

Annual Comprehensive Financial Report

FISCAL YEAR ENDED
JUNE 30, 2022



**COCHISE
COLLEGE**

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Annual Comprehensive Financial Report

FISCAL YEAR ENDED
JUNE 30, 2022

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Cochise County Community College District
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2022

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COCHISE
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Annual Comprehensive Financial Report

INTRODUCTORY
SECTION



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COCHISE COLLEGE

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April 26, 2023



To the Citizens of Cochise County:

I am pleased to present to you the FY2022 Annual Comprehensive Financial Report (ACFR) 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 inclusive and accessible educational opportunities that support social responsibility, community engagement, 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 District's 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 is readily available. In addition, the District offers online classes providing students learning opportunities beyond the boundaries of time and place.

During fiscal year 2022, the District continued its commitment to the citizens of Cochise County by completing a review of its guiding statements and a focus on four strategic initiatives, Access to Technology, Student Wellness, Data Accessibility and Use, and Academic Programming. These priorities drove the development of the District's budget and included investments in career and technical education, student health and wellness initiatives, and increased community engagement. Substantial investment in facilities in FY2022 included continued work on district campus security camera systems, technology investments in cellular boosters and WIFI expansion, and the creation of stackable credentials in many academic programs.

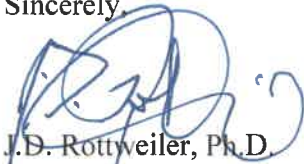
The District also continued to use Higher Education Emergency Relief Funds (HEERF) to mitigate the impact of COVID-19 by providing support to students via emergency aid grants and improving environmental infrastructure throughout the District.

In fiscal year 2022, the District served 9,396 students at our campuses and outreach centers. Student success and degree completion continued to be a major focus for Cochise College, with the college awarding 1,483 degrees and 489 certificates. In our Adult Education Program, 28 students successfully completed the High School Equivalency Test and were awarded their diplomas. The District continued to provide high quality programs and services at a reasonable cost for the citizens of Cochise County. Cochise College was recognized on many levels in fiscal year 2022, including being ranked 2nd Best Online Associate in Computer Programs and 5th Best Online Associate in General Studies Programs nationally by intelligent.com. The District places a strong emphasis on balancing the educational needs of today while providing a solid foundation 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 planning 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 Annual Comprehensive 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,

A handwritten signature in blue ink, appearing to read "J.D. Rottweiler", is written over a circular stamp or seal.

J.D. Rottweiler, Ph.D.
College President



COCHISE COLLEGE

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April 26, 2023

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

We are pleased to provide you with the Annual Comprehensive Financial Report (ACFR) of the Cochise County Community College District (the District), Sierra Vista, Arizona, for the fiscal year ended June 30, 2022 (FY2022).

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 ACFR 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 Arizona Auditor General has issued an unmodified opinion on the District's financial statements for the year ended June 30, 2022. 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. 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. 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 1964. Having also served students in Sierra Vista and at Fort Huachuca since the mid-1960s, the District opened the Sierra Vista Campus in 1978.

With a constituency base that encompasses more than 6,200 square miles, the District has extended its reach into some of the more rural parts of Cochise County. The Willcox Center opened in 1988 for residents in that part of the county and the expansion continued in 2000 with the opening of the Benson Center to better serve the educational needs of residents in Benson, St. David, and surrounding communities. The District 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. In January 2021, the District opened the new Automotive Technology Building on the Sierra Vista Campus. 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. In addition, the paramedicine program is nationally accredited by both the Commission on Accreditation of Allied Health Education Programs and 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.

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 2021 was estimated at 126,463. This was a decrease from the prior year and is below the 2011 figure of 129,783. According to OEO, population projections for 2030 is 130,906, for 2040 is 130,456, and 2050 is 130,177.¹

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. According to Cochise Economy statistics, new residential construction permits in Cochise County increased to 442 in 2021, as compared to 337 permits issued in 2020 and 254 in 2019. The median sales price for a three-bedroom home sold in 2021 was \$215,000 in Cochise County and \$244,600 in 2022.²

According to OEO estimates, the county's labor force consisted of 48,819 workers as of August 2022, a slight decline from 2021's number of 51,964. The unemployment rate as of August 2022 was 4.5%, which is down from 2021's rate of 4.8%. Unemployment rates in 2020 by education category, the most recent figures available from this source, were as follows: less than a high school diploma 12.3%, high school graduates 9.9%, some college or associate degree 3.9%, and bachelor's degree or higher 3.1%.

¹ <https://www.azcommerce.com/o eo/>

² Housing market data from <https://www.rockethomes.com/real-estate-trends/az/cochise-county> – data pulled 10/7/2022

Based on Arizona Commerce Authority statistics, the top five employment by sector are Education, Healthcare, and Social Assistance (22.5%), Public Administration (15.9%), Professional, Scientific, and Administrative Services (12%), Retail Trade (11%), and Arts, Entertainment, Food, and Recreation Services (10.7%). The county's largest employer is Fort Huachuca. As of 2019, there were about 2,300 active duty military personnel assigned to Fort Huachuca and an additional 8,000 temporarily assigned to the training facility during a one-year period. In 2017, the employment impact of the military installation was estimated at 21,327 jobs with \$999.2 million in associated earnings.

The largest threat to the labor market in Cochise County continues to be defense budget cuts impacting Fort Huachuca with changes in mission assignments. According to a report published by the Congressional Budget Office on October 7, 2021, the CBO has been asked to examine the effects on U.S. forces of a substantially smaller defense budget. Three options illustrate the range of strategies that could be pursued under a budget that would be cut by 14% or a total of \$1 trillion between 2022 and 2031. It is unclear how any of the options would impact Fort Huachuca specifically.

One project on the horizon is anticipated to enhance the economy and infrastructure in Cochise County as a two-port of entry project between the communities of Douglas and Agua Prieta moves forward. The federal government has funded the project, with funding set at \$216 million for construction of a new port of entry and \$184 million for the rehabilitation of the current port of entry. An environmental impact study is in progress.

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. Long-term planning is managed by projecting the impact of anticipated budget changes, as well as projections from master planning of facilities and programming reviews.

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, including online services and solutions, as well as policies to manage the complexities of maintaining secure access and resources for faculty, staff and students.

Enrollment

In fiscal year 2022, the District served 9,396 students at our campuses and outreach centers. Student success and degree completion continued to be a major focus for Cochise College,

with the college awarding 1,483 degrees and 489 certificates. In our Adult Education Program, 28 students successfully completed the 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 influences the number of students served and the number of degrees conferred. The District invests in 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 non-traditional student scholarship and senior scholarship initiatives that provide resources to every Cochise County high school graduate that chooses to enroll.

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 in 2022.

Cochise College student-athletes experienced a successful year, receiving many accolades at the regional, state, and national levels. The women's rodeo team is home to another national champion in goat tying. The men's basketball team are co-champions of the 2021-2022 Arizona Community College Athletic Conference (ACCAC) Region I title. Men's basketball players, baseball players and a women's basketball player earned All-American honors. A baseball pitcher was named ACCAC Pitcher of the Year. A baseball player received the NJCAA Gold Glove Award. A women's soccer player was named ACCAC Player of the Year. A baseball alumnus had an MLB debut. Two men's basketball alums played on Olympic team rosters.

PROGRAM DEVELOPMENT AND FUTURE INITIATIVES

New programs have been developed to provide additional degree and certificate options preparing students for employment opportunities. In FY2022, the District began offering accelerated workforce programs and micro certifications. Programs in phlebotomy and medical billing and coding were new offerings as well.

