

COCHISE COLLEGE

Comprehensive Annual Financial Report

FISCAL YEAR ENDED
JUNE 30, 2020

Cochise County Community College District
Sierra Vista, Arizona



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Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020

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Comprehensive Annual Financial Report

INTRODUCTORY
SECTION



COCHISE COLLEGE



COCHISE COLLEGE

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December 18, 2020



To the Citizens of Cochise County:

I am pleased to present to you the FY2020 Comprehensive Annual Financial Report (CAFR) for the Cochise County Community College District (the District). This report describes the financial operations of the District and provides you, the taxpayer, evidence that the District takes its fiduciary charge to be a responsible steward of the monies entrusted to us very seriously. We strive to fulfill the College's mission of providing accessible educational opportunities that lead to constructive citizenship, meaningful careers, and lifelong learning. We are committed to making a difference in the lives of our students and in the communities we serve.

Since the Districts' founding in 1962, Cochise College has provided accessible and affordable educational opportunities to thousands of students. From its humble beginnings with a single campus in Douglas, Arizona, the District has grown into a comprehensive community college, with two full-service campuses and multiple outreach and educational centers across Cochise County. Today, nearly all Cochise County residents are within an easy commute to college services and resources, ensuring that access to higher education are readily available. In addition, the District offers online classes providing students learning opportunities beyond the boundaries of time and place.

In FY2020, Cochise College invested significant resources in the college facilities, including the new construction of a greenhouse on the Douglas Campus to support the agriculture program, and the start of a new automotive technology building on the Sierra Vista Campus, scheduled for completion in the fall of 2020. In addition, the Douglas Campus student union was remodeled to include a new community room, updated serving center and restrooms. The most notable event to occur for the college, and the rest of the country and globe, was of course the COVID-19 pandemic. During the spring 2020 spring break, the decision was made to extend spring break for a week for students while our faculty prepared to deliver courses via remote delivery. We are so proud of the efforts of our faculty and staff to make this transition quickly and strive to deliver high quality instruction and support to our students. The pandemic required the college to be nimble and adaptable as the guidance from state and local officials evolved. Once the Governor's stay at home order was lifted, we extended faculty contracts to meet the needs of students in laboratory setting so courses with hand-on components could be completed. The college is committed to providing access to affordable educational opportunities, regardless of the challenges in which we are faced.

In fiscal year 2020, the District served 9,395 students at our campuses and outreach centers. Student success and degree completion has been a major focus for Cochise College. To that end, 1,360 Associate degrees were conferred this academic year. Additionally, 493 certificates of completion were awarded in a wide variety of career and technical areas. In our Adult Education Program, 24 students successfully passed their High School Equivalency Test and were awarded their diplomas. The District continues to provide high quality programs and services at a reasonable cost for the citizens of Cochise County. In fact, Cochise College continues to be recognized nationally as a top tier community college, having been ranked 12th best online community college in the nation and 1st in Arizona by onlineu.com. The District places a strong emphasis on balancing the educational needs of today while providing a solid asset base and plan for the future. The District's sound financial management practices have earned an A2 rating from Moody's Investors Services, a rating that provides financial flexibility as we move forward. In addition, the District was recognized for Excellence in Financial Reporting by the Government Finance Officers Association. With this philosophy and recognition of our commitment to sound financial practices in mind, we continue to prepare students for today and plan for the future. We look forward to the new opportunities that may present themselves as we move into the future. We feel we are well positioned to address those opportunities, meet any challenges, and fulfill the mission of the District for our communities and the citizens we serve.

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

Sincerely,

J.D. Rottweiler, Ph.D.
President



COCHISE COLLEGE

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December 18, 2020

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

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the Cochise County Community College District (the District), Sierra Vista, Arizona, for the fiscal year ended June 30, 2020 (FY2020).

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

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

This CAFR is presented in three sections: Introductory, Financial and Statistical. The introductory section includes the President's welcome, this transmittal letter, the District's organizational chart and a list of principal officers. The financial section includes the independent auditors' report, Management's Discussion and Analysis (MD&A), the basic financial statements and other required supplementary financial information. The State of Arizona, Office of the Auditor General has issued an unmodified opinion on the District's financial statements for the year ended June 30, 2020. The MD&A, which provides a narrative overview and analysis of the basic financial statements, complements this transmittal letter and should be read in conjunction with them. Finally, the statistical section includes selected unaudited financial and demographic information, generally presented on a multi-year basis.

THE REPORTING ENTITY

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

a special purpose political subdivision that has a separately-elected governing body, is legally separate, and is fiscally independent of other state and local government entities. The District is not included in any other governmental financial reporting entities. In accordance with GASB Statement No. 39, the financial activity of the Cochise College Foundation, Inc. (the Foundation) is discretely presented as a component unit of the District.

History

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

With a constituency base that encompasses more than 6,200 square miles, the District has extended its reach into some of the more rural parts of Cochise County. The Willcox Center opened in 1988 for residents in that part of the county and the expansion continued in 2000 with the opening of the Benson Center to better serve the educational needs of residents in Benson, St. David, and surrounding communities. During FY2015, the District converted an existing automobile dealership into a vehicle service-training center through a successful partnership. The District is in the final stages of completion of a new Automotive Technology Building scheduled to open in the Spring 2021. The District opened an educational center in downtown Sierra Vista in the Fall of 2016, to accommodate its nursing and allied health, culinary, and community service programs. District offices were relocated to the Sierra Vista Campus July 1, 2017. As needed, the District provides education at various other sites in southeastern Arizona.

The District is accredited by the Higher Learning Commission of the North Central Association. The District also holds Federal Aviation Administration certification for its professional pilot program and Arizona Department of Health Services/Emergency Medical Services certification for its paramedicine and emergency medical technology programs. The paramedicine program is nationally accredited by the Committee on Accreditation of Educational Programs for Emergency Medical Services Professions (COAEMSP). The nursing program is accredited by the Accreditation Commission for Education in Nursing (ACEN) and approved by the Arizona State Board of Nursing. The Respiratory Therapy program, which graduated its last class in December 2019, was nationally accredited by the Commission on Accreditation for Respiratory Therapy Care (CoARC).

Organization and Administration

As a political subdivision of the State of Arizona, the Cochise County Community College District is subject to the oversight of the District's Governing Board, which is comprised of five elected members representing each of the five precincts of the county. These members are elected for six-year terms on a staggered basis. The District's Governing Board is granted full authority by the Arizona Revised Statutes to manage the business and educational needs of the District. The senior administration of the District, led by the president, is responsible for the operation and administration of all District functions. As noted above, the District currently operates from two primary campuses and four centers, with additional programs delivered at various locations throughout Cochise County and through its online delivery system.

Service Area

Cochise County, named for the famed chief of the Chiricahua Apaches and established on February 1, 1881, is located in the southeast corner of Arizona, sharing a border with Mexico to the south and New Mexico to the east. The county was formed out of eastern Pima County with Tombstone

being designated as the original county seat. In 1929, the county seat was moved to Bisbee, a former hub of copper mining. The county's location makes it a unique crossroads of cultural, natural, and historical attractions.

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

LOCAL ECONOMIC OUTLOOK

According to the Arizona Office of Economic Opportunity (OEO), the population of Cochise County in 2019 was estimated at 130,808. This was an increase from the prior year but continues to be below the 2010 figure of 131,436. According to OEO, projections are for the countywide population to reach 131,277 in 2020, which is the highest projection for the next ten years.

Because the District receives a significant amount of its funding from local property taxes, new construction rates and valuations of existing properties are key economic indicators. New residential construction permits in Cochise County increased to 240 in 2019, as compared to 210 new single family home building permits issued in 2018. The median sales price for homes sold in 2019 was \$152,500 in Cochise County, up nearly 20% from the 2018 figure of \$127,250. For the current calendar year, that figure is trending much higher at \$197,500 as of September 30, 2020.

According to OEO estimates, the county's civilian labor force consisted of 50,342 actual or potential workers in June 2020. The unemployment rate as of June 30, 2020, was 8.7%, which is an increase from the median unemployment rate for 2019 of 5.8%. Unemployment peaked at 11.3% in April 2020 as would be expected given the Governor's Stay at Home Order that began on March 30 due to the pandemic.

The primary non-farm industries in Cochise County are trade, transportation, and utilities, followed by state and local government, federal government, professional and business services, and educational and health services. The county's largest employer is Fort Huachuca.

“As of September 2018, approximately 2,300 active duty military personnel were assigned to Fort Huachuca. There are also approximately 2,700 trainees (students) temporarily assigned to the fort for training on any given day (with more than 8,000 trained on site each year). Fort Huachuca directly employs approximately 2,700 civilian workers with an additional 400 civilians employed by other agencies operating on the installation, including U.S. Department of Homeland Security, Fort Huachuca Accommodation Schools, Army & Air Force Exchange Service, and others. The fort also contracts with numerous area firms employing several thousand workers. The resident population of Fort Huachuca (those residing on post) was 6,160 as of January 2019, which includes 1,054 military personnel and 2,600 family members residing in on-post family housing, as well as 2,506 unmarried or unaccompanied military personnel residing in troop billets (including students assigned temporarily for training)”. (citation:choos Cochise.com/fort-huachuca)

The largest threat to the labor market in Cochise County continues to be defense budget cuts impacting Fort Huachuca with changes in mission assignments. While defense cuts in the past have had a dampening effect on the regional labor market, the current administration's stated interest in increasing defense spending suggests an easing of constraints from recent years. An increased emphasis on

defense spending is likely to impact military intelligence, unmanned aerial systems, and cybersecurity missions at Fort Huachuca, which have long been three of the fastest-growing missions in the Army and Department of Defense.

Until recently, the most significant opportunity for long-term labor market improvement in Cochise County was the 28,000-home, master-planned ‘The Villages at Vigneto’ development near Benson. Because of significant legal challenges and delays, this project is on hold for now and its future is questionable.

LONG-TERM FINANCIAL PLANNING

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

MAJOR PROGRAM INITIATIVES

District Infrastructure

The District continues to be committed to technological and facility infrastructure improvements in alignment with industry best practices. The District has invested in enhanced cyber security initiatives to protect the District’s technology systems and data.

Enrollment

In fiscal year 2020, the District served 9,395 students at our campuses and outreach centers. Student success and degree completion has been a major focus for Cochise College. To that end, 1,360 Associate degrees were conferred this academic year. Additionally, 493 certificates of completion were awarded in a wide variety of career and technical areas. In our Adult Education Program, 24 students successfully passed their High School Equivalency Test and were awarded their diplomas

The District continues to maintain a strong partnership with the county’s largest employer, Fort Huachuca, which impacts the number of students served and the number of degrees conferred. The District continues to invest strategies to increase enrollment by partnering with local school districts in enhanced counseling and advising. The District has also enhanced scholarship opportunities for local citizens through the new non-traditional student scholarship and continued focus on the senior scholarship initiative that provides resources to every Cochise county high school graduate that enrolls.

Student Achievement

Four Cochise College students were among the few community college students from across the state who were awarded full-ride scholarships from the Arizona Board of Regents to complete their bachelor’s degrees at one of the state’s public universities as a part of the Arizona Academic All American Team. Fifteen Cochise College student-athletes were recognized by the National Junior College Athletic Association (NJCAA) for achieving high-grade point averages while competing in intercollegiate sports for the 2019-20 year. In addition to these academic achievements, one soccer player was awarded the ACCAC Player of the Year while another was awarded ACCAC Goalkeeper of the Week three times this season and NJCAA Goalkeeper of the Week once. Four soccer players

received All-Region awards in the Arizona Community College Athletic Conference.

PROGRAM DEVELOPMENT AND FUTURE INITIATIVES

New programs have been developed to provide additional degree and certificate options preparing students for employment opportunities. In FY2020, the District created a new virtual reality program and continued to build the Southeastern Law Enforcement Academy,

The District continues efforts in helping students succeed through the use of guided pathways, which are intended to reduce unnecessary confusion and choices for students, thereby streamlining the path to completion. Guided pathways allow for more predictable scheduling and by grouping related programs together to allow students to make some changes in focus without losing as many credits. In addition, advisors and faculty members work closely together to make sure that students who are at risk can be assisted before they face critical consequences.

