</b>	<b>\$ 290,000</b>	<b>\$ 560,000</b>
Per capita	\$ 182.04	\$ 188.62	\$ 197.62	\$ 2.26	\$ 4.38
Per student	1,447.34	1,653.65	1,690.89	19.41	41.08
Per FTSE	2,442.79	2,885.51	3,336.59	39.35	81.82

	For the Fiscal Year Ended June 30				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Other Debt:</b>					
Certificates of participation	\$ 815,000	\$ 1,055,000	\$ 1,280,000	\$ 1,495,000	\$ 1,700,000
<b>Total outstanding debt</b>	<b>\$ 815,000</b>	<b>\$ 1,055,000</b>	<b>\$ 1,280,000</b>	<b>\$ 1,495,000</b>	<b>\$ 1,700,000</b>
Per capita	\$ 6.43	\$ 8.40	\$ 10.39	\$ 12.34	\$ 14.20
Per student	60.98	77.53	99.41	144.21	184.66
Per FTSE	122.94	160.41	212.10	344.15	472.62

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

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

	For the Fiscal Year Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt Limit	\$ 166,763,402	\$ 159,036,286	\$ 152,811,042	\$ 130,936,851	\$ 115,114,953
Total net debt applicable to the limit	-	-	-	-	-
Legal debt margin	<u>\$ 166,763,402</u>	<u>\$ 159,036,286</u>	<u>\$ 152,811,042</u>	<u>\$ 130,936,851</u>	<u>\$ 115,114,953</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

	For the Fiscal Year Ended June 30				
Fiscal Year	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Debt Limit	\$ 102,355,088	\$ 94,298,250	\$ 88,002,808	\$ 83,133,128	\$ 77,579,024
Total net debt applicable to the limit	-	-	-	-	-
Legal debt margin	<u>\$ 102,355,088</u>	<u>\$ 94,298,250</u>	<u>\$ 88,002,808</u>	<u>\$ 83,133,128</u>	<u>\$ 77,579,024</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

**Legal Debt Margin Calculation for Fiscal Year 2011**

Secondary assessed value of real and personal property (1) \$ 1,111,756,015

Debt limit = 15% of secondary assessed value 166,763,402

Amount of debt applicable to debt limit:

General obligation bonded debt -

Legal debt margin, June 30, 2011 \$ 166,763,402

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

Note (1): Tax year 2010.

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	
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%
2009/10	6,275,678	820,000	1,161,306	1,981,306	31.57%
2010/11	7,320,429	865,000	1,121,469	1,986,469	27.14%

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

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

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

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

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

Fiscal Year	Principal	Interest	Total Debt Service	Total Operating Expenses (1)	Percentage of Debt Service to Operating Expenses
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%
2009/10	820,000	1,161,306	1,981,306	42,394,765	4.67%
2010/11	865,000	1,121,469	1,986,469	45,050,465	4.41%

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

Note (1): Amounts shown for operating expenses represent current funds operating expenses prior to fiscal year 2001-02. Beginning with fiscal year 2001-02, operating expenses are presented in accordance with GASB Statement No. 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
2002	119,750	\$2,719,290	\$22,708	5.9%
2003	121,175	2,887,033	23,825	6.0%
2004	123,235	3,196,968	25,942	4.9%
2005	125,637	3,519,573	28,014	4.7%
2006	126,751	3,743,139	29,531	4.6%
2007	127,736	4,043,794	31,657	3.9%
2008	128,425	4,271,255	33,259	5.4%
2009	129,518	4,435,021	34,243	7.5%
2010	131,346	N/A	N/A	8.0%
2011	N/A	N/A	N/A	8.6%