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. The District introduced a direct self-placement initiative for reading, English, and mathematics to assist students in to classes best suited to their skill levels. A focus on student wellness and mental health was addressed by contracting for mental health counseling services, offering a food pantry to help with food insecurity, and a career services program to assist students in finding jobs and internship opportunities.

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 Arizona 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 Arizona 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.

The District constantly revisits its changing liquidity needs, and adjusts the structure of its idle funds to properly address these needs. In FY2022, 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 ACFR 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 ACFR 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 ACFR 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.

As the COVID-19 pandemic subsided, the District put a focus on increasing student enrollment, student engagement, and operations throughout fiscal year 2021-2022. We are extremely proud of our faculty and staff and their commitment to helping students take advantage of educational opportunities to enhance the quality of life for themselves, their families, and our communities.

INDEPENDENT AUDIT

The District utilizes the audit services of the Arizona 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 ACFR. The District received an unmodified opinion for the fiscal year ended June 30, 2022.

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 Arizona 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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Cochise County Community College District
Arizona**

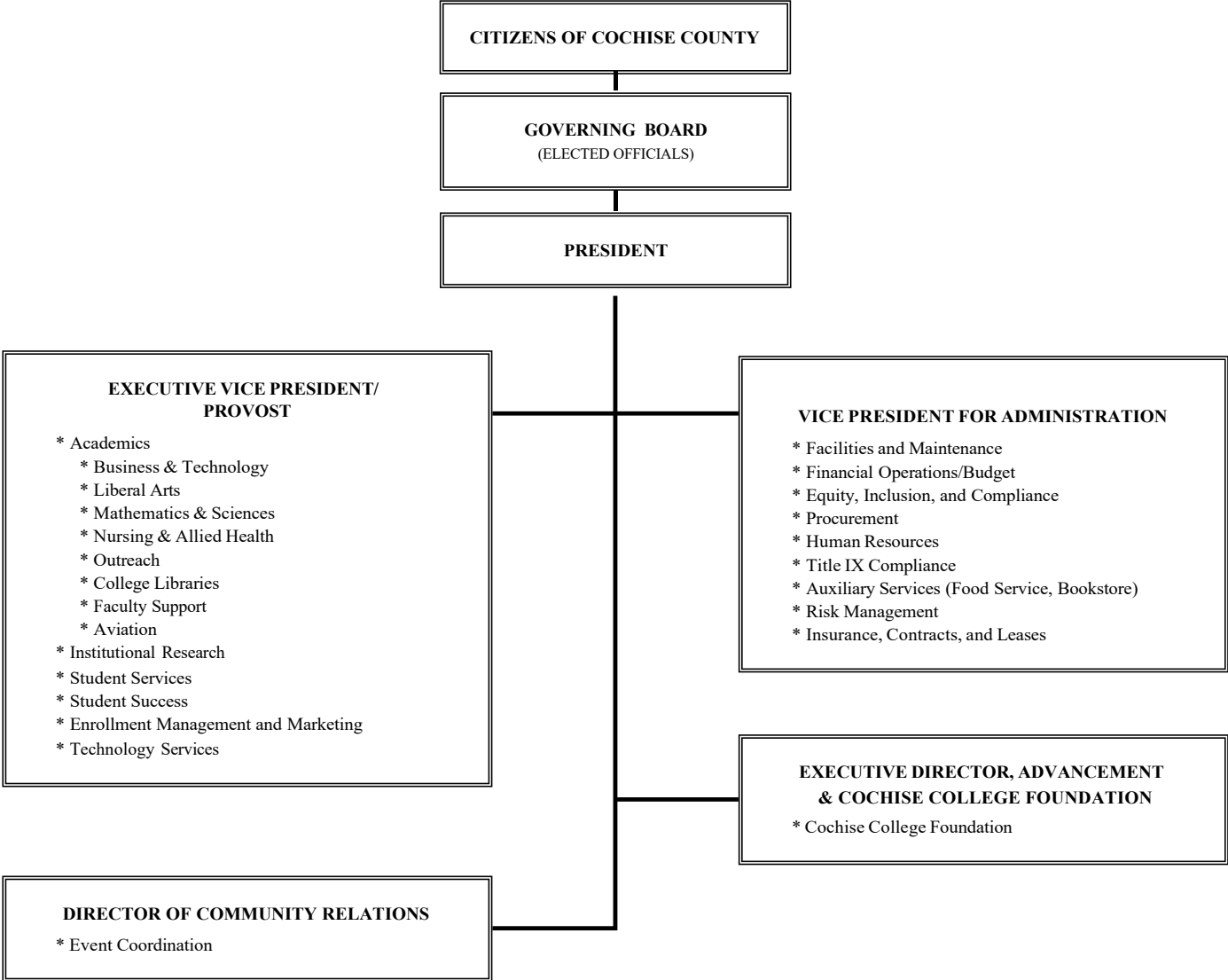
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT ORGANIZATIONAL CHART



COCHISE COUNTY COMMUNITY COLLEGE DISTRICT

PRINCIPAL OFFICERS

June 30, 2022

DISTRICT GOVERNING BOARD

Mr. David DiPeso, *Chair, Precinct 1*

Mr. Dennis Nelson, *Secretary, Precinct 5*

Mr. Tim Quinn, *Precinct 4*

Mrs. Jane Strain, *Precinct 3*

Mr. Don Hudgins, *Precinct 2*

PRESIDENT

Dr. J.D. Rottweiler

ADMINISTRATION

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

Dr. Wendy Davis, *Vice President for Administration*



COCHISE
COLLEGE

Annual Comprehensive Financial Report

FINANCIAL
SECTION



**COCHISE
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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 audit of the financial statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2022, 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.

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.

Basis for opinions

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 U.S. Comptroller General. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The other auditors did not audit the discretely presented component unit's financial statements in accordance with *Government Auditing Standards*.

Emphasis of matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Management's responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 through 10, schedule of the District's proportionate share of the net pension/OPEB liability on page 45, and schedule of District pension/OPEB contributions on page 46 be presented to supplement the basic financial statements. Such information is management's responsibility and, 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

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on the other information.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2023, 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. 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

Lindsey A. Perry, CPA, CFE
Auditor General

April 26, 2023

Cochise County Community College District
Cochise College
Management's discussion and analysis
Year ended June 30, 2022

Introduction

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2022. Please read it in conjunction with the letter of transmittal, on page iii, and the District's basic financial statements, which begins on page 11.

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, 2022. 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 minus 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, 2022. 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, 2022. 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 2021-22 (FY2022), comparative data is also presented for the previous fiscal year 2020-21 (FY2021). This discussion and analysis utilize the prior fiscal year as a reference point in illustrating issues and trends when assessing the institution's financial health.

The District had a total net position increase in FY2022 of \$16.02 million or 29.4%, from \$54.52 million to \$70.54 million. The unrestricted net position increased by \$5.99 million due to the Coronavirus Response and Relief Supplemental Appropriations Act (HEERF II), and the American Rescue Plan Act (HEERF III) for reimbursement of lost revenues from the previous few years.

Cochise County Community College District
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Total assets increased in FY2022 by \$14.64 million. This increase primarily occurred in the category of cash and investments which increased by \$15.37 million and a \$0.73 million net decrease in current and noncurrent assets. Increases in investments came from state rural aid allocations, which the college has earmarked for capital construction and improvement projects that will occur in the next few years.

Current liabilities showed an increase of \$0.51 million during the year and long-term liabilities saw a decrease of \$10.96 million primarily due to a decrease in net pension liability. The pension actuarial assumptions come directly from the District’s pension partner – Arizona State Retirement System (ASRS). The pension recording process utilizes data from the preceding year (2021). The year 2021 continued to experience transitions in which long-term employees retired and many employees chose to change positions and employers.