FINANCIAL INFORMATION

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

Internal Control

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

Budgetary Controls

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

Cash Management

The District is governed by the Arizona Revised Statutes relating to the overall investment of idle public funds. The fiduciary responsibility for such investments is entrusted to the District Governing Board and is administered through the Vice President for Administration. The District invests idle funds in a prudent, conservative, and secure manner for the highest available yield, given cash flow

constraints, as prescribed by Arizona Revised Statutes. The principal investment vehicles used during the fiscal year were a pooled investment with the County Treasurer, direct investment in a Local Government Investment Pool (LGIP) with the State Treasurer's office, and direct investment in eligible U.S. Treasury and U.S. Government Agency securities and money market mutual funds.

The District constantly revisits its changing liquidity needs, and adjusts the structure of its idle funds to properly address these needs. In FY2020, the District continued to monitor targeted proportions of its idle funds in various maturity ranges, matching conservative projections of cash flow needs. These maturity range targets are adjusted periodically, as cash flow needs evolve. Most importantly, this approach continually prioritizes the District's primary objectives of maintaining safe, liquid investments, then, after those objectives are met, seeking to maximize yield.

Financial Reporting

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

RISK MANAGEMENT

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

The most notable event to occur for the college, and the rest of the country and globe, was of course the COVID-19 pandemic. During the spring 2020 spring break, the decision was made to extend spring break for a week for students while our faculty prepared to deliver courses via remote delivery. We are so proud of the efforts of our faculty and staff to make this transition quickly and strive to deliver high quality instruction and support to our students. The pandemic required the college to be nimble and adaptable as the guidance from state and local officials evolved. Once the Governor's stay at home order was lifted, we extended faculty contracts to meet the needs of students in laboratory setting so courses with hand-on components could be completed.

INDEPENDENT AUDIT

The District utilizes the audit services of State of Arizona, Office of the Auditor General to determine that the financial statements are free of material misstatements and ensure compliance with Arizona Revised Statutes requiring an annual audit of the District's financial statements. The Independent Auditors' Report is included in the financial section of this CAFR. The District received an unmodified opinion for the fiscal year ended June 30, 2020.

ACKNOWLEDGEMENTS

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

Respectfully submitted,

Wendy Davis, Ph.D.
Vice President for Administration

Debra Craig
Director of Finance/Controller



**COCHISE
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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Cochise County Community
College District, Arizona**

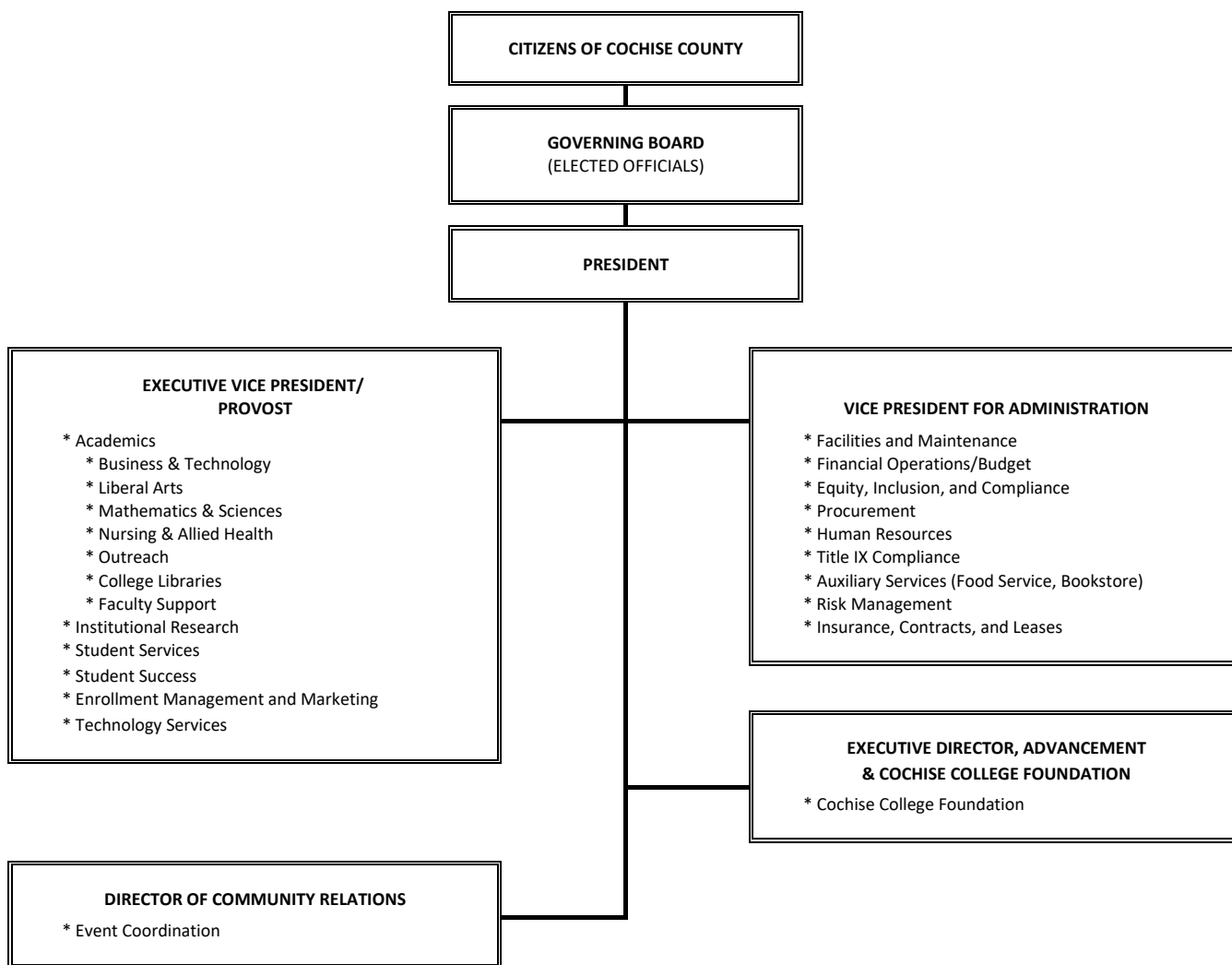
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT ORGANIZATIONAL CHART



COCHISE COUNTY COMMUNITY COLLEGE DISTRICT

PRINCIPAL OFFICERS

June 30, 2020

DISTRICT GOVERNING BOARD

Mr. Don Hudgins, *Chair, Precinct 2*

Mr. Dennis Nelson, *Secretary, Precinct 5*

Mr. David DiPeso, *Precinct 1*

Mr. Tim Quinn, *Precinct 4*

Mrs. Jane Strain, *Precinct 3*

PRESIDENT

Dr. J.D. Rottweiler

ADMINISTRATION

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

Dr. Wendy Davis, *Vice President for Administration*



COCHISE
COLLEGE

COCHISE COLLEGE

Comprehensive Annual Financial Report

FINANCIAL
SECTION



COCHISE COLLEGE



Independent auditor's report
LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent auditors' report

Members of the Arizona State Legislature

The Governing Board of
Cochise County Community College District

Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Cochise County Community College District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other matters

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 11, schedule of the District's proportionate share of the net pension liability on page 46, and schedule of District pension contributions on page 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

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

Other reporting required by *Government Auditing Standards*

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

Lindsey A. Perry, CPA, CFE
Auditor General

December 18, 2020

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Introduction

This Management's Discussion and Analysis introduces the basic financial statements and provides an overview of the District's financial activities for the year ended June 30, 2020. It should be read in conjunction with the letter of transmittal, which precedes this section, and with the financial statements and their accompanying notes, which immediately follow.

Basic Financial Statements

The basic financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position reflects the financial position of the District at June 30, 2020. It shows the various assets owned or controlled by the District, deferred outflows and inflows of resources, liabilities and the various categories of net position. Net position is defined as total assets and deferred outflows of resources less total liabilities and deferred inflows of resources, and as such, represents the institutional equity or ownership in the total assets of the District.

The Statement of Revenues, Expenses, and Changes in Net Position reflects the results of operations and other activities for the year ended June 30, 2020. It shows the various revenues and expenses, both operating and non-operating, and reconciles the beginning net position balance to the ending net position balance shown on the Statement of Net Position described above.

The Statement of Cash Flows reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2020. It indicates the various cash activities by type and reconciles the beginning cash and cash equivalents balance to the ending cash and cash equivalents balance shown on the Statement of Net Position first described above. In addition, this statement reconciles cash flows used for operating activities to the operating loss on the Statement of Revenues, Expenses, and Changes in Net Position described immediately above.

Although the primary focus of this document is on the results of activities for fiscal year 2019-20 (FY2020), comparative data is also presented for the previous fiscal year 2018-19 (FY2019). This discussion and analysis uses the prior fiscal year as a reference point in illustrating issues and trends when assessing the institution's financial health.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

**Condensed Financial Information
Net Position**

	As of June 30, 2020	As of June 30, 2019
<u>Assets</u>		
Current assets	\$ 29,409,625	\$ 24,359,425
Noncurrent assets, other than capital assets	2,103,771	2,057,165
Capital assets, net	72,116,673	71,008,113
Total assets, net	103,630,069	97,424,703
<u>Deferred Outflows of Resources</u>	4,006,011	4,913,529
<u>Liabilities</u>		
Other liabilities	7,737,529	5,752,570
Long-term liabilities	49,242,025	51,436,953
Total liabilities	56,979,554	57,189,523
<u>Deferred Inflows of Resources</u>	3,319,999	4,235,242
<u>Net Position</u>		
Net investment in capital assets	50,864,347	48,031,608
Restricted for:		
Grants and contracts	2,553,198	2,160,064
Unrestricted	(6,081,018)	(9,278,205)
Total net position	\$ 47,336,527	\$ 40,913,467

Total assets increased in FY2020 by \$6.21 million. This change occurred primarily in the category of cash and cash equivalents and is the result of an increase in nonoperating revenue of \$0.68 million (property taxes), \$3.68 million (state appropriations), and \$2.34 million (government grants and contracts). Total liabilities decreased by \$0.21 million in FY2020 as a net result of an increase of \$1.98 million in other liabilities and a decrease in long term liabilities of \$2.19 million. The change in other liabilities occurred primarily in accounts payable which is the result of CARES funding to students which crossed fiscal years. The change in long term liabilities is the result of scheduled payments for bond debt. Deferred outflows of resources decreased \$0.91 million as a result of the current year effect of the difference between projected and actual investment earnings and changes in assumptions related to pensions. Deferred inflows of resources decreased by \$0.91 million due to decreases in the changes in assumptions category and decreases in changes in proportion and differences between employer contributions and proportionate share of contributions. For the above reasons, total net position increased by \$6.42 million in FY2020.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

During FY2020, the current ratio decreased to 3.80 from 4.23 last fiscal year with total current assets increasing by \$5.05 million and total current liabilities increasing by \$1.98 million. The increase in current assets was primarily due to an increase in revenue receipts. The increase in current liabilities was primarily due to an increase in payables.

Unrestricted net position increased by \$3.20 million in FY2020, primarily due to the \$6.21 million increase in total assets. The net investment in capital assets increased \$2.83 million in FY2020. This change represents an increase in construction in progress due to college initiatives to construct an Automotive Technology Building and Cyber Security buildout at the Downtown Center. The net investment in capital assets is now 107.5% of total net position, down from 117.4% last year.