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

Notes: N/A= Data not available. Population estimates are from U.S. Census Bureau midyear estimates as of April 2010. 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	2011			2002		
	Employees	%	Rank	Employees	%	Rank
Fort Huachuca	9,039	15%	1	13,251	27%	1
General Dynamics Information Technology (GDIT)	950	2%	2	-	-	-
Cochise County	922	2%	3	1,053	2%	3
Eurofresh, Inc.	871	1%	4	-	-	-
Wal-Mart Stores, Inc.	860	1%	5	498	1%	10
Sierra Vista Unified School District No. 68	700	1%	6	1,137	2%	2
Arizona State Prison Complex	663	1%	7	659	1%	8
Sierra Vista Regional Health Center	641	1%	8	675	1%	7
Mantech Telecommunications and Information Systems Corp.	493	1%	9	-	-	-
Douglas Unified School District No. 27	469	1%	10	561	1%	9
Cochise College	446	1%	11	796	2%	5
Aegis Communications Group	408	1%	12	791	2%	6
City of Sierra Vista	398	1%	13	465	1%	11
Northrop Grumman Corporation	390	1%	14	154	0%	34
Advanced Call Center Technologies, L.L.C.	325	1%	15	-	-	-
U. S. Border Patrol	-	-	-	800	2%	4
Safeway Stores, Inc.	-	-	-	463	1%	12
ILEX	-	-	-	306	1%	13
TRW	-	-	-	304	1%	14
Newtec, LLC	-	-	-	279	1%	15

Source: Cochise College Center for Economic Research.

Notes: Total 2011 employment for Cochise County is estimated to be 58,702; total 2002 employment was 49,376.  
Under survey methodology, a fulltime equivalent (FTE) employee equals one fulltime or two part-time employees.  
List includes only employers who responded to the survey.

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

Fall Semester Fiscal Year	Attendance		Gender		Completions	
	Full-Time	Part-Time	Male	Female	Degrees Awarded	Certificates Awarded (1)
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
2009/10	26.5%	73.5%	41.2%	58.8%	1065	691
2010/11	32.4%	67.6%	44.7%	55.3%	1189	1467

Fall Semester Fiscal Year	Age		Residency			
	Median	Mean	Resident	Resident Unorganized County	Out of State	Foreign
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%
2009/10	23	28	85.0%	10.4%	3.6%	1.1%
2010/11	24	28	81.5%	11.3%	6.2%	1.0%

Fall Semester Fiscal Year	Ethnic Background					
	American Indian	Asian American	Hispanic	African American	White	Other/ Unknown
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%
2009/10	0.9%	2.6%	40.2%	4.4%	45.5%	6.4%
2010/11	0.8%	2.3%	39.7%	5.5%	45.9%	5.8%

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  
EMPLOYEE STATISTICS  
(Headcount)  
Last Ten Fiscal Years  
Unaudited

For the Fiscal Year Ended June 30					
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Faculty</b>					
Part-time	441	396	357	359	381
Full-time	111	103	112	132	121
<b>Administrative &amp; support staff</b>	659	537	649	618	621
<b>Total employees</b>	1,211	1,036	1,118	1,109	1,123
<b>Students per faculty member</b>	30	30	32	31	27
<b>Students per staff member</b>	25	28	23	25	22

For the Fiscal Year Ended June 30					
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Faculty</b>					
Part-time	397	418	409	385	391
Full-time	112	106	100	105	108
<b>Administrative &amp; support staff</b>	642	581	583	598	634
<b>Total employees</b>	1,151	1,105	1,092	1088	1133
<b>Students per faculty member</b>	26	26	25	21	18
<b>Students per staff member</b>	21	23	22	17	15

Source: District Records.

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

Location	Fiscal Year					
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
<b>Douglas Campus</b>						
<b>Total Square Footage</b>	295,069	295,069	235,177	225,374	225,374	225,374
<b>Total Acreage</b>	518.3	518.3	518.3	518.3	518.3	518.3
<b>Sierra Vista Campus</b>						
<b>Total Square Footage</b>	188,867	188,867	159,613	122,139	122,139	122,139
<b>Total Acreage</b>	76.6	73.6	73.6	73.6	73.6	73.6
<b>Benson Center</b>						
<b>Total Square Footage</b>	12,733	12,733	12,733	12,733	12,733	12,733
<b>Total Acreage</b>	13.0	13.0	13.0	13.0	13.0	13.0
<b>Willcox Center (2)</b>						
<b>Total Square Footage</b>	9,340	9,340	7,200	7,200	7,200	7,200
<hr/>						
<b><u>Total District</u></b>						
<b>Total Square Footage</b>	506,009	506,009	414,723	367,446	367,446	367,446
<b>Total Acreage</b>	607.9	604.9	604.9	604.9	604.9	604.9

Source: District records.

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

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