During FY2022, the current ratio increased to 7.58 from 5.55 last fiscal year with total current assets increasing by \$14.75 million and total current liabilities increasing by \$0.51 million. In FY2022, the Higher Education Emergency Relief Funds (HEERF) were again paid throughout the year as they were in FY2021.

Condensed Financial Information
Net Position

	<u>As of</u> <u>June 30, 2022</u>	<u>As of</u> <u>June 30, 2021</u>
<u>Assets</u>		
Current Assets	\$ 44,561,128	\$ 29,807,177
Noncurrent assets, other than capital assets	1,153,802	133,542
Capital assets, net	<u>73,296,606</u>	<u>74,433,173</u>
Total assets, net	<u>119,011,536</u>	<u>104,373,892</u>
<u>Deferred Outflows of Resources</u>	6,605,543	6,911,938
<u>Liabilities</u>		
Current liabilities	5,877,006	5,370,100
Long-term liabilities	<u>39,509,308</u>	<u>50,469,574</u>
Total liabilities	<u>45,386,314</u>	<u>55,839,674</u>
<u>Deferred Inflows of Resources</u>	9,691,814	929,835
<u>Net Position</u>		
Net investment in capital assets	56,844,409	56,700,025
Restricted for:		
Grants and contracts	12,044,287	2,152,933
Unrestricted	<u>1,650,255</u>	<u>(4,336,637)</u>
Total net position	<u>\$ 70,538,951</u>	<u>\$ 54,516,321</u>

Cochise County Community College District
Cochise College
Management's discussion and analysis
Year ended June 30, 2022

Condensed Financial Information
Revenues, Expenses, and Changes in Net Position

	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021
Tuition and fees (net of scholarship allowances)	\$ 6,618,757	\$ 6,879,641
Other operating revenues	1,753,291	1,046,840
Total operating revenues	8,372,048	7,926,481
Total operating expenses	56,926,206	50,589,221
Operating loss	(48,554,158)	(42,662,740)
Nonoperating revenues (expenses)		
Property taxes	24,602,704	22,726,752
State appropriations	22,399,571	13,769,020
Government grants	16,503,103	12,145,477
Share of State sale taxes	1,884,348	1,644,628
Private gifts	361,657	129,119
Investment earnings	(514,045)	74,215
Interest expense on debt	(595,022)	(680,522)
Gain/(Loss) on disposal of capital assets	(897,123)	21,345
Other nonoperating revenues	831,595	-
Net nonoperating revenues	64,576,788	49,830,034
Capital gifts	-	12,500
Increase in net position	16,022,630	7,179,794
Total net position, beginning of year	54,516,321	47,336,527
Total net position, end of year	\$ 70,538,951	\$ 54,516,321

Total operating revenues increased \$0.45 million in FY2022 compared to the prior year with a slight decline in tuition and fees of \$0.26 million. Other operating revenues increased by \$0.71 million. Included in this category are building rentals, club revenues, and other operating revenues.

Net nonoperating revenues saw a major increase of \$14.75 million. State appropriations increased by \$8.63 million (63%) due to Rural Aid, STEM, and Prop 207 allocations. Government grants increased by \$4.36 million (36%) due to Federal Aid increases and property taxes increased by \$1.88 million (8%) due to adjustments made by the County and new construction.

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 Management's discussion and analysis
 Year ended June 30, 2022

Operating expenses increased by \$6.34 million (13%) for the year ended June 30, 2022.

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

Condensed Financial Information
Operating Expenses Comparison
(Dollars in thousands)

	<u>Fiscal Year Ended</u> <u>June 30, 2022</u>	<u>Fiscal Year Ended</u> <u>June 30, 2021</u>	<u>Increase</u> <u>(Decrease) \$</u>	<u>Increase</u> <u>(Decrease) %</u>
Salaries and wages	\$ 23,234	\$ 22,553	681	3%
Employee benefits	5,854	6,020	(166)	(3%)
Contractual services	4,813	3,746	1,067	28%
Supplies and other services	4,712	5,562	(850)	(15%)
Scholarships	11,311	5,337	5,974	112%
Depreciation	4,798	4,164	634	15%
Other expenses	2,204	3,207	(1,003)	(31%)
Total	<u>\$ 56,926</u>	<u>\$ 50,589</u>	<u>\$ 6,337</u>	<u>12%</u>

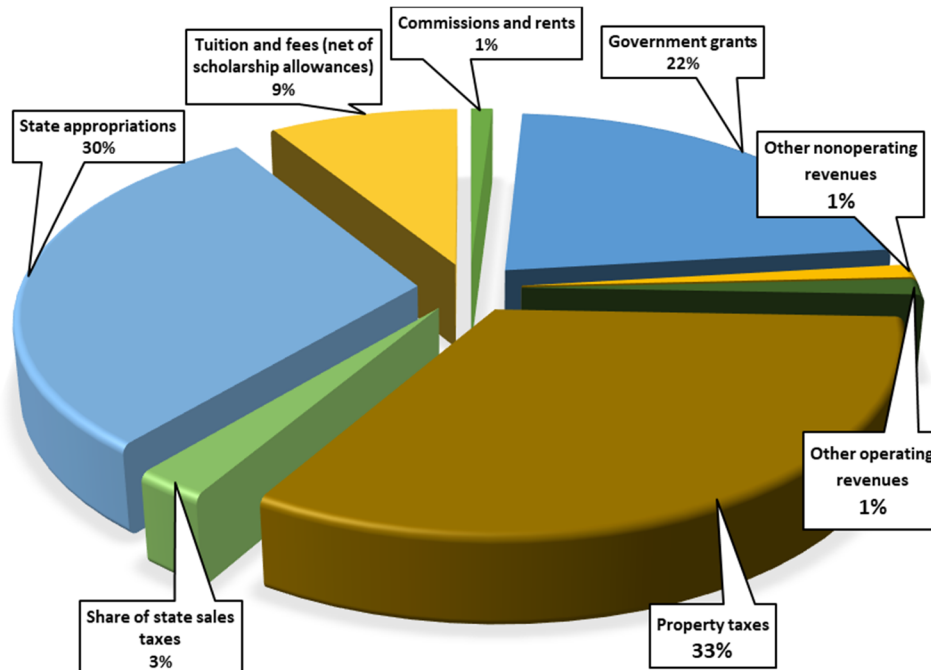
Comparing FY2022 to the prior year, the largest percentage increase in operating expenses was in scholarships for a total of \$5.97 million or 112%. The increase is primarily due to the District providing additional emergency student financial aid grants as part of the CARES monies. The next largest increase in operating expenses was in contractual services for a total of \$1.07 million or 28%. The decrease in supplies and other services of \$0.85 million and other expenses of \$1.00 million, for a combined decrease of 46%, helped to offset the increase in contractual services.