Revenues, Expenses, and Changes in Net Position

	Fiscal Year Ended <u>June 30, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>
<u>Operating revenues</u>		
Tuition and fees (net of scholarship allowances)	\$ 5,989,071	\$ 6,109,189
Contracts	275,063	544,648
Other operating revenues	1,131,761	1,094,043
Total operating revenues	<u>7,395,895</u>	<u>7,747,880</u>
Total operating expenses	<u>50,112,012</u>	<u>45,830,760</u>
Operating loss	<u>(42,716,117)</u>	<u>(38,082,880)</u>

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

	Fiscal Year Ended <u>June 30, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>
<u>Nonoperating revenues (expenses)</u>		
Property taxes	22,528,484	21,845,455
State appropriations	15,220,542	11,536,300
Government grants	9,868,943	7,530,210
Share of State sale taxes	1,399,110	1,247,094
Private gifts	5,299	70
Investment earnings	610,865	657,372
Interest on capital asset-related debt	(762,272)	(839,915)
Gain/(Loss) on disposal of capital assets	(148,466)	1,871
Other nonoperating revenues	416,672	222,171
Net nonoperating revenues	<u>49,139,177</u>	<u>42,200,628</u>
Increase in net position	6,423,060	4,117,748
Total net position, beginning of year	<u>40,913,467</u>	<u>36,795,719</u>
Total net position, end of year	<u>\$ 47,336,527</u>	<u>\$ 40,913,467</u>

Total operating revenues decreased \$0.35 million in FY2020 versus the prior year with small decreases in tuition and fees of \$0.12 million and contracts of \$0.27 million. The offset being a \$0.04 million increase in other operating revenues.

Overall, nonoperating revenues increased \$6.94 million compared to the prior year. Component movements included an increase in collected property taxes of \$0.68 million from a 2% levy increase, an increase in state appropriations of \$3.68 million with the majority occurring as a result of a \$3.14 million one-time funding initiative from the state, and an increase of \$2.34 million in government grants due to CARES funding as a government response to the crisis of COVID-19.

Operating expenses increased by \$4.28 million for the year ended June 30, 2020.

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

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

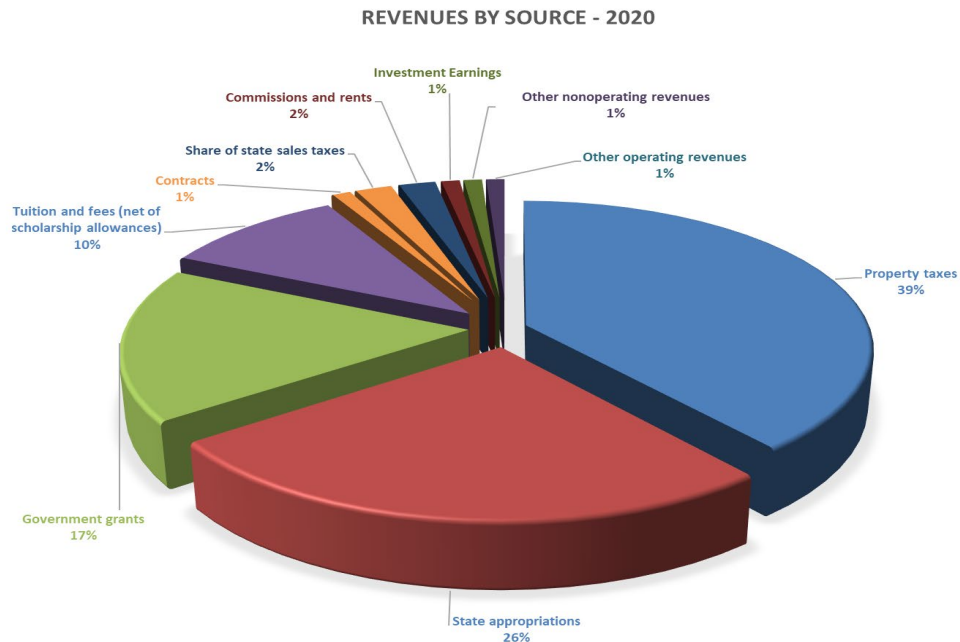
	Fiscal Year Ended <u>June 30, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>	Increase (Decrease) <u>(Decrease)</u>	Increase (Decrease) (%) <u>(%)</u>
Salaries and wages	\$ 23,482	\$ 23,250	\$ 232	1.0
Employee benefits	6,467	4,398	\$ 2,069	47.0
Contractual services	3,638	3,539	\$ 99	2.8
Supplies and other services	3,480	3,315	\$ 165	5.0
Scholarships	5,365	3,608	\$ 1,757	48.7
Depreciation	3,819	3,707	\$ 112	3.0
Other expenses	3,861	4,014	\$ (153)	(3.8)
Total	<u>\$ 50,112</u>	<u>\$ 45,831</u>	<u>\$ 4,281</u>	<u>9.3</u>

Comparing FY2020 to the prior year, the largest percentage increase in operating expenses was in employee benefits. The majority (78%) of the increase of 47.0% falls within the Arizona retirement line item. This increase is due to annual pension adjustments. The expense category of scholarships increased from \$3.61 million in FY2019 to \$5.36 million in FY2020. This 48.7% increase is a result of the federal CARES funding which allocated \$1.52 million to students in the form of scholarship aid.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

The following is a summary of revenues for fiscal years ended June 30, 2020, and June 30, 2019:

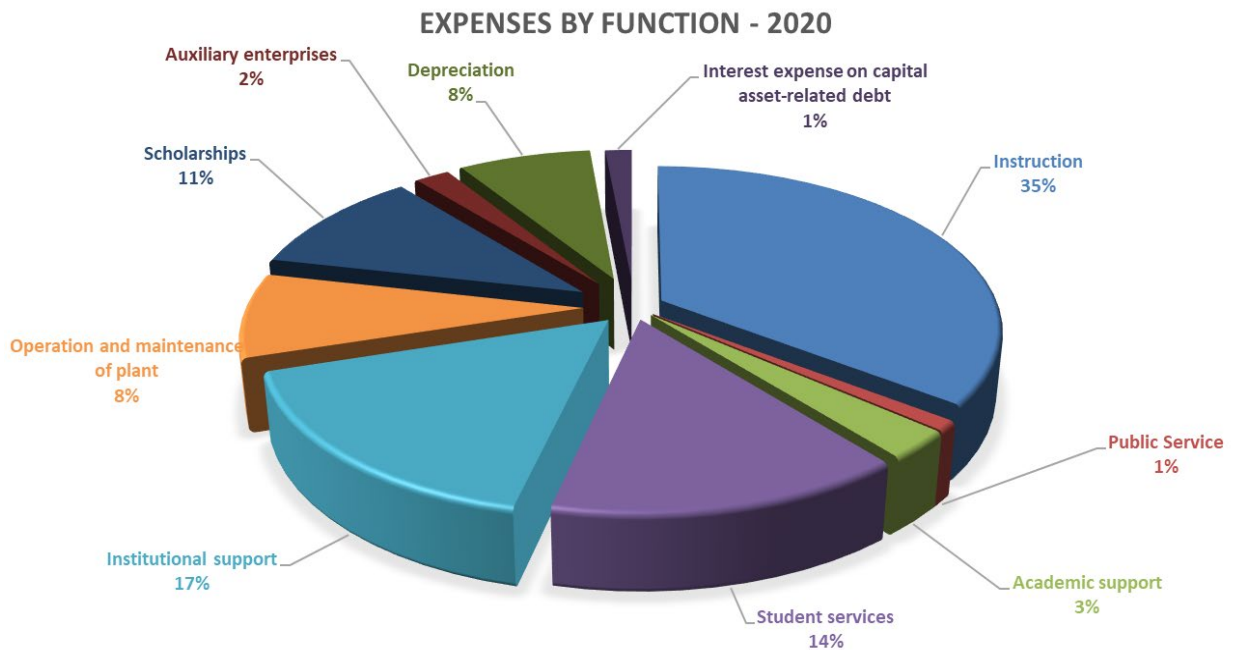
	<u>Fiscal Year Ended June 30, 2020</u>		<u>Fiscal Year Ended June 30, 2019</u>	
<u>Operating revenues</u>				
Tuition and fees (net of scholarship allowances)	\$ 5,989,071	10 %	\$ 6,109,189	12 %
Contracts	275,063	1	544,648	1
Commissions and rents	825,251	2	757,880	1
Other operating revenues	306,510	1	336,163	1
Total operating revenues	<u>7,395,895</u>	<u>14</u>	<u>7,747,880</u>	<u>15</u>
<u>Nonoperating revenues</u>				
Property taxes	22,528,484	39 %	21,845,455	43 %
State appropriations	15,220,542	26	11,536,300	23
Government grants	9,868,943	17	7,530,210	15
Share of state sales taxes	1,399,110	2	1,247,094	2
Private gifts	5,299	0	70	0
Investment earnings	610,865	1	657,372	1
Gain on disposal of capital assets	-	0	1,871	0
Other nonoperating revenues	416,672	1	222,171	0
Total nonoperating revenues	<u>50,049,915</u>	<u>86</u>	<u>43,040,543</u>	<u>85</u>
 Total revenues	 <u>\$ 57,445,810</u>	 <u>100 %</u>	 <u>\$ 50,788,423</u>	 <u>100 %</u>



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

The following is a summary of expenses for fiscal years ended June 30, 2020, and June 30, 2019:

	<u>Fiscal Year Ended June 30, 2020</u>		<u>Fiscal Year Ended June 30, 2019</u>	
<u>Operating expenses</u>				
Educational and general:				
Instruction	\$ 17,975,267	35 %	\$ 16,067,440	34 %
Public service	497,407	1	479,715	1
Academic support	1,435,705	3	1,642,487	4
Student services	7,358,679	14	6,530,525	14
Institutional support	8,401,849	17	9,883,902	21
Operation and maintenance of plant	4,273,864	8	2,911,467	6
Scholarships	5,364,568	11	3,607,872	8
Auxiliary enterprises	985,748	2	1,000,830	2
Depreciation	3,818,925	8	3,706,522	8
Total operating expenses	<u>50,112,012</u>	<u>99</u>	<u>45,830,760</u>	<u>98</u>
<u>Nonoperating expenses</u>				
Interest expense on capital asset-related debt	762,272	1	839,915	2
Loss on disposal of capital assets	148,466	0	-	0
Total expenses	<u>\$ 51,022,750</u>	<u>100 %</u>	<u>\$ 46,670,675</u>	<u>100 %</u>



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Capital Assets and Debt Administration

Below is a summary of capital assets, net of accumulated depreciation, as of June 30, 2020 and June 30, 2019. See Note 3 for further details.

	Balance June 30, 2020	Balance June 30, 2019
Capital assets (net of depreciation):		
Land	\$ 1,993,038	\$ 1,993,038
Museum art collection	66,000	66,000
Construction in progress	3,632,580	786,286
Buildings and improvements	55,284,902	55,798,147
Improvements other than buildings	7,495,330	7,968,599
Equipment	3,476,424	4,189,390
Library books	168,399	206,653
Total capital assets (net of depreciation)	<u>72,116,673</u>	<u>71,008,113</u>

The increase of \$1.10 million in net capital assets is primarily attributable to a net increase in construction in progress of \$2.85 million partially offset by current year depreciation expense. FY20 construction in process activities include the Automotive Technology Building (ATB), Douglas Campus Paving, and the remodel of the Downtown Center to house the Cyber Security program.

During FY2020, principal payments were \$385,000 on the Series 2016A Revenue Bonds and \$1,165,000 on the Series 2016B Revenue Refunding Bonds. At June 30, 2020, the District had an outstanding principal balance due of \$6,180,000 for the 2016A revenue bonds and \$13,510,000 for the 2016B revenue refunding bonds. Note 4 to the basic financial statements provides details on all bond issues and long-term obligations.

Current Factors Having Probable Future Financial Significance

The State of Arizona has certainly experienced some trying times in recent years. Many of the economic ups and downs have been a direct result of or a correlation to happenings across the nation or globe. Economic downturns in the early teens due to the housing crisis were addressed locally with budget cuts to counteract shortfalls. As those efforts were starting to produce the intended results and the state seemed poised for an upturn, the world was hit with the COVID-19 pandemic.

As the COVID-19 pandemic is still active with no approved vaccine available, it is difficult to predict what the outcome will be and we certainly do not have the ability to know the long-term repercussions of the pandemic. The college has taken several steps to address some of the affects of the pandemic. The federal government, through various agencies was awarded grant aid

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

intended for use for colleges and universities directly and students indirectly. The college was awarded CARES aid in the amount of \$3.16 million. Requirements of the funding were to award a minimum of 50% to students, with the remaining funds available for institutional support to address COVID-19 issues.

Recognizing that many students are hesitant to participate in certain learning modalities, the college has implemented several virtual and actual classrooms updates to offer learning opportunities through a variety of sources. Additionally, the college has employed several cost saving measures to offset a decrease in tuition and fees. Moving forward, the college will continue to review and adjust these plans as we progress through this global crisis.

Requests for Information

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
YEAR ENDED JUNE 30, 2020**

<u>Assets</u>	Business-Type Activities
Current assets:	
Cash and cash equivalents	\$ 10,962,166
Investments	15,033,072
Receivables:	
Accounts (less allowances of \$500,117)	309,574
Property taxes (less allowances of \$403,642)	755,715
Government grants and contracts	1,122,528
Interest	40,816
Other	248,390
Inventories	758,189
Prepaid items	179,175
Total current assets	29,409,625
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents held by trustee	2,103,771
Capital assets, not being depreciated	5,691,618
Capital assets, being depreciated, net	66,425,055
Total noncurrent assets	74,220,444
Total assets	103,630,069
Deferred Outflows of Resources	
Deferred outflows related to pensions	3,069,999
Deferred charge on debt refunding	936,012
Total deferred outflows of resources	4,006,011
Liabilities	
Current liabilities:	
Accounts payable	2,733,406
Accrued payroll and employee benefits	1,891,698
Interest payable	468,225
Deposits held in custody for others	202,549
Unearned revenues	260,554
Current portion of compensated absences payable	254,917
Current portion of long-term debt	1,926,180
Total current liabilities	7,737,529
Noncurrent liabilities:	
Compensated absences payable	1,453,431
Long-term debt	20,262,158
Net pension liability	27,526,436
Total noncurrent liabilities	49,242,025
Total liabilities	56,979,554
Deferred Inflows of Resources	
Deferred inflows related to pensions	3,319,999
Total deferred inflows of resources	3,319,999
Net Position	
Net investment in capital assets	50,864,347
Restricted:	
Expendable:	
Grants and contracts	2,553,198
Unrestricted (deficit)	(6,081,018)
Total net position	\$ 47,336,527

See accompanying notes to financial statements.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF FINANCIAL POSITION - COMPONENT UNIT
JUNE 30, 2020**

		Cochise College Foundation
<u>Assets</u>		
Cash and cash equivalents	\$	663,765
Accounts receivable		1,245
Property held for sale		141,795
Investments		11,583,100
Land held as an investment		19,825
Assets restricted to investment in property and equipment		2,084,978
Total assets	\$	14,494,708
<u>Liabilities</u>		
Deposits held on behalf of others	\$	14,722
Liability under split-interest agreement		225,325
Total liabilities		240,047
<u>Net Assets</u>		
Without donor restrictions - undesignated		439,507
Without donor restrictions - board designated		584,651
With donor restrictions		13,230,503
Total net assets		14,254,661
Total liabilities and net assets	\$	14,494,708

See accompanying notes to financial statements.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PRIMARY GOVERNMENT
YEAR ENDED JUNE 30, 2020

	Business-Type Activities
Operating revenues:	
Tuition and fees (net of scholarship allowances of \$3,167,706)	\$ 5,989,071
Government contracts	189,115
Private contracts	85,948
Bookstore income	59,782
Food service income	747,854
Dormitory rentals and fees	17,615
Other	306,510
Total operating revenues	7,395,895
Operating expenses:	
Educational and general:	
Instruction	17,975,267
Public service	497,407
Academic support	1,435,705
Student services	7,358,679
Institutional support	8,401,849
Operation and maintenance of plant	4,273,864
Scholarships	5,364,568
Auxiliary enterprises	985,748
Depreciation	3,818,925
Total operating expenses	50,112,012
Operating Loss	(42,716,117)
Nonoperating revenues (expenses):	
Property taxes	22,528,484
State appropriations	15,220,542
Government grants	9,868,943
Share of state sales taxes	1,399,110
Private gifts	5,299
Investment earnings	610,865
Interest expense on capital asset-related debt	(762,272)
Loss on disposal of capital assets	(148,466)
Other nonoperating revenues	416,672
Net nonoperating revenues	49,139,177
Increase in net position	6,423,060
Net position, July 1, 2019	40,913,467
Net position, June 30, 2020	\$ 47,336,527

See accompanying notes to financial statements.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF ACTIVITIES - COMPONENT UNIT
YEAR ENDED JUNE 30, 2020**

	Cochise College Foundation		
	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue, and gains:			
Investment return, net	\$ 192,765	\$ 865,306	\$ 1,058,071
Contributions	159,888	600,661	760,549
In-kind contributions	240,915	-	240,915
Realized gain on property held for sale	9,997	-	9,997
Net assets released from restrictions:	<u>573,657</u>	<u>(573,657)</u>	<u>-</u>
Total support, revenue, and gains	<u>1,177,222</u>	<u>892,310</u>	<u>2,069,532</u>
Expenses:			
Program expenses:			
Student support	<u>576,858</u>	<u>-</u>	<u>576,858</u>
Supporting services:			
Management and general	290,499	-	290,499
Fundraising	<u>83,026</u>	<u>-</u>	<u>83,026</u>
Total supporting services	<u>373,525</u>	<u>-</u>	<u>373,525</u>
Total expenses	<u>950,383</u>	<u>-</u>	<u>950,383</u>
Change in net assets	226,839	892,310	1,119,149
Net assets, beginning of year	<u>797,319</u>	<u>12,338,193</u>	<u>13,135,512</u>
Net assets, end of year	<u>\$ 1,024,158</u>	<u>\$ 13,230,503</u>	<u>\$ \$ 14,254,661</u>

See accompanying notes to financial statements.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
YEAR ENDED JUNE 30, 2020

	Business-Type Activities
Cash flows from operating activities:	
Tuition and fees	\$ 5,992,385
Government and private contracts	275,063
Bookstore receipts	59,782
Food services receipts	747,854
Dormitory rentals and fees	17,615
Other receipts	470,615
Payments to suppliers and providers of goods and services	(9,909,229)
Payments for employee wages and benefits	(30,312,381)
Payments for scholarships	(5,382,705)
Other payments	(28,239)
Net cash used for operating activities	(38,069,240)
Cash flows from noncapital financing activities:	
Property taxes	23,058,755
State appropriations	15,220,542
Government grants	9,080,214
Share of state sales taxes	1,367,023
Direct loans received	1,403,903
Direct loans disbursed	(1,403,903)
Deposits held in custody for others received	810,866
Deposits held in custody for others disbursed	(774,540)
Net cash provided by noncapital financing activities	48,762,860
Cash flows from capital and related financing activities:	
Principal paid on capital debt	(1,550,000)
Interest paid on capital debt	(558,527)
Loss on disposal of capital assets	(148,466)
Purchases of capital assets	(4,272,591)
Net cash used for capital and related financing activities	(6,529,584)
Cash flows from investing activities:	
Net purchases of investments	2,768,574
Interest received on investments	614,901
Net cash provided by investing activities	3,383,475
Net increase in cash and cash equivalents	7,547,511
Cash and cash equivalents, July 1, 2019	5,518,426
Cash and cash equivalents, June 30, 2020	\$ 13,065,937

(Continued)

See accompanying notes to financial statements.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
YEAR ENDED JUNE 30, 2020
(CONCLUDED)**

	Business-Type Activities
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	(42,716,117)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	3,818,925
Provision for uncollectable accounts	(40,622)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivable	53,517
Other receivables	5,587
Inventories	(24,103)
Deferred outflows of resources related to pensions	790,517
Accounts payable	1,220,400
Accrued payroll and employee benefits	63,512
Compensated absences payable	276,220
Unearned revenues	(9,581)
Deferred inflows of resources related to pensions	(915,243)
Prepaid items	(13,740)
Net pension liability	(578,512)
Net cash used for operating activities	\$ (38,069,240)
Noncash investing, noncapital financing, and capital and related financing activities:	

The District amortized \$56,300 for premiums received on revenue bonds issued in 2016, and \$234,880 for premiums received on revenue refunding bonds issued in 2016. The District amortized \$117,001 for deferred charges associated with the revenue refunding bonds issued in 2016.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting entity

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

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

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

During the year ended June 30, 2020, the Foundation distributed \$576,858 to and on behalf of the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Cochise College Foundation, 4190 West Highway 80, Douglas, Arizona 85607-6100.

B. Basis of presentation and accounting

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

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

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

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

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

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

The District eliminates all internal activity.

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

C. Cash and investments

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

All investments are stated at fair value.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

D. Inventories

Inventories consist primarily of items held for resale and supplies. Items held for resale are stated at the lower of cost (determined by the first-in, first-out or the weighted average method) or market. Supplies are stated at cost.

E. Capital assets

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

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

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

F. Deferred outflows and inflows of resources

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

G. Pensions

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

H. Investment earnings

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

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

I. Scholarship allowances

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

J. Compensated absences

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

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

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Deposits

At June 30, 2020, the carrying amount of the District’s deposits was \$3,700,448, and the bank balance was \$4,166,040. For deposits, custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to the District. The District currently does not have a deposit policy for custodial credit risk.

Investments

The District had total investments of \$24,394,256 at June 30, 2020. The District categorizes certain investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles as follows:

	<u>Amount</u>	<u>Fair value measurement using</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level				
U.S. Treasury securities	\$ 6,083,066	\$ 6,083,066	\$ -	\$ -
Money market mutual fund	2,103,771	-	2,103,771	-
U.S. agency securities	8,950,006	-	8,950,006	-
Total investments categorized by fair value level	<u>\$ 17,136,843</u>	<u>\$ 6,083,066</u>	<u>\$ 11,053,777</u>	<u>\$ -</u>

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont'd)

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

External investment pools measured at fair value	
State Treasurer's investment pool 7	\$ 1,626,289
County Treasurer's investment pool	<u>5,631,124</u>
Total external investment pools measured at fair value	<u>\$ 7,257,413</u>

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

Credit risk

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

At June 30, 2020, the District had the following investments in debt securities:

Investment Type	Rating	Rating agency	Amount
State Treasurer's investment pool 7	Unrated	Not applicable	\$ 1,626,289
County Treasurer's investment pool	Unrated	Not applicable	5,631,124
U.S. agency securities	Aaa	Moody's	8,950,006
Money market mutual fund	Aaa-mf	Moody's	<u>2,103,771</u>
			<u>\$ 18,311,190</u>

Custodial credit risk

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – DEPOSITS AND INVESTMENTS (Concl'd)

Concentration of credit risk

The District does not have a formal policy regarding concentration of credit risk. The District had investments at June 30, 2020, of 5 percent or more in Federal Home Loan Banks, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation. These investments were 14.45 percent, 14.30 percent, and 7.10 percent, respectively, of the District's total investments.