Cochise County Community College District
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The following is a comparative summary of revenues for fiscal years ended June 30, 2022 and June 30, 2021:

Condensed Financial Information
Revenues by Source

	<u>Fiscal Year Ended June 30, 2022</u>		<u>Fiscal Year Ended June 30, 2021</u>	
<u>Operating revenues</u>				
Tuition and fees (net of scholarship allowances)	\$ 6,618,757	9%	\$ 6,879,641	12%
Commissions and rents	747,851	1%	719,233	1%
Other operating revenues	1,005,440	1%	327,607	1%
Total operating revenues	8,372,048	11%	7,926,481	14%
<u>Nonoperating revenues</u>				
Property taxes	24,602,704	33%	22,726,752	39%
State appropriations	22,399,571	30%	13,769,020	23%
Government grants	16,503,103	22%	12,145,477	21%
Share of State sale taxes	1,884,348	3%	1,644,628	3%
Private gifts	361,657	0%	129,119	0%
Investment earnings	(514,045)	-1%	74,215	0%
Gain on disposal of capital assets	-	0%	21,345	0%
Other nonoperating revenues	831,595	1%	-	0%
Total nonoperating revenues	66,068,933	89%	50,510,556	86%
Capital gifts	-	0%	12,500	0%
Total revenues	\$ 74,440,981	100%	\$ 58,449,537	100%

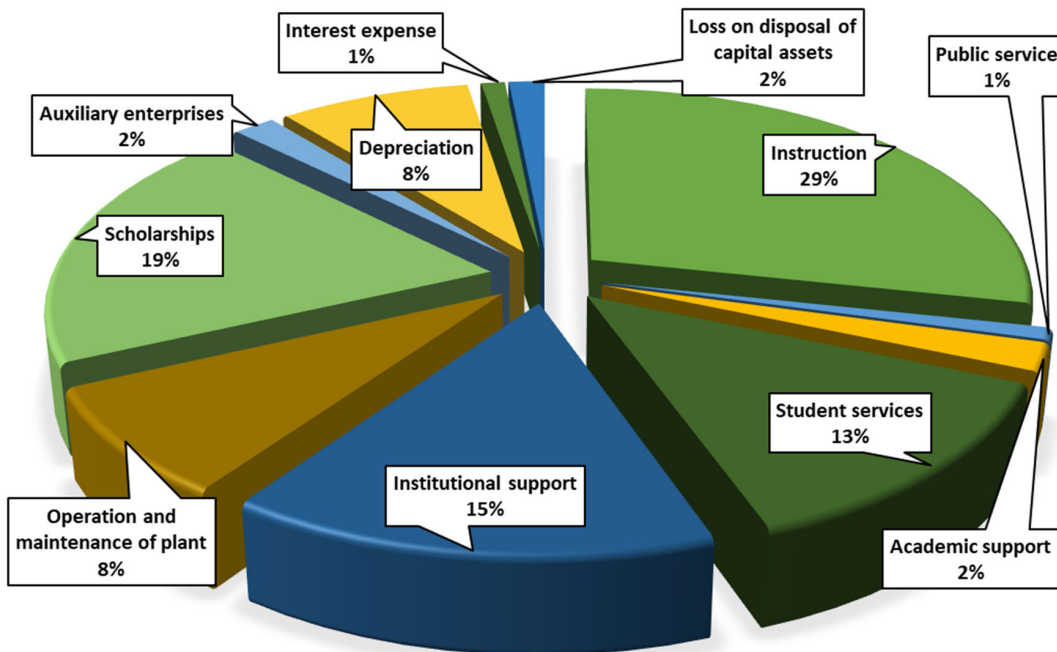


Cochise County Community College District
 Cochise College
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The following is a summary of expenses for fiscal years ended June 30, 2022 and June 30, 2021:

Condensed Financial Information
Expenses by Function

	<u>Fiscal Year Ended</u> <u>June 30, 2022</u>		<u>Fiscal Year Ended</u> <u>June 30, 2021</u>	
<u>Operating expenses</u>				
Educational and general:				
Instruction	\$ 16,584,164	29%	\$ 16,440,729	32%
Public service	538,737	1%	425,385	1%
Academic support	1,248,810	2%	1,387,439	3%
Student services	7,667,700	13%	6,879,446	13%
Institutional support	8,846,072	15%	10,418,311	20%
Operation and maintenance of plant	4,877,291	8%	4,512,395	9%
Scholarships	11,311,498	19%	5,337,714	11%
Auxiliary enterprises	1,054,260	2%	1,024,090	2%
Depreciation/Amortization	4,797,674	8%	4,163,712	8%
Total operating expenses	56,926,206	97%	50,589,221	99%
<u>Nonoperating expenses</u>				
Interest expense on capital asset-related debt	595,022	1%	680,522	1%
Loss on disposal of capital assets	897,123	2%	-	0%
Total nonoperating revenues	1,492,145	3%	680,522	1%
Total expenses	\$ 58,418,351	100%	\$ 51,269,743	100%



Cochise County Community College District
Cochise College
Management’s discussion and analysis
Year ended June 30, 2022

Below is a summary of capital assets, net of accumulated depreciation/amortization, as of June 30, 2022 and June 30, 2021. See Note 3 for further details.

Condensed Financial Information
Capital assets detail

	Balance at June 30, 2022	Balance at June 30, 2021 (restated)*
Capital assets (net of depreciation):		
Land	\$ 1,993,038	\$ 1,993,038
Museum art collection	66,000	66,000
Construction in progress	936,128	104,533
Buildings and improvements	57,828,588	59,660,732
Improvements other than buildings	7,855,279	8,273,667
Equipment	3,819,804	4,199,620
Library books	111,936	135,583
Right-to-use lease assets	685,833	976,562
Total capital assets (net of depreciation/amortization)	\$ 73,296,606	\$ 75,409,735

* The District’s beginning balance was restated from fiscal year 2021 due to the implementation of GASB 87. There was no impact to net position.

At June 30, 2022, the District had several capital construction projects in progress with a total of \$0.94 million invested thus far.

During FY2022, Governmental Accounting Standards Board Statement 87 was implemented. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. The impact of this implementation to the District’s capital assets is to separately report a net of \$0.69 million in intangible right-to-use lease assets.

Debt Administration—During FY2022, the principal payment was \$0.44 million on the Series 2016A Revenue Bonds and \$1.35 million on the Series 2016B Revenue Refunding Bonds. At June 30, 2022, the District had an outstanding principal balance due of \$4.90 million for the 2016A Revenue Bonds and \$9.64 million for the 2016B Revenue Refunding Bonds. Note 4 of the basic financial statements provides details on all bond issues and long-term obligations.

Requests for information—

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

Cochise County Community College District
Cochise College
Statement of Net Position – Primary Government
June 30, 2022

	<u>Business-type activities</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 16,919,895
Investments	24,540,124
Receivables(net of allowances for uncollectibles)	
Property taxes	594,345
Government grants & contracts	377,004
Interest	69,835
Leases	110,218
Accounts	296,560
Other	443,750
Inventories	787,909
Prepaid items	421,488
Total current assets	<u>44,561,128</u>
Noncurrent assets:	
Net other postemployment benefits asset	869,813
Lease receivable	283,989
Capital assets, not being depreciated/amortized	2,995,166
Capital assets, being depreciated/amortized, net	70,301,440
Total noncurrent assets	<u>74,450,408</u>
Total assets	<u>119,011,536</u>
Deferred outflows of resources	
Deferred charge on debt refunding	702,008
Deferred outflows related to pensions and other postemployment benefits	5,903,535
Total Deferred Outflows of Resources	<u>6,605,543</u>
Liabilities	
Current Liabilities:	
Accounts payable	274,418
Accrued payroll & employee benefits	1,953,772
Interest payable	1,801
Deposits held in custody for others	144,902
Unearned revenues	660,413
Current portion of leases payable	439,633
Current portion of compensated absences payable	225,887
Current portion of long term debt	2,176,180
Total current liabilities	<u>5,877,006</u>
Noncurrent liabilities:	
Compensated absences payable	1,658,788
Leases payable	248,593
Net pension and other postemployment benefits liability	23,312,128
Long-term debt	14,289,799
Total noncurrent liabilities	<u>39,509,308</u>
Total liabilities	<u>45,386,314</u>
Deferred inflows of resources	
Deferred inflows related to leases	392,336
Deferred inflows related to pensions and other postemployment benefits	9,299,478
Total deferred inflows of resources	<u>9,691,814</u>
Net position	
Net investment in capital assets	56,844,409
Restricted:	
Expendable:	
Grants and contracts	12,044,287
Unrestricted	1,650,255
Total net position	<u>\$ 70,538,951</u>

See accompanying notes to financial statements

Cochise County Community College District
Cochise College
Statement of Financial Position – Component Unit
June 30, 2022

	<u>Cochise College Foundation, Inc.</u>
Assets	
Cash and cash equivalents	\$ 392,788
Contribution receivable	5,912,386
Property held for sale	175,817
Investments	12,111,833
Land held as an investment	60,495
Assets restricted to investment in property and equipment	2,455,429
Total assets	<u>\$ 21,108,748</u>
 Liabilities and Net Assets	
Liabilities	
Deposits held on behalf of others	\$ 14,722
Liability under split-interest agreement	192,548
Total liabilities	<u>207,270</u>
 Net assets	
Without donor restrictions - undesignated	512,474
Without donor restrictions - board designated	575,896
With donor restrictions	19,813,108
Total net assets	<u>20,901,478</u>
 Total liabilities and net assets	 <u>\$ 21,108,748</u>

See accompanying notes to financial statements

Cochise County Community College District
Cochise College
Statement of Revenues, Expenses, and Changes in Net Position – Primary Government
Year ended June 30, 2022

	Business-type activities
Operating revenues:	
Tuition and fees (net of scholarship allowances of \$3,039,771)	\$ 6,618,757
Bookstore income	55,991
Food service income	678,140
Dormitory rentals and fees	13,720
Other	1,005,440
Total operating revenues	<u>8,372,048</u>
Operating expenses:	
Educational and general:	
Instruction	16,584,164
Public service	538,737
Academic support	1,248,810
Student services	7,667,700
Institutional support	8,846,072
Operation and maintenance of plant	4,877,291
Scholarships	11,311,498
Auxiliary enterprises	1,054,260
Depreciation and amortization	4,797,674
Total operating expenses	<u>56,926,206</u>
Operating loss	<u>(48,554,158)</u>
Nonoperating revenues (expenses):	
Property taxes	24,602,704
State appropriations	22,399,571
Government grants	16,503,103
Share of State sales tax	1,884,348
Private gifts	361,657
Investment earnings	(514,045)
Interest expense on debt	(595,022)
Loss on disposal of capital assets	(897,123)
Other nonoperating revenues	831,595
Total nonoperating revenues (expenses)	<u>64,576,788</u>
Increase in net position	16,022,630
Net position, July 1, 2021	54,516,321
Net position, June 30, 2022	<u>\$ 70,538,951</u>

See accompanying notes to financial statements

Cochise County Community College District
Cochise College
Statement of Activities – Component Unit
Year ended June 30, 2022

	Cochise College Foundation, Inc.		
	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue, and gains:			
Investment return, net	\$ (73,398)	\$ (2,192,147)	\$ (2,265,545)
Contributions	274,538	6,352,144	6,626,682
In-kind contributions	151,242	-	151,242
Realized gain on property held for sale	44,118	-	44,118
Net assets released from restrictions	641,610	(641,610)	-
Total support, revenue, and gains	\$ 1,038,110	\$ 3,518,387	\$ 4,556,497
Expenses			
Program services: Student support	\$ 988,973	\$ -	\$ 988,973
Supporting activities			
Management and general	117,555	-	117,555
Fundraising	77,668	-	77,668
Total supporting activities	195,223	-	195,223
Total expenses	1,184,196	-	1,184,196
Change in net assets	(146,086)	3,518,387	3,372,301
Net assets, beginning of the year	1,234,456	16,294,721	17,529,177
Net assets, end of the year	\$ 1,088,370	\$ 19,813,108	\$ 20,901,478

See accompanying notes to financial statements

Cochise County Community College District
Cochise College
Statement of Cash Flows – Primary Government
Year ended June 30, 2022

	Business-Type Activities
Cash flows from operating activities:	
Tuition and fees	\$ 6,932,105
Bookstore receipts	55,991
Food services receipts	678,140
Dormitory rentals and fees	13,720
Other receipts	496,195
Payments to suppliers and providers of goods and services	(11,469,725)
Payments for employee wages and benefits	(29,949,861)
Payments for scholarships	(11,311,498)
Deposits held in custody for others received	1,017,787
Deposits held in custody for others disbursed	(1,085,932)
Net cash used for operating activities	<u>(44,623,078)</u>
Cash flows from noncapital financing activities:	
Property taxes	25,798,187
State appropriations	22,399,571
Private and government grants and gifts	16,759,302
Share of state sales taxes	1,884,348
Direct loans received	1,632,699
Direct loans disbursed	(1,632,699)
Net cash provided by noncapital financing activities	<u>66,841,408</u>
Cash flows from capital and related financing activities:	
Principal paid on capital debt	(1,795,000)
Interest paid on capital debt	(832,927)
Proceeds from sale of capital assets	1,066,251
Purchases of capital assets	(4,721,049)
Net cash used for capital and related financing activities	<u>(6,282,725)</u>
Cash flows from investing activities:	
Net purchases of investments	(9,663,541)
Interest received on investments	220,526
Net cash used for investing activities	<u>(9,443,015)</u>
Net increase in cash and cash equivalents	6,492,590
Cash and cash equivalents, July 1, 2021	<u>10,427,304</u>
Cash and cash equivalents, June 30, 2022	<u>\$ 16,919,895</u>

(Continued)

See accompanying notes to financial statements

Cochise County Community College District
Cochise College
Statement of Cash Flows – Primary Government
Year ended June 30, 2022

	<u>Business-Type Activities</u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (48,554,158)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	4,797,674
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivables	(57,228)
Leases receivables	(394,207)
Other receivables	(115,038)
Inventories	(19,781)
Deferred outflows of resources related to pensions and OPEB	189,393
Net other postemployment benefit asset	(736,271)
Accounts payable	(616,426)
Accrued payroll and employee benefits	370,913
Leases payable	688,225
Compensated absences payable	408,204
Unearned revenues	370,576
Deferred inflows of resources related to pensions and OPEB	8,369,643
Deferred inflows of resources related to leases	392,336
Prepaid items	(120,150)
Net pension/OPEB liability	(9,463,638)
Deposits held in custody for others	(68,145)
Contingent Liability	(65,000)
Net cash used for operating activities	<u>\$ (44,623,078)</u>

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 \$117,002 for deferred charge associated with the revenue refunding bonds issued in 2016.

The District's investments had a net decrease in fair market value of \$630,837.

The District disposed of capital assets with a net book value of \$1,977,475.

See accompanying notes to financial statements

Cochise County Community College District
Cochise College
Notes to financial statements
Year ended June 30, 2022

Note 1 - Summary of significant accounting policies

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

For the year ended June 30, 2022, the District implemented the provisions of GASB Statement No. 87, *Leases*, as amended, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, the District's financial statements have been modified to reflect the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the contract payment provisions.

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 receipts from the Foundation, the Foundation's restricted resources can be used only 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 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 generally accepted accounting principles for public colleges and universities. The Foundation has a June 30 year-end.

During the year ended June 30, 2022, the Foundation distributed \$988,973 to the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be

Cochise County Community College District
Cochise College
Notes to financial statements
Year ended June 30, 2022

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

A statement of revenues, expenses, and changes in net position provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported, including capital contributions and additions to endowments. 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/amortization 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.

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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.

D. Inventories

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

E. Capital assets

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

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

	<u>Capitalization threshold</u>	<u>Depreciation/Amortization 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
Equipment	5,000	Straight line	3-20 years
Improvements other than buildings	5,000	Straight line	5-40 years
Library books	All	Straight line	10 years
Intangibles:			
Right-to-use lease assets:			
Equipment	5,000	Straight line	3-20 years

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

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F. Postemployment benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' 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.