Interest rate risk

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

At June 30, 2020, the District had the following investments in debt securities:

	Investment Maturities		Fair Value
	Less than 1 Year	1-5 Years	
Investment type			
State Treasurer's investment pool 7	\$ 1,626,289	\$ -	\$ 1,626,289
County Treasurer's investment pool	5,631,124	-	5,631,124
Money market mutual fund	2,103,771	-	2,103,771
U.S. Treasury Securities	5,374,356	708,710	6,083,066
U.S. Agency Securities	3,838,831	5,111,175	8,950,006
	<u>\$ 18,574,371</u>	<u>\$ 5,819,885</u>	<u>\$ 24,394,256</u>

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

Cash, deposits, and investments:		Statement of net position:	
Cash on hand	\$ 4,305	Cash and cash equivalents	\$ 10,962,166
Amount of deposits	3,700,448	Current investments	15,033,072
Amount of investments	24,394,256	Restricted assets:	
		Cash and cash equivalents	2,103,771
Total	<u><u>\$ 28,099,009</u></u>	Total	<u><u>\$ 28,099,009</u></u>

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 1,993,038	\$ -	\$ -	\$ 1,993,038
Museum art collection	66,000	-	-	66,000
Construction in progress	786,286	3,558,272	(711,978)	3,632,580
Total capital assets not being depreciated	<u>2,845,324</u>	<u>3,558,272</u>	<u>(711,978)</u>	<u>5,691,618</u>
Capital assets being depreciated:				
Buildings and improvements	86,363,944	1,516,159	(717,835)	87,162,268
Equipment	13,290,038	406,721	(112,441)	13,584,318
Improvements other than buildings	14,111,540	310,843	(285,312)	14,137,071
Library books	480,960	7,193	(60,218)	427,935
Total capital assets being depreciated	<u>114,246,482</u>	<u>2,240,916</u>	<u>(1,175,806)</u>	<u>115,311,592</u>
Less accumulated depreciation for:				
Buildings and improvements	(30,565,797)	(2,029,641)	718,072	(31,877,366)
Equipment	(9,100,648)	(1,050,994)	43,748	(10,107,894)
Improvements other than buildings	(6,142,941)	(695,856)	197,056	(6,641,741)
Library books	(274,307)	(42,434)	57,205	(259,536)
Total accumulated depreciation	<u>(46,083,693)</u>	<u>(3,818,925)</u>	<u>1,016,081</u>	<u>(48,886,537)</u>
Total capital assets being depreciated, net	<u>68,162,789</u>	<u>(1,578,009)</u>	<u>(159,725)</u>	<u>66,425,055</u>
Capital assets, net	<u>\$ 71,008,113</u>	<u>\$ 1,980,263</u>	<u>\$ (871,703)</u>	<u>\$ 72,116,673</u>

The District had major contractual commitments related to various capital projects at June 30, 2020, for the construction of an Automotive Technology Building (ATB), Douglas Campus Paving, and the remodel of the Downtown Center to house the Cyber Security program. At June 30, 2020, the District had spent \$2,822,233, \$324,538 and \$393,136, respectively and had remaining contractual commitments with contractors of \$3,427,767, \$42,919 and \$613,006, respectively. Funding for the ATB and paving projects is derived from maturing investments, while the Cyber Security remodel is funded from the state share of sales tax receipts.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 – LONG-TERM LIABILITIES

The following schedule details the District’s long-term liability and obligation activity for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due within one year
Bonds payable:					
Revenue bonds	\$ 6,565,000	\$ -	\$ 385,000	\$ 6,180,000	\$ 405,000
Revenue refunding bonds	14,675,000	-	1,165,000	13,510,000	1,230,000
Premiums	2,789,518	-	291,180	2,498,338	291,180
Total bonds payable	<u>24,029,518</u>	<u>-</u>	<u>1,841,180</u>	<u>22,188,338</u>	<u>1,926,180</u>
Net Pension Liability	28,104,948		578,512	27,526,436	-
Compensated absences	1,432,128	1,667,419	1,391,199	1,708,348	254,917
Total long-term liabilities	<u>\$ 53,566,594</u>	<u>\$ 1,667,419</u>	<u>\$ 3,810,891</u>	<u>\$ 51,423,122</u>	<u>\$ 2,181,097</u>

Bonds

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

The following bonds were outstanding at June 30, 2020:

Description	Original Amount Issued	Maturity Ranges	Interest Rates	Outstanding Principal
Revenue Bonds				
Series 2016A	7,310,000	7/1/2020-31	3.00-5.00%	6,180,000
Revenue Refunding Bonds				
Series 2016B	14,675,000	7/1/2020-28	5.00%	13,510,000
				<u>\$ 19,690,000</u>

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

The following schedule details debt service requirements to maturity for the District's bonds at June 30, 2020:

Year Ending June 30:	Revenue Bonds Series 2016A		Revenue Bonds Series 2016B		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	
2021	405,000	240,700	1,230,000	614,000	2,489,700
2022	425,000	219,450	1,285,000	549,750	2,479,200
2023	445,000	197,200	1,350,000	482,250	2,474,450
2024	465,000	183,250	1,420,000	411,250	2,479,500
2025	480,000	168,850	1,490,000	336,750	2,475,600
2026-2030	2,715,000	486,400	6,735,000	525,500	10,461,900
2031-2032	1,245,000	31,500	-	-	1,276,500
Totals	<u>\$ 6,180,000</u>	<u>\$ 1,527,350</u>	<u>\$ 13,510,000</u>	<u>\$ 2,919,500</u>	<u>\$ 24,136,850</u>

Revenues Pledged

The District has pledged future revenue streams from tuition, fees, rentals, and other payments from students, faculty, and others to make debt service payments on all revenue bonds and revenue refunding bonds outstanding at June 30, 2020. Annual principal and interest payments on the debt issuances, payable solely from these revenues through 2032, are expected to require approximately 26% of the annual pledged gross revenues. Total principal and interest remaining to be paid is \$24,136,850. For FY 2020 principal, interest and total pledged gross revenues were \$2,486,450 and \$7,731,697 respectively.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 – RISK MANAGEMENT

The District is exposed to various risks of loss including, but not limited to, torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and third parties; and natural disasters. The District participates with other Arizona community college districts and school districts in the Arizona School Risk Retention Trust, Inc. (Trust), a public entity risk pool. The Trust insures the District for its property, general, professional and automobile liability and commercial crime coverages. The coverage limit for property insurance is \$124.1 million with a \$1,000 deductible. The general, professional and automobile liability coverage limit is \$10 million with no deductible. The commercial crime coverage limit is \$1.5 million with a \$100 deductible. The cyber liability coverage limit is \$1 million with a \$5,000 deductible.

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

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

Settled claims have not exceeded commercial insurance coverage in the past 5 fiscal years. There were no uninsured losses in the year ended June 30, 2020.

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 - PENSION BENEFITS

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

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

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

* With actuarially reduced benefits.

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

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 – PENSION BENEFITS (Cont'd)

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2020, statute required active ASRS members to contribute at the actuarially determined rate of 11.94 percent of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 11.45 percent of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 10.29 percent of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District's contributions to the pension plan for the year ended June 30, 2020, were \$2,325,052.

Liability – At June 30, 2020, the District reported a liability of \$27,526,436 for its proportionate share of the ASRS' net pension liability. The net liability was measured as of June 30, 2019. The total liability used to calculate the net pension liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019.

The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The District's proportion measured as of June 30, 2019, was 0.18917 percent, which was a decrease of 0.01235 from its proportion measured as of June 30, 2018.

Expense and deferred outflows/inflows of resources – For the year ended June 30, 2020, the District recognized pension expense for ASRS of \$1,753,134. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 – PENSION BENEFITS (Cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 497,272	\$ 5,175
Changes of assumption or other inputs	116,355	1,096,157
Net difference between projected and actual earnings on pension plan investments	-	618,699
Changes in proportion and differences between district contributions and proportionate share of contributions	-	1,599,968
District contributions subsequent to the measurement date	2,456,372	-
Total	<u>\$ 3,069,999</u>	<u>\$ 3,319,999</u>

The \$2,456,372 reported as deferred outflows of resources related to ASRS pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30	
2021	(1,450,006)
2022	(1,303,254)
2023	(118,816)
2024	165,704

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

Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 – PENSION BENEFITS (Cont'd)

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected geometric real rate of return</u>
Equity	50%	6.09%
Credit	20%	5.36%
Interest rate sensitive bonds	10%	1.62%
Real estate	20%	5.85%
Total	<u>100%</u>	

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

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 – PENSION BENEFITS (Concl'd)

	1% Decrease (6.5%)	Current discount rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 39,176,494	\$ 27,526,436	\$ 17,789,986

Plan fiduciary net position – Detailed information about the plan’s fiduciary net position is available in the separately issued ASRS financial report.

Contributions payable – The District’s accrued payroll and employee benefits included \$59,833 of outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2020.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – OPERATING EXPENSES

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

Personnel services	\$ 29,948,875
Contract services	3,637,973
Supplies and other services	3,479,752
Rent and insurance	1,974,653
Communication and utilities	1,418,858
Travel	402,290
Scholarships	5,364,568
Depreciation	3,818,925
Other	66,118
Total	<u>\$ 50,112,012</u>

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES

A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

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

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

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

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

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

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

The fair value of the assets restricted to investment in property and equipment totaled \$2,084,978 as of June 30, 2020.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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, 2020, deposits held on behalf of others totaled \$14,722 and is held within investments on the accompanying statement of financial position.

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

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

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

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

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

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

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

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

Management's Review – Management has evaluated all of the Foundation's events or transactions for subsequent events that would require disclosure in the financial statements through the financial issuance date of September 28, 2020.

B. LIQUIDITY

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

Financial assets at year-end:	
Cash and cash equivalents	\$ 663,765
Accounts receivable	1,245
Property held for sale	141,795
Investments	<u>13,668,078</u>
Total financial assets	14,474,883
Less those unavailable for general expenditures within one year, due to:	
Donor restrictions by purpose - Endowments	3,403,690
Donor restrictions by purpose - Campus Enhancements	2,084,978
Donor restrictions by purpose - Scholarships	7,686,920
Board designated - General Endowment	<u>584,651</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 714,644</u></u>

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

C. PROPERTY HELD FOR SALE

In 2019, the Foundation received donations of two parcels of land in Sierra Vista, Arizona. The parcels were valued at \$16,000 each and were posted to the accounting records upon transfer of the deed. The Foundation also began to construct residential housing on these parcels with the help of students and in-kind support. Upon completion, the Foundation intends to sell the properties and use the proceeds towards additional construction costs on future properties. During the year ended June 30, 2020, the Foundation sold one of the properties and also began construction on a third property.

D. INVESTMENTS

As of June 30, 2020, investments consist of the following:

Investments consist of:

Equity securities	\$ 5,700,905
Preferred stock	737,773
Mutual funds:	
Large growth	1,804,366
Large blend	1,523,209
High yield corporate bonds	681,421
Large value	53,431
Bonds:	
Corporate	2,337,336
Municipal	387,897
Limited partnerships	45,454
Unit Trusts	105,696
Money market funds	290,590
Total investments	<u>\$ 13,668,078</u>

Net investment income consists of:

Dividend and interest income	\$ 535,204
Realized/unrealized investment gains	522,867
Total investment return, net	<u>\$ 1,058,071</u>

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

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value, on a recurring basis. There have been no changes to the methodologies used at June 30, 2020.

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

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

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

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

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

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

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial instruments at fair value as of June 30, 2020.

	Level 1	Level 2	Total
Equity securities	\$ 5,700,905	\$ -	\$ 5,700,905
Preferred stock	737,773	-	737,773
Mutual funds:			
Large growth	1,804,366	-	1,804,366
High yield corporate bonds	681,421	-	681,421
Large blend	1,523,209	-	1,523,209
Large value	53,431	-	53,431
Bonds:			
Corporate	-	2,337,336	2,337,336
Municipal	-	387,897	387,897
Unit Trusts	105,696	-	105,696
Limited partnerships	45,454	-	45,454
Money market funds	290,590	-	290,590
Total	<u>\$ 10,942,845</u>	<u>\$ 2,725,233</u>	<u>\$ 13,668,078</u>

E. SPLIT-INTEREST AGREEMENT

In 2004 the Foundation was named the remainder beneficiary and trustee of a charitable remainder unitrust. The unitrust beneficiaries will be paid 100% of the investment earnings annually for the rest of their natural lives. At the end of the Trust’s term, the remaining assets are available for the Foundation’s use. Assets held in the charitable remainder unitrust are reported at fair value and at June 30, 2020, totaled \$519,417 (consisting of cash and marketable securities of \$2,103 and \$517,314, respectively). Fair value measurements at the reporting date are determined using quoted prices in active markets (Level 1 fair value hierarchy).