G. Investment earnings

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

H. 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 parties 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.

I. 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, but employees may forfeit them 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 with 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,

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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) do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, for employees in 1) and 3) sick leave benefits do vest and, therefore, are accrued as a liability in the financial statements.

J. Leases

As lessee, the District recognizes lease liabilities with an initial, individual value of \$5,000 or more. The District uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The District's estimated incremental borrowing rate is based on the prime loan rate per the Federal Reserve website.

As lessor, the District recognizes lease receivables with an initial, individual value of \$5,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the District charges the lessee) and the implicit rate cannot be determined, the District uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The District's estimated incremental borrowing rate is calculated as described above.

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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, 2022, the carrying amount of the District’s deposits was \$2,997,843, and the bank balance was \$3,981,158. 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 \$38,457,871 at June 30, 2022. The District categorizes certain investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles as follows.

	Amount	Fair value measurement using	
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Investments by fair value level			
U.S. Treasury securities	\$ 21,679,944	\$ 21,679,944	\$ -
U.S. agency securities	\$ 2,860,180	-	2,860,180
Total investments categorized by fair value level	\$ 24,540,124	\$ 21,679,944	\$ 2,860,180

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.

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	\$ 6,244,393
County Treasurer's investment pool	7,673,354
Total external investment pools measured at fair value	\$ 13,917,747

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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 pool 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 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, 2022, credit risk for the District’s investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
U.S. agency securities	Aaa	Moody's	2,860,180
State Treasurer's investment pool 7	Unrated	Not applicable	6,244,393
County Treasurer's investment pool	Unrated	Not applicable	<u>7,673,354</u>
			<u>\$ 16,777,927</u>

Custodial credit risk—For an investment, custodial credit risk is the risk that, in the event of the 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.

Concentration of credit risk—The District does not have a formal policy regarding the concentration of credit risk.

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.

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At June 30, 2022, the District had the following investments in debt securities:

Investment type	Investment maturities		Fair Value
	Less than 1 Year	1-5 Years	
State Treasurer's investment pool 7	\$ 6,244,393	\$ -	\$ 6,244,393
County Treasurer's investment pool	7,673,354	-	7,673,354
U.S. Treasury securities	10,886,695	10,793,249	21,679,944
U.S. agency securities	1,326,412	1,533,768	2,860,180
	<u>\$26,130,854</u>	<u>\$12,327,017</u>	<u>\$ 38,457,871</u>

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

<u>Cash, deposits, and investments:</u>		<u>Statement of net position:</u>	
Cash on hand	\$ 4,305	Cash and cash equivalents	\$ 16,919,895
Amount of deposits	2,997,843	Current investments	24,540,124
Amount of investments	38,457,871		
Total	<u>\$ 41,460,019</u>	Total	<u>\$ 41,460,019</u>

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Notes to financial statements
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Note 3 - Capital assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021 (restated)*	Increases	Decreases	Balance June 30, 2022
Capital assets not being depreciated/amortized:				
Land	\$ 1,993,038	\$ -	\$ -	\$ 1,993,038
Museum art collection	66,000	-	-	66,000
Construction in progress	104,533	933,228	(101,633)	936,128
Total capital assets not being depreciated/amortized	<u>2,163,571</u>	<u>933,228</u>	<u>(101,633)</u>	<u>2,995,166</u>
Capital assets being depreciated/amortized:				
Buildings	93,701,632	434,006	-	94,135,638
Equipment	15,488,471	2,065,786	(1,918,622)	15,635,635
Improvements other than buildings	15,665,646	407,632	-	16,073,278
Library books	377,780	11,776	(58,853)	330,703
Intangibles:				
Right-to-use lease assets:				
Equipment	976,562	-	-	976,562
Total capital assets being depreciated/amortized	<u>\$ 126,210,091</u>	<u>\$ 2,919,200</u>	<u>\$ (1,977,475)</u>	<u>\$ 127,151,816</u>
Less accumulated depreciation/amortization for:				
Buildings	\$ (34,040,900)	\$ (2,266,150)	\$ -	\$ (36,307,050)
Equipment	(11,288,851)	(1,382,294)	855,314	(11,815,831)
Improvements other than buildings	(7,391,979)	(826,020)	-	(8,217,999)
Library books	(242,197)	(32,481)	55,911	(218,767)
Intangibles:				
Right-to-use lease assets:				
Equipment	-	(290,729)	-	(290,729)
Total accumulated depreciation/amortization	<u>(52,963,927)</u>	<u>(4,797,674)</u>	<u>911,225</u>	<u>(56,850,376)</u>
Total capital assets being depreciated/amortized, net	<u>73,246,164</u>	<u>(1,878,474)</u>	<u>(1,066,250)</u>	<u>70,301,440</u>
Capital assets, net	<u>\$ 75,409,735</u>	<u>\$ (945,246)</u>	<u>\$ (1,167,883)</u>	<u>\$ 73,296,606</u>

*The District's beginning balance was restated from fiscal year 2021 due to the implementation of GASB No. 87. There was no impact to net position.

The District maintains a museum art collection consisting primarily of donated pieces. The collection is held for public exhibition rather than financial gain. As the collection is held for public educational use, the District categorizes the items as inexhaustible and does not depreciate the items.

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Note 4 - Long-term liabilities

The following schedule details the District’s long-term liability and obligation activity for the year ended June 30, 2022:

	Balance July 1, 2021 (restated)*	Additions	Reductions	Balance June 30, 2022	Due within one year
Bonds payable:					
Revenue bonds	\$ 5,350,000	\$	\$ 445,000	\$ 4,905,000	\$ 465,000
Revenue refunding bonds	10,995,000		1,350,000	9,645,000	1,420,000
Premiums	2,207,158		291,179	1,915,979	291,180
Total bonds payable	<u>18,552,158</u>	<u>-</u>	<u>2,086,179</u>	<u>16,465,979</u>	<u>2,176,180</u>
Net pension and other postemployment benefits liability	32,775,766		9,463,638	23,312,128	
Leases payable	976,562		288,336	688,226	439,633
Compensated absences	1,476,471	1,933,814	1,525,610	1,884,675	225,887
Total long-term liabilities	<u>\$ 53,780,957</u>	<u>\$ 1,933,814</u>	<u>\$ 13,363,763</u>	<u>\$ 42,351,008</u>	<u>\$ 2,841,700</u>

*The District’s beginning balance was restated from fiscal year 2021 due to the implementation of GASB No. 87. There was no impact to net position.

Bonds—The District’s bonded debt consists of various issues of revenue and revenue refunding bonds that are generally noncallable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. Revenue and revenue refunding bonds are repaid from tuition and fees and dormitory rentals and fees.

The following bonds were outstanding as of June 30, 2022:

Description	Original Amount Authorized	Amount Issued	Maturity Ranges	Interest Rates	Outstanding Principal
Revenue bonds	\$ 7,310,000	\$ 7,310,000	2023-31	3.00-5.00%	4,905,000
Revenue refunding bonds	\$ 14,675,000	\$ 14,675,000	2023-28	5.00%	9,645,000
					<u>\$ 14,550,000</u>

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The following schedule details debt service requirements to maturity for the District’s bonds payable at June 30, 2022:

Year Ending <u>June 30:</u>	Revenue Bonds Series 2016A		Revenue Bonds Series 2016B		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	
2023	465,000	197,200	1,420,000	482,250	2,564,450
2024	480,000	183,250	1,490,000	411,250	2,564,500
2025	495,000	168,850	1,565,000	336,750	2,565,600
2026	515,000	149,050	1,640,000	258,500	2,562,550
2027	540,000	123,300	1,720,000	176,500	2,559,800
2028-2031	2,410,000	245,550	1,810,000	90,500	4,556,050
Totals	\$ 4,905,000	\$ 1,067,200	\$ 9,645,000	\$ 1,755,750	\$ 17,372,950

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, 2022. Annual principal and interest payments on the debt issuances, payable solely from these revenues through 2031, are expected to require approximately 25% of the annual pledged gross revenues. The total principal and interest remaining to be paid is \$17,372,950. For FY 2022 principal and interest payments and total pledged gross revenues were \$2,564,200 and \$7,858,003, respectively.