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

F. ENDOWMENTS

As of June 30, 2020, the Board of Directors had designated \$584,651 of net assets without donor restrictions as a general endowment fund to support the mission of the Foundation. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

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

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

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

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted MCFA to permit spending from underwater endowments in accordance with prudent measures required under law.

The endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 9,692,437	\$ 9,692,437
Quasi-endowments	-	546,333	546,333
Board-designated endowment funds	584,651	-	584,651
Total	<u>\$ 584,651</u>	<u>\$ 10,238,770</u>	<u>\$ 10,823,421</u>

The changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 578,444	\$ 9,491,003	\$ 10,069,447
Contributions	-	483,360	483,360
Investment return, net	38,997	682,650	721,647
Amounts appropriated for expenditure	(32,790)	(418,243)	(451,033)
Endowment net assets, end of year	<u>\$ 584,651</u>	<u>\$ 10,238,770</u>	<u>\$ 10,823,421</u>

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

G. RELATED PARTY TRANSACTIONS

Cochise College provides data processing and certain other administrative support services and office space used by the Foundation at no charge. In addition, Cochise College pays certain salaries and administrative expenses for the Foundation. The estimated fair value of these services was \$240,915 for the year ended June 30, 2020 and is included within contributions on the accompanying statement of activities. Donated materials and services are recognized as revenue in the accompanying statement of activities as contributions and have been charged to the appropriate expenses to which they relate.

Required
Supplementary
Information

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2020**

Arizona State Retirement System	Reporting fiscal year (Measurement date)			
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
District's proportion of the net pension liability	0.189170 %	0.201520 %	0.208500 %	0.211410 %
District's proportionate share of the net pension liability	\$ 27,526,436	\$ 28,104,948	\$ 32,480,236	\$ 34,123,698
District's covered payroll	\$ 20,024,836	\$ 21,158,907	\$ 20,481,634	\$ 19,922,523
District's proportionate share of the net pension liability as a percentage of its covered payroll	137.46 %	132.83 %	158.58 %	171.28 %
Plan fiduciary net position as a percentage of the total pension liability	73.24 %	73.40 %	69.92 %	67.06 %
	2016 (2015)	2015 (2014)	2014 through 2011	
District's proportion of the net pension liability	0.209250 %	0.205556 %	Information	
District's proportionate share of the net pension liability	\$ 32,593,219	30,415,328	unavailable	
District's covered payroll	\$ 19,367,663	18,643,023		
District's proportionate share of the net pension liability as a percentage of its covered payroll	168.29 %	163.15 %		
Plan fiduciary net position as a percentage of the total pension liability	68.35 %	69.49 %		

* Fiscal year 2015 was the 1st year of implementation; therefore, only six years are shown.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
JUNE 30, 2020**

Arizona State Retirement System	Reporting Fiscal Year			
	2020	2019	2018	2017
Statutorily required contribution	\$ 2,325,052	\$ 2,320,283	\$ 2,271,842	\$ 2,200,634
District's contributions in relation to the statutorily required contribution	<u>(2,325,052)</u>	<u>(2,320,283)</u>	<u>(2,271,842)</u>	<u>(2,200,634)</u>
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	20,525,661	20,024,836	\$ 21,158,907	\$ 20,481,634
District's contributions as a percentage of covered payroll	11.33%	11.59%	10.74%	10.74%
	2016	2015	2014	2013 through 2011
Statutorily required contribution	\$ 2,150,931	\$ 2,098,856	\$ 1,982,651	
District's contributions in relation to the statutorily required contribution	<u>(2,150,931)</u>	<u>(2,098,856)</u>	<u>(1,982,651)</u>	Information unavailable
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered payroll	\$ 19,922,523	\$ 19,367,663	\$ 18,643,023	
District's contributions as a percentage of covered payroll	10.80%	10.84%	10.63%	



COCHISE
COLLEGE

COCHISE COLLEGE

Comprehensive Annual Financial Report

STATISTICAL
SECTION



COCHISE COLLEGE

Statistical Section

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

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

Financial Trends (Pp. 49-52)

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

Revenue Capacity (Pp. 53-60)

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

Debt Capacity (Pp. 61-64)

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. 65-67)

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. 68-69)

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

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

	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
Primary Government										
Net investment in capital assets	\$ 50,864,347	\$ 48,031,608	\$ 46,450,838	\$ 46,442,365	\$ 44,944,760	\$ 41,984,840	\$ 35,925,323	\$ 36,415,925	\$ 34,554,781	\$ 34,051,711
Restricted	2,553,198	2,160,064	3,276,886	3,076,709	2,870,429	2,526,468	2,228,846	1,997,386	4,082,474	2,603,068
Unrestricted (1)	(6,081,018)	(9,278,205)	(12,932,005)	(14,419,998)	(12,652,050)	(10,984,157)	20,660,174	18,757,710	16,989,965	16,325,657
Total primary government net position	\$ 47,336,527	\$ 40,913,467	\$ 36,795,719	\$ 35,099,076	\$ 35,163,139	\$ 33,527,151	\$ 58,814,343	\$ 57,171,021	\$ 55,627,220	\$ 52,980,436

Source: Annual reports on audited financial statements.

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

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

	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
Operating Revenues										
Tuition and fees	\$5,989,071	\$6,109,189	\$6,280,110	\$6,068,885	\$5,905,314	\$5,818,553	\$5,451,854	\$4,145,645	\$5,895,640	\$5,697,196
Bookstore sales	59,782	68,355	96,097	108,800	107,857	122,657	125,890	139,493	145,643	166,818
Food service sales	747,854	670,140	574,725	599,211	526,802	543,160	517,284	436,794	441,992	530,212
Dormitory rentals	17,615	19,385	10,860	18,970	11,142	34,803	34,815	43,526	45,852	49,646
Other sales and services	306,510	336,163	489,547	271,689	219,424	495,859	449,497	744,533	656,049	784,654
Contracts	275,063	544,648	410,909	1,088,283	1,045,303	1,154,562	1,241,933	375,176	348,206	427,620
Total operating revenues	\$7,395,895	\$7,747,880	\$7,862,248	\$8,155,838	\$7,815,842	8,169,594	7,821,273	5,885,167	7,533,382	7,656,146
Operating Expenses										
Instruction	17,975,267	16,067,440	16,897,775	17,692,489	18,025,593	19,475,217	17,953,714	16,995,134	16,943,608	17,762,911
Public service	497,407	479,715	739,666	843,231	737,123	728,049	680,951	712,767	707,786	755,106
Academic support	1,435,705	1,642,487	1,239,466	1,275,601	1,238,435	1,292,307	1,275,203	1,303,798	1,336,388	1,379,655
Student services	7,358,679	6,530,525	6,301,964	6,280,632	6,004,145	5,763,778	5,504,157	5,344,397	5,366,567	4,980,131
Institutional support	8,401,849	9,883,902	8,936,062	11,550,687	7,946,543	6,990,661	6,606,802	7,653,628	7,985,076	6,987,892
Operation & maintenance of plant	4,273,864	2,911,467	4,131,963	2,274,967	4,219,197	2,773,621	3,979,099	4,390,045	4,230,372	4,304,833
Scholarships	5,364,568	3,607,872	3,715,968	3,755,498	4,202,770	4,325,915	3,625,679	1,966,611	4,026,671	5,245,819
Depreciation	3,818,925	3,706,522	3,655,738	3,171,255	2,992,295	3,286,484	3,431,707	3,215,175	3,062,231	2,510,400
Auxiliary enterprises	985,748	1,000,830	919,453	921,943	731,877	922,570	904,655	1,053,205	1,045,291	1,123,718
Total operating expenses	50,112,012	45,830,760	46,538,055	47,766,303	46,097,978	45,558,602	43,961,967	42,634,760	44,683,990	45,050,465
Operating income (loss)	(42,716,117)	(38,082,880)	(38,675,807)	(39,610,465)	(38,282,136)	(37,389,008)	(36,140,694)	(36,749,593)	(37,150,608)	(37,394,319)
Nonoperating Revenues/(Expenses)										
Property taxes	22,528,484	21,845,455	21,552,268	20,706,947	19,877,619	19,291,883	18,653,023	17,900,838	17,320,483	16,558,225
State appropriations	15,220,542	11,536,300	10,786,200	10,556,600	10,812,665	10,326,735	10,422,500	11,399,300	13,620,900	15,330,500
Government grants (1)	9,868,943	7,530,210	7,556,950	8,019,470	8,626,294	9,982,425	8,018,017	8,945,661	8,710,077	9,835,411
Share of state sales taxes	1,399,110	1,247,094	1,141,611	1,062,446	1,009,459	1,059,998	1,091,200	982,761	961,059	866,461
Investment earnings/(loss)	610,865	657,372	119,874	50,106	231,402	180,431	154,161	81,374	202,428	91,903
Interest on debt	(762,272)	(839,915)	(864,237)	(917,380)	(802,704)	(936,821)	(977,421)	(1,016,422)	(1,085,531)	(1,121,469)
Gain/(Loss) on sale/disposal of capital assets	273,505	224,112	79,784	68,213	163,389	43,502	(27,864)	(118)	67,976	-
Total nonoperating revenues/expenses	49,139,177	42,200,628	40,372,450	39,546,402	39,918,124	39,948,153	37,333,616	38,293,394	39,797,392	41,561,031
Income (loss) before other revenues, expenses, gains or losses	6,423,060	4,117,748	1,696,643	(64,063)	1,635,988	2,559,145	1,192,922	1,543,801	2,646,784	4,166,712
Capital appropriations	-	-	-	-	-	-	450,400	-	-	-
Capital grants and gifts	-	-	-	-	-	4,522,500	-	-	-	-
Change in net position	\$ 6,423,060	\$ 4,117,748	\$ 1,696,643	\$ (64,063)	\$ 1,635,988	\$ 7,081,645	\$ 1,643,322	\$ 1,543,801	\$ 2,646,784	\$ 4,166,712

Source: Annual reports on audited financial statements.

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

Function	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
Instruction	\$17,975,267	\$16,067,440	\$16,897,775	\$17,692,489	\$18,025,593	\$19,475,217	\$17,953,714	\$16,995,134	\$16,943,608	\$17,762,911
Public service	497,407	479,715	739,666	843,231	737,123	728,049	680,951	712,767	707,786	755,106
Academic support	1,435,705	1,642,487	1,239,466	1,275,601	1,238,435	1,292,307	1,275,203	1,303,798	1,336,388	1,379,655
Student services	7,358,679	6,530,525	6,301,964	6,280,632	6,004,145	5,763,778	5,504,157	5,344,397	5,366,567	4,980,131
Institutional support	8,401,849	9,883,902	8,936,062	11,550,687	7,946,543	6,990,661	6,606,802	7,653,628	7,965,076	6,987,892
Operation & maintenance of plant	4,273,864	2,911,467	4,131,963	2,274,967	4,219,197	2,773,621	3,979,099	4,390,045	4,230,372	4,304,833
Scholarships	5,364,568	3,607,872	3,715,968	3,755,498	4,202,770	4,325,915	3,625,679	1,966,611	4,026,671	5,245,819
Depreciation	3,818,925	3,706,522	3,655,738	3,171,255	2,992,295	3,286,484	3,431,707	3,215,175	3,062,231	2,510,400
Interest on debt	762,272	839,915	864,237	917,380	802,704	936,821	977,421	1,016,422	1,085,531	1,121,469
Other nonoperating expenses	-	-	-	-	-	-	27,864	118	-	-
Auxiliary enterprises	965,748	1,000,830	919,453	921,943	731,877	922,570	904,655	1,053,205	1,045,291	1,123,718
Total expenses	\$50,874,284	\$46,670,675	\$47,402,292	\$48,683,683	\$46,900,682	\$46,495,423	\$44,967,252	\$43,651,300	\$45,769,521	\$46,171,934

Source: Annual reports on audited financial statements.