Leases—The District has entered into certain leases that convey control of the right-to-use another entity’s nonfinancial asset for a period of time in an exchange or exchange-like transaction. These currently are for airplanes for the aviation program and office equipment.

The total amount of lease assets and the related accumulated amortization are as follows:

Total intangible right-to-use leased assets	\$	976,562
Less: accumulated amortization		290,729
Carrying Value	\$	<u>685,833</u>

The following schedule details minimum lease payments to maturity for the District’s leases payable at June 30, 2022:

Year ending <u>June 30:</u>	Principal	Interest
2023	\$ 439,633	\$ 15,856
2024	248,593	2,644
Totals	\$ <u>688,226</u>	\$ <u>18,500</u>

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Note 5 - Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates with other Arizona community college districts and school districts in the Arizona School Risk Retention Trust, Inc. (the Trust), a public entity risk pool. The Trust insures the District for its property, general, professional, automobile, cyber liability, commercial crime coverages, and COVID-19 liability endorsement. The coverage limit for property insurance is \$128 million with a \$1,000 deductible. The general, professional, and automobile liability coverage limit is \$10 million with no deductible. The cyber liability coverage limit is \$1 million with a \$5,000 deductible. The commercial crime coverage limit is \$1.5 million with a \$100 deductible. The District carried a COVID-19 liability endorsement of \$1 million with no 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 resulting from these risks have not exceeded commercial insurance coverage in any of the past 3 fiscal years. There were no uninsured losses in the year ended June 30, 2022.

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 three member entities: Cochise College, Cochise County, and Central Arizona College. CCT provides the benefits through a self-funding agreement with its participants and has contracted with a third party to administer the program. Employees can also enroll eligible dependents, with dependent coverage, and is responsible for that premium. If the District withdraws from CCT, it is responsible for a proportional share of any claim's 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.

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Note 6 - Pension and other postemployment benefits

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

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

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

* With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. 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.

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Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

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, 2022, the statute required active ASRS members to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 percent for long-term disability) of the members’ annual covered payroll, and the statute required the District to contribute at the actuarially determined rate of 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 percent for long-term disability) of the active members’ annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 10.22 percent (10.13 percent for retirement and 0.09 percent for long-term disability) 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, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2022, were \$2,372,377, \$40,697, and \$37,220, respectively.

Liability—At June 30, 2022, the District reported the following asset and liabilities for its proportionate share of the ASRS’ net pension/OPEB asset or liability.

ASRS	Net pension/OPEB (asset) liability
Pension	\$23,275,409
Health insurance premium benefit	(\$869,813)
Long-term disability	\$36,719

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The net asset and net liabilities were measured as of June 30, 2021. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7 to 7.2 percent to 2.9 to 8.4 percent.

The District's proportion of the net asset or net 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, 2021. The District's proportion measured as of June 30, 2021, and the change from its proportions measured as of June 30, 2020, were:

ASRS	Proportion June 30, 2021	Decrease from June 30, 2020
Pension	0.17714%	(0.01120)
Health insurance premium benefit	0.17853%	(0.01009)
Long-term disability	0.17788%	(0.01062)

Expense—For the year ended June 30, 2022, the District recognized the following pension and OPEB expense.

ASRS	Pension/OPEB expense
Pension	\$885,177
Health insurance premium benefit	(\$100,777)
Long-term disability	\$25,021

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Deferred outflows/inflows of resources—At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

ASRS	Pension		Health insurance premium benefit		Long-term disability	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 354,812	\$ -	\$ -	\$ 301,653	\$ 10,607	\$ 2,992
Changes of assumptions or other inputs	3,029,481	-	43,123	35,167	11,743	46,266
Net difference between projected and actual earnings on plan investments	-	7,374,469	-	322,657	-	25,430
Changes in proportion and differences between district contributions and proportionate share of contributions	-	1,180,066	3,475	202	-	10,576
District contributions subsequent to the measurement date	2,372,377	-	40,697	-	37,220	-
Total	\$ 5,756,670	\$ 8,554,535	\$ 87,295	\$ 659,679	\$ 59,570	\$ 85,264

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from district contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized as expenses as follows:

Year ending June 30	Pension	Health insurance premium benefit	Long-term disability
2023	\$ (547,198)	\$ (143,837)	\$ (8,847)
2024	(456,054)	(137,806)	(8,405)
2025	(1,625,693)	(151,112)	(9,324)
2026	(2,541,297)	(167,075)	(13,172)
2027	-	(13,251)	(5,809)
Thereafter	-	-	(17,357)

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

Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 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:

Asset class	Target allocation	Long-term expected geometric real rate of return
Equity	50%	4.90%
Fixed income - credit	20%	5.20%
Fixed income - interest rate sensitive	10%	0.70%
Real estate	20%	5.70%
Total	100%	

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 Cochise College
 Notes to financial statements
 Year ended June 30, 2022

Discount rate – At June 30, 2021, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. 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 plans’ 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/OPEB liability.

Sensitivity of the District’s proportionate share of the ASRS net pension/OPEB (asset) liability to changes in the discount rate—The following table presents the District’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0 percent, as well as what the District’s proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

District's proportionate share of the:	1% Decrease (6.0%)	Current discount rate (7.0%)	1% Increase (8.0%)
Net pension liability	\$ 36,610,270	\$ 23,275,409	\$ 12,157,826
Net health insurance premium benefit (asset)	(575,907)	(869,813)	(1,119,730)
Net long-term disability liability	47,813	36,719	25,985

Plan fiduciary net position—Detailed information about the plans’ fiduciary net position is available in the separately issued ASRS financial report.

Contributions payable—The District’s accrued payroll and employee benefits included \$70,265 of outstanding pension and OPEB contribution amounts payable to ASRS for the year ended June 30, 2022.

Cochise County Community College District
Cochise College
Notes to financial statements
Year ended June 30, 2022

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	\$	29,088,105
Contract services		4,812,522
Supplies and other services		4,712,048
Communications and utilities		1,539,193
Scholarships		11,311,498
Depreciation/amortization		4,797,674
Other		665,166
Total	\$	<u>56,926,206</u>

Cochise County Community College District
Cochise College
Notes to financial statements
Year ended June 30, 2022

Note 8 – Discretely Presented Component Unit Disclosures

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 between nine and 15 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 contributions 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

Cochise County Community College District
Cochise College
Notes to financial statements
Year ended June 30, 2022

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.

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 – 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.

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Notes to financial statements
Year ended June 30, 2022

The fair value of the assets restricted to investment in property and equipment totaled \$2,455,429 as of June 30, 2022.

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, 2022, 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.

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. For the year ended June 30, 2022, there was \$0 recognized as contributions.

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.

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

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 Notes to financial statements
 Year ended June 30, 2022

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 a Foundation other than a private foundation under Section 509(a)(2).

CONTRIBUTION RECEIVABLE

During fiscal year 2013, the Foundation was notified that a donor named the Foundation as the sole beneficiary of his estate. Since the trust was revocable, this contribution was considered a conditional promise to give. As of June 30, 2022, the trust has become irrevocable and the Foundation has recorded the revenue of \$5,912,386.

PROPERTY HELD FOR SALE

The Foundation began to construct residential housing on donated parcels of land 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, 2022, the Foundation sold one of the properties and also began construction on a new property.