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

USE	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
Salaries and benefits	\$ 29,948,875	\$ 27,647,867	\$ 28,480,864	\$ 30,151,304	\$ 29,449,109	\$ 28,673,880	\$ 28,269,494	\$ 28,149,135	\$ 28,405,143	\$ 28,222,002
Contract services	3,640,973	3,539,352	4,009,380	3,778,831	3,697,971	3,342,740	3,270,501	3,209,859	3,337,706	2,985,146
Supplies and materials	3,280,926	3,315,039	2,781,720	2,762,909	2,429,072	2,649,771	2,193,815	2,311,373	2,457,485	2,849,171
Subscriptions, dues, insurance and rentals	2,027,120	1,667,156	1,598,513	1,460,493	1,231,946	1,292,948	1,122,839	1,354,753	1,445,978	1,232,396
Utilities and communication	1,418,858	1,557,345	1,463,083	1,555,204	1,353,332	1,300,323	1,312,654	1,395,966	1,369,180	1,324,946
Travel	402,537	632,339	584,665	614,862	565,770	466,194	477,412	446,182	409,499	393,920
Noncapitalized equipment	146,388	24,663	57,321	345,887	169,008	124,381	248,463	557,150	115,656	138,172
Scholarships	5,361,291	3,607,872	3,715,968	3,755,498	4,202,770	4,325,915	3,625,679	1,966,611	4,026,671	5,245,819
Depreciation	3,818,925	3,706,522	3,655,738	3,171,255	2,992,295	3,286,484	3,431,707	3,215,175	3,062,231	2,510,400
Other	66,118	132,605	190,803	170,060	6,705	95,966	9,403	28,556	54,441	148,493
Total operating expenses	50,112,012	45,830,760	46,538,055	47,766,303	46,097,978	45,558,602	43,961,967	42,634,760	44,683,990	45,050,465
Interest on debt	762,272	839,915	864,237	917,380	802,704	936,821	977,421	1,016,422	1,085,531	1,121,469
Other nonoperating expenses	-	-	-	-	-	-	27,864	118	-	-
Total nonoperating expenses	762,272	839,915	864,237	917,380	802,704	936,821	1,005,285	1,016,540	1,085,531	1,121,469
Total expenses	\$ 50,874,284	\$ 46,670,675	\$ 47,402,292	\$ 48,683,683	\$ 46,900,682	\$ 46,495,423	\$ 44,967,252	\$ 43,651,300	\$ 45,769,521	\$ 46,171,934

Source: Annual reports on audited financial statements.

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

Source of Revenue	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
Property taxes	\$ 22,528,484	\$ 21,845,455	\$ 21,552,268	\$ 20,706,947	\$ 19,877,619	\$ 19,291,883	\$ 18,653,023	\$ 17,900,838	\$ 17,320,483	\$ 16,558,225
State appropriations	15,220,542	11,536,300	10,786,200	10,556,600	10,812,665	10,326,735	10,422,500	11,399,300	13,620,900	15,330,500
Grants and contracts	10,144,006	8,074,858	7,967,859	9,107,753	9,671,597	11,136,987	9,259,950	9,320,837	9,058,283	10,263,031
Tuition and fees	5,989,071	6,109,189	6,280,110	6,068,885	5,905,314	5,818,553	5,451,854	4,145,645	5,895,640	5,697,196
Investment income	610,865	657,372	119,874	50,106	231,402	180,431	154,161	81,374	202,428	91,903
Bookstore sales	59,782	68,355	96,097	108,800	107,857	122,657	125,890	139,493	145,643	166,818
Food services sales	747,854	670,140	574,725	599,211	526,802	543,160	517,284	436,794	441,992	530,212
Dormitory rentals	17,615	19,385	10,860	18,970	11,142	34,803	34,815	43,526	45,852	49,646
Other	1,979,125	1,807,369	1,710,942	1,402,348	1,392,272	1,599,359	1,540,697	1,727,294	1,685,084	1,651,115
Total Revenues	\$ 57,297,344	\$ 50,788,423	\$ 49,098,935	\$ 48,619,620	\$ 48,536,670	\$ 49,054,568	\$ 46,160,174	\$ 45,195,101	\$ 48,416,305	\$ 50,338,646

Source: Annual reports on audited financial statements.

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

FISCAL YEAR	STATUTORY EXPENDITURE LIMITATION (1)	BUDGETED EXPENDITURES SUBJECT TO LIMITATION (2)	UNUSED LEGAL LIMIT
2010/11	61,030,092	30,744,862	30,285,230
2011/12	70,584,273	30,213,535	40,370,738
2012/13	78,573,112	30,997,697	47,575,415
2013/14	71,911,314	29,920,485	41,990,829
2014/15	62,525,638	26,821,028	35,704,610
2015/16	50,816,985	30,031,966	20,785,019
2016/17	54,065,834	34,234,628	19,831,206
2017/18	63,125,907	36,821,888	26,304,019
2018/19	59,567,476	30,076,346	29,491,130
2019/20	63,211,928	39,611,613	23,600,315

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

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

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

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

Fiscal Year/ Levy Type	Net Assessed Value (1)	Full Cash Value	Percentage of Net Assessed to Full Cash Value
2010/11 primary	1,049,525,230	8,630,036,695	12.16%
2010/11 secondary	1,111,756,015	9,170,232,226	12.12%
2011/12 primary	1,049,827,355	8,869,023,621	11.84%
2011/12 secondary	1,092,081,033	9,214,115,159	11.85%
2012/13 primary	1,038,327,080	8,850,763,191	11.73%
2012/13 secondary	1,060,199,126	9,043,935,353	11.72%
2013/14 primary	1,006,475,403	8,676,916,370	11.60%
2013/14 secondary	1,011,138,917	8,726,898,700	11.59%
2014/15 primary	955,783,522	8,280,926,389	11.54%
2014/15 secondary	959,542,199	8,316,032,735	11.54%
2015/16 primary	920,583,366	8,124,910,795	11.33%
2015/16 secondary	924,708,480	8,162,151,023	11.33%
2016/17 primary	909,774,049	8,147,810,573	11.17%
2016/17 secondary	916,090,192	8,201,817,835	11.17%
2017/18 primary	913,002,927	8,153,190,780	11.20%
2017/18 secondary	924,154,911	8,249,788,418	11.20%
2018/19 primary	941,485,649	8,433,647,391	11.16%
2018/19 secondary	956,886,490	8,568,766,459	11.17%
2019/20 primary	973,084,452	8,713,643,794	11.17%
2019/20 secondary	992,335,054	8,889,285,171	11.16%

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

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

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

Fiscal Year	Primary			Secondary (1)		
	Assessed Valuation	Tax Rate	Tax Levy	Assessed Valuation	Tax Rate	Tax Levy
2010/11	1,042,041,186	1.5984	16,655,987	1,111,756,015	-	-
2011/12	1,049,827,355	1.6657	17,486,975	1,092,081,033	-	-
2012/13	1,038,327,080	1.7329	17,993,171	1,060,199,126	-	-
2013/14	1,006,475,403	1.8508	18,627,847	1,011,138,917	-	-
2014/15	955,783,522	2.0329	19,430,123	959,542,199	-	-
2015/16	920,583,366	2.1756	20,028,212	924,708,480	-	-
2016/17	909,774,049	2.2860	20,797,435	916,090,192	-	-
2017/18	913,002,927	2.3735	21,670,124	924,154,611	-	-
2018/19	941,485,649	2.4516	23,081,462	956,886,490	-	-
2019/20	973,084,452	2.4501	23,841,542	992,335,054	-	-

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

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

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

Fiscal Year		Cochise College	Cochise County	Cities/Towns and Special Districts	School Districts
				From To	From To
2010/11	Primary Secondary	1.5984 -	2.6276 0.4048	0.0000 0.0000	0.0000 0.0000
				2.0817 2.6551	11.1018 2.0982
2011/12	Primary Secondary	1.6657 -	2.6276 0.4048	0.0000 0.0000	0.0000 0.0000
				2.0363 2.9500	11.1018 1.7461
2012/13	Primary Secondary	1.7329 -	2.6276 0.4048	0.0000 0.0000	0.0000 0.0000
				2.1577 8.3577	11.1018 1.9239
2013/14	Primary Secondary	1.8508 -	2.6276 0.4048	0.0000 0.0000	0.0000 0.0000
				2.2019 4.0900	11.1018 2.7933
2014/15	Primary Secondary	2.0329 -	2.6276 0.4048	0.0000 0.0000	0.0000 0.0000
				2.3120 4.6742	11.1018 2.3184
2015/16	Primary Secondary	2.1756 -	2.6276 0.4048	0.0000 0.0000	0.0000 0.0000
				2.4845 7.5466	11.1018 2.4150
2016/17	Primary Secondary	2.2860 -	2.6747 0.4048	0.1136 0.0000	2.0793 0.0000
				2.5873 7.5466	11.1018 3.0979
2017/18	Primary Secondary	2.3735 -	2.6747 0.4048	0.1136 0.0000	2.0234 0.0000
				2.7656 3.2500	11.1018 3.2026
2018/19	Primary Secondary	2.4023 -	2.6747 0.4048	0.1136 0.0000	1.9679 0.0000
				2.8261 3.2500	10.8023 2.3919
2019/20	Primary Secondary	2.4516 -	2.6747 0.4048	0.0000 0.0000	1.8954 0.0000
				2.9152 3.5976	10.8023 2.5185

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
PRINCIPAL TAXPAYERS**

Fiscal Year 2020 and Ten Years Ago
Unaudited

Taxpayer	2020			2010		
	2020 Primary Assessed Valuation	Rank	Percent of Cochise County's 2020 Primary Assessed Valuation	2010 Primary Assessed Valuation	Rank	Percent of Cochise County's 2010 Primary Assessed Valuation
Arizona Electric Power Coop Inc	\$ 29,232,741	1	3.00%	\$ 29,297,570	1	2.97%
Sulphur Springs Valley Electric Co-Op Inc	19,847,516	2	2.04%	26,119,638	2	2.65%
Kinder Morgan-EI Paso Natural Gas Company	18,733,010	3	1.93%	17,907,299	3	1.81%
Southwest Gas Corporation	13,195,443	4	1.36%	9,173,912	5	0.93%
Riverview LLP DBA Coronado Farms LLP	12,810,317	5	1.32%	-	-	-
Canyon Vista Medical Center (formerly Sierra Vista Regional Health Center Inc.)	11,783,803	6	1.21%	-	-	-
Arizona Public Service Company	11,061,135	7	1.14%	8,980,668	6	0.91%
Union Pacific Railroad	8,159,157	8	0.84%	-	-	-
Wal-Mart Stores Inc	6,406,188	9	0.66%	6,629,761	8	0.67%
Red Horse Wind 2 Holdings, LLC	4,891,320	10	0.50%	-	-	-

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

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

Fiscal Year	Total Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections to Total Tax Levy	Collections in Subsequent Years (1)	Total Tax Collections (1)	Percent of Total Tax Collections to Total Tax Levy
2010/11	16,655,987	15,662,682	94.04%	861,261	16,523,943	99.21%
2011/12	17,486,975	16,563,455	94.72%	742,802	17,306,257	98.97%
2012/13	17,993,171	16,971,410	94.32%	842,308	17,813,718	99.00%
2013/14	18,627,847	17,441,345	93.63%	932,575	18,373,920	98.64%
2014/15	19,430,123	18,348,654	94.43%	935,819	19,284,473	99.25%
2015/16	20,028,212	19,034,162	95.04%	742,464	19,776,626	98.74%
2016/17	20,797,435	19,764,347	95.03%	532,872	20,297,219	97.59%
2017/18	21,670,124	20,947,422	96.66%	546,586	21,494,008	99.19%
2018/19	22,300,321	21,413,423	96.02%	685,275	22,098,698	99.10%
2019/20	23,081,462	22,501,364	97.49%	561,787	23,063,151	99.92%

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

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

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

Fiscal Year	Annual Unduplicated Headcount	Annual Audited FTSE (1)	Annual Tuition and Fees (2)		
			Cost Dollars	Increase	
				Dollars	Percent
2010/11	16,520	9,788	1,690	60	3.68%
2011/12	15,504	9,468	1,970	280	16.57%
2012/13	13,783	7,982	2,100	130	6.60%
2013/14	13,503	7,474	2,190	90	4.29%
2014/15	12,662	6,557	2,250	60	2.74%
2015/16	11,491	6,514	2,310	60	2.67%
2016/17	11,907	6,651	2,370	60	2.60%
2017/18	10,925	6,325	2,460	90	3.80%
2018/19 (3)	10,624	6,395	2,550	90	3.66%
2019/20	9,395	5,829	2,640	90	3.53%

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

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

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

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

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

	For the Fiscal Year Ended June 30				
	2020	2019	2018	2017	2016
Other Debt:					
Revenue Bonds	\$ 6,180,000	\$ 6,565,000	\$ 7,070,000	\$ 7,565,000	\$ 7,690,000
Revenue Refunding Bonds	13,510,000	14,675,000	14,675,000	14,675,000	14,675,000
Certificates of participation	-	-	-	-	-
Pledged Revenue Obligations	-	-	1,055,000	2,070,000	3,045,000
Premiums	2,498,338	2,789,518	3,080,697	3,403,650	3,726,601
Total outstanding debt	\$ 22,188,338	\$ 24,029,518	\$ 25,880,697	\$ 27,713,650	\$ 29,136,601
Per capita *					
Per student	\$ 169.63	\$ 184.39	\$ 198.04	\$ 215.87	\$ 231.67
Per FTSE	\$ 2,361.72	\$ 2,261.81	\$ 2,368.94	\$ 2,327.51	\$ 2,535.60
	\$ 3,806.54	\$ 3,757.55	\$ 4,091.81	\$ 4,166.84	\$ 4,472.92

	For the Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
Other Debt:					
Revenue Bonds	\$ 9,975,000	\$ 10,090,000	\$ 10,195,000	\$ 10,300,000	\$ 10,405,000
Revenue Refunding Bonds	-	-	-	-	-
Certificates of participation	-	-	-	-	-
Pledged Revenue Obligations	10,100,000	11,000,000	11,870,000	12,705,000	13,505,000
Premiums	310,212	341,984	373,575	405,529	437,302
Total outstanding debt	\$ 20,385,212	\$ 21,431,984	\$ 22,438,575	\$ 23,410,529	\$ 24,347,302
Per capita	\$ 157.89	\$ 165.33	\$ 171.41	\$ 179.05	\$ 186.52
Per student	\$ 1,609.95	\$ 1,587.20	\$ 1,627.99	\$ 1,509.97	\$ 1,473.81
Per FTSE	\$ 3,108.92	\$ 2,867.54	\$ 2,811.15	\$ 2,472.59	\$ 2,487.46

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

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

Fiscal Year	For the Fiscal Year Ended June 30				
	2020	2019	2018	2017	2016
Debt Limit					
Total net debt applicable to the limit	\$ 148,850,258	\$ 143,532,974	\$ 138,623,192	\$ 137,413,529	\$ 138,706,272
Legal debt margin	-	-	-	-	-
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

Fiscal Year	For the Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
Debt Limit					
Total net debt applicable to the limit	\$ 143,931,330	\$ 151,670,838	\$ 159,029,869	\$ 163,812,155	\$ 166,763,402
Legal debt margin	-	-	-	-	-
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 2020

Secondary assessed value of real and personal property (1) \$ 992,335,054

Debt limit = 15% of secondary assessed value 148,850,258

Amount of debt applicable to debt limit:

General obligation bonded debt -

Legal debt margin, June 30, 2020 \$ 148,850,258

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

Note (1): Tax Year 2020

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

Fiscal Year	Pledged Revenues (1)	Revenue Bonds Obligations		Percentage of Debt Service Requirements To Pledged Revenues
		Debt Service Requirements (2)	Total	
		Principal	Interest	
2010/11	7,320,429	865,000	1,121,469	27.14%
2011/12	7,387,604	905,000	1,085,531	26.94%
2012/13	5,591,365	940,000	1,048,194	35.56%
2013/14	6,733,501	975,000	1,009,194	29.47%
2014/15	7,195,463	1,015,000	968,594	27.57%
2015/16	7,001,941	1,055,000	892,535	27.81%
2016/17	7,117,661	1,100,000	1,123,331	31.24%
2017/18	7,571,213	1,510,000	1,070,188	34.08%
2018/19	7,860,604	1,560,000	1,013,950	32.74%
2019/20	7,731,697	1,550,000	936,450	32.16%

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

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

Note (2): Revenue Bonds were issued February 25, 2016, with the first interest payment due on July 1, 2016.

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

Fiscal Year	Principal	Interest	Total Debt Service	Total Operating Expenses	Percentage of Debt Service to Operating Expenses
2010/11	865,000	1,121,469	1,986,469	45,050,465	4.41%
2011/12	905,000	1,085,531	1,990,531	44,683,990	4.45%
2012/13	940,000	1,048,194	1,988,194	42,634,760	4.66%
2013/14	975,000	1,009,194	1,984,194	43,961,967	4.51%
2014/15	1,015,000	968,594	1,983,594	45,558,602	4.35%
2015/16	1,055,000	892,535	1,947,535	46,097,978	4.22%
2016/17	1,100,000	1,123,331	2,223,331	47,766,302	4.65%
2017/18	1,510,000	1,070,188	2,580,188	46,538,055	5.54%
2018/19	1,560,000	1,013,950	2,573,950	45,830,760	5.62%
2019/20	1,550,000	936,450	2,486,450	50,112,012	4.96%

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

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

Fiscal Year	County Population	County Personal Income (In Thousands)	County Income Per Capita	County Unemployment Rate June
2010	131,436	\$ 4,688,309	\$ 35,670	8.8%
2011	130,537	\$ 4,763,499	\$ 36,492	8.8%
2012	130,752	\$ 4,837,759	\$ 37,000	8.2%
2013	130,906	\$ 4,740,219	\$ 36,211	8.4%
2014	129,628	\$ 4,679,941	\$ 36,103	8.3%
2015	129,112	\$ 4,821,097	\$ 37,340	7.1%
2016	125,770	\$ 4,900,244	\$ 38,962	6.1%
2017	128,383	\$ 4,902,154	\$ 38,184	5.5%
2018	126,770	\$ 5,109,813	\$ 40,308	5.6%
2019	130,808	\$ N/A	\$ N/A	6.3%
2020	N/A	\$ N/A	\$ N/A	5.7%

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

Notes: N/A= Data not available. Population estimates are from U.S. Census Bureau midyear estimates as of November 2019. Unemployment rate estimates are seasonally adjusted and prepared by the Arizona Office of Economic Opportunity.

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

Principal Industries	2020		2010	
	Employees	%	Employees	%
Goods Producing Industries				
Manufacturing	600	2%	10	2%
Natural Resources and Construction	2,100	6%	7	5%
Service Providing Industries				
Private Service Providing	6,600	20%	1	18%
Trade, Transportation and Utilities	300	1%	11	2%
Information	800	2%	8	2%
Financial Activities	5,200	15%	3	17%
Professional and Business Services	4,200	13%	5	13%
Education and Health Services	3,300	10%	6	12%
Leisure and Hospitality	600	2%	9	3%
Other Services (except Public Administration)				
Government				
Federal	5,000	15%	4	17%
State and Local	6,000	18%	2	21%

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

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

Fall Semester Fiscal Year	Attendance *		Gender *		Completions **	
	Full-Time	Part-Time	Male	Female	Degrees Awarded	Certificates Awarded
2010/11	32.4%	67.6%	44.7%	55.3%	1189	1467
2011/12	33.2%	66.8%	44.9%	55.1%	1404	1819
2012/13	32.8%	67.2%	45.5%	54.5%	1775	1774
2013/14	36.5%	63.5%	46.7%	53.3%	1394	849
2014/15	39.8%	60.2%	46.0%	54.0%	1441	691
2015/16	39.6%	60.4%	47.4%	52.6%	1356	600
2016/17	39.3%	60.7%	46.5%	53.5%	1394	534
2017/18	38.8%	61.2%	44.3%	55.7%	1629	559
2018/19	40.0%	60.0%	45.0%	55.0%	1568	600
2019/20	40.0%	60.0%	44.0%	56.0%	1360	493

Fall Semester Fiscal Year	Age *		Residency *		
	Median	Mean	Resident	Resident Unorganized County	Out of State Foreign
2010/11	24	28	81.5%	11.3%	6.2%
2011/12	24	28	81.8%	10.7%	6.7%
2012/13	24	28	80.8%	9.3%	9.2%
2013/14	23	28	81.3%	9.1%	8.2%
2014/15	23	28	77.3%	11.6%	9.2%
2015/16	23	28	76.1%	12.0%	9.9%
2016/17	23	28	75.1%	11.6%	12.1%
2017/18	23	28	93.0%	4.7%	10.3%
2018/19	23	28	89.7%	2.7%	5.4%
2019/20	23	28	79.0%	9.0%	12.0%

Fall Semester Fiscal Year	Ethnic Background *				
	American Indian	Asian American	Hispanic	African American	White Other/Unknown
2010/11	0.8%	2.3%	39.7%	5.5%	5.8%
2011/12	0.7%	2.0%	39.9%	5.2%	6.0%
2012/13	0.9%	1.9%	40.1%	5.5%	6.1%
2013/14	0.7%	1.7%	41.9%	5.1%	6.9%
2014/15	0.7%	1.3%	44.1%	4.5%	6.6%
2015/16	0.7%	1.8%	45.7%	5.2%	6.5%
2016/17	0.7%	1.8%	46.4%	4.6%	6.8%
2017/18	0.7%	2.1%	43.5%	5.2%	7.2%
2018/19	0.5%	1.9%	43.1%	4.8%	8.4%
2019/20	0.5%	2.0%	44.0%	5.0%	6.5%

Sources: * IPEDS Fall Enrollment 2018-19, total student headcount regardless of IPEDS inclusion
** IPEDS Completions 2018-19

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

Nov. 1 Fiscal Year Snapshot	Faculty *		Admin & Support Staff **	Total Employees	Students per faculty member #	Students per staff member #
	Full-time	Part-time				
2010/11	106	313	524	943	39	32
2011/12	103	296	503	902	39	31
2012/13	98	264	523	885	38	26
2013/14	98	261	481	840	38	28
2014/15	101	302	486	889	31	26
2015/16	102	311	439	852	28	26
2016/17	99	223	347	669	13	12
2017/18	98	198	324	620	13	12
2018/19	101	200	322	623	12	12
2019/20	109	146	321	576	13	10

Sources: IPEDS Human Resources 2018-19 (employment on Nov. 1st)

* Part C - Summary of Full-time Staff

** Part F - Summary of Part-time Staff

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

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

Location	Fiscal Year									
	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
Douglas Campus										
Total Square Footage	314,367	291,261	291,261	291,261	295,069	295,069	295,069	295,069	295,069	295,069
Total Acreage	518.3	518.3	518.3	518.3	518.3	518.3	518.3	518.3	518.3	518.3
Sierra Vista Campus										
Total Square Footage	205,273	205,273	205,273	205,273	188,867	188,867	188,867	188,867	188,867	188,867
Total Acreage	80.1	80.1	80.1	80.1	80.1	80.1	76.6	76.6	76.6	76.6
Benson Center										
Total Square Footage	12,733	12,733	12,733	12,733	12,733	12,733	12,733	12,733	12,733	12,733
Total Acreage	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Willcox Center (1)										
Total Square Footage	7,727	7,727	7,727	7,727	9,340	9,340	9,340	9,340	9,340	9,340
Downtown Center										
Total Square Footage	100,792	100,792	100,792	100,792	100,792	117,151				
Total Acreage	7.7	7.7	7.7	7.7	7.7	7.7				
Total District										
Total Square Footage	640,892	617,786	617,786	617,786	606,801	623,160	506,009	506,009	506,009	506,009
Total Acreage	619.1	619.1	619.1	619.1	619.1	619.2	607.9	607.9	607.9	607.9

Source: District records.

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