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	\$ 392,788
Property held for sale	175,817
Investments	14,567,262
Land held as an investment	<u>60,495</u>
Total financial assets	15,196,362
Less those unavailable for general expenditures within one year, due to:	
Donor restrictions by purpose - Endowments	3,466,190
Donor restrictions by purpose - Campus Enhancements	2,455,429
Donor restrictions by purpose - Scholarships	7,979,103
Board designated - General Endowment	<u>557,149</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>738,491</u>

Cochise County Community College District
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Notes to financial statements
Year ended June 30, 2022

INVESTMENTS

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, 2022.

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
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Notes to financial statements
Year ended June 30, 2022

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.

Exchange-traded Funds – (“ETFs”) – ETFs 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.

Land – Land is valued at fair market value determined by comparing similar parcels in the same area.

The following table sets forth by level, within the fair value hierarchy, the Foundation’s financial instruments at fair value as of June 30, 2022.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equity securities	\$ 1,766,615	\$ -	\$ 1,766,615
Preferred stock	404,379	-	404,379
Mutual funds:			
Inter-term invest growth	339,888	-	339,888
International bond	1,295,043	-	1,295,043
Global bond	1,500,236	-	1,500,236
International stock	1,868,353	-	1,868,353
High income bond	72,000	-	72,000
Short growth	877,487	-	877,487
Large growth	359,515	-	359,515
World stock	3,538,521	-	3,538,521
High yield corporate bonds	247,169	-	247,169
Growth and income	1,881,227	-	1,881,227
Bonds:			
Corporate	-	138,596	138,596
Unit Trusts	73,932	-	73,932
Limited partnerships	60,908	-	60,908
Money market funds	79,294	-	79,294
ETF	143,393	-	143,393
Land	-	157,018	157,018
Total	<u>14,507,960</u>	<u>295,614</u>	<u>14,803,574</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
Cochise College
Notes to financial statements
Year ended June 30, 2022

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, 2022, totaled \$482,736 (consisting of cash and marketable securities of \$4,801 and \$477,935, respectively). Fair value measurements at the reporting date are determined using quoted prices in active markets (Level 1 fair value hierarchy). The liability at June 30, 2022 is \$192,548.

ENDOWMENTS

As of June 30, 2022, the Board of Directors had designated \$575,896 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 net assets without donor restriction – board designated based upon the original gift purpose. As required by GAAP, net assets associated with endowment funds are reported as net assets with donor restrictions and funds designated by the Board to function as endowments, are classified as net assets without donor restrictions – board designated.

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.

Cochise County Community College District
Cochise College
Notes to financial statements
Year ended June 30, 2022

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.

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, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 9,797,171	\$ 9,797,171
Quasi-endowments	-	557,149	557,149
Board-designated endowment funds	575,896	-	575,896
Total	<u>575,896</u>	<u>10,354,320</u>	<u>10,930,216</u>

The changes in endowment net assets for the year ended June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 713,080	\$ 12,473,560	\$ 13,186,640
Contributions	-	259,955	259,955
Investment return, net	(102,689)	(1,840,446)	(1,943,135)
Amounts appropriated for expenditure	(34,495)	(538,749)	(573,244)
Endowment net assets, end of year	<u>\$ 575,896</u>	<u>\$ 10,354,320</u>	<u>\$ 10,930,216</u>

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Notes to financial statements
Year ended June 30, 2022

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 \$151,242 for the year ended June 30, 2022 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.



Annual Comprehensive Financial Report

REQUIRED
SUPPLEMENTARY
INFORMATION



**COCHISE
COLLEGE**

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Cochise County Community College District
Cochise College
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension/OPEB Liability
Year ended June 30, 2022

ASRS - Pension

	Reporting Fiscal Year (Measurement date)								2014 through 2013
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
District's proportion of the net pension liability	0.17714%	0.188340%	0.189170%	0.201520%	0.208500%	0.211410%	0.209250%	0.205556%	Information unavailable
District's proportionate share of the net pension liability	\$ 23,275,409	\$ 32,632,768	\$ 27,526,436	\$ 28,104,948	\$ 32,480,236	\$ 34,123,698	\$ 32,593,219	\$ 30,415,328	
District's covered payroll	\$ 19,958,805	\$ 20,525,661	\$ 20,024,836	\$ 21,158,907	\$ 20,481,634	\$ 19,922,523	\$ 19,367,663	\$ 18,643,023	
District's proportionate share of the net pension liability as a percentage of its covered payroll	116.62%	158.99%	137.46%	132.83%	158.58%	171.28%	168.29%	163.15%	
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

ASRS - Health insurance premium benefit

	Reporting Fiscal Year (Measurement date)						2017 through 2013
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)		
District's proportion of the net OPEB (asset)	0.17853%	0.188620%	0.190100%	0.202840%	0.209220%		Information unavailable
District's proportionate share of the net OPEB (asset)	\$ (869,813)	\$ (133,542)	\$ (52,535)	\$ (73,041)	\$ (113,899)		
District's covered payroll	\$ 19,958,805	\$ 20,525,661	\$ 20,024,836	\$ 21,158,907	\$ 20,481,634		
District's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(4.36%)	(0.65%)	(0.26%)	(0.35%)	(0.56%)		
Plan fiduciary net position as a percentage of the total OPEB liability	130.24%	104.33%	101.62%	102.20%	103.57%		

ASRS - Long-term disability

	Reporting Fiscal Year (Measurement date)					2017 through 2013
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	
District's proportion of the net OPEB liability	0.17788%	0.188500%	0.189740%	0.201870%	0.208290%	Information unavailable
District's proportionate share of the net OPEB liability	\$ 36,719	\$ 142,998	\$ 123,605	\$ 105,478	\$ 75,500	
District's covered payroll	\$ 19,958,805	\$ 20,525,661	\$ 20,024,836	\$ 21,158,907	\$ 20,481,634	
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.18%	0.70%	0.62%	0.50%	0.37%	
Plan fiduciary net position as a percentage of the total OPEB liability	90.38%	68.01%	72.85%	77.83%	84.44%	

Cochise County Community College District
Cochise College
Required Supplementary Information
Schedule of the District's Pension/OPEB Contributions
Year ended June 30, 2022

ASRS - Pension

	Reporting Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 2,372,377	\$ 2,285,778	\$ 2,325,052	\$ 2,194,222	\$ 2,167,169	\$ 2,066,449	\$ 2,150,931	\$ 2,098,856	\$ 1,982,651	Information unavailable
District's contributions in relation to the statutorily required contribution	<u>(2,372,377)</u>	<u>(2,285,778)</u>	<u>(2,325,052)</u>	<u>(2,194,222)</u>	<u>(2,167,169)</u>	<u>(2,066,449)</u>	<u>(2,150,931)</u>	<u>(2,098,856)</u>	<u>(1,982,651)</u>	
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered payroll	\$ 20,959,105	\$ 19,958,805	\$ 20,525,661	\$ 20,024,836	\$ 21,158,907	\$ 20,481,634	\$ 19,922,523	\$ 19,367,663	\$ 18,643,023	
District's contributions as a percentage of covered payroll	11.32%	11.45%	11.33%	10.96%	10.24%	10.09%	10.80%	10.84%	10.63%	

ASRS - Health insurance premium benefit

	Reporting Fiscal Year						2016 through 2013
	2022	2021	2020	2019	2018	2017	
Statutorily required contribution	\$ 40,697	\$ 75,192	\$ 97,272	\$ 93,901	\$ 112,580	\$ 107,348	Information unavailable
District's contributions in relation to the statutorily required contribution	<u>(40,697)</u>	<u>(75,192)</u>	<u>(97,272)</u>	<u>(93,901)</u>	<u>(112,580)</u>	<u>(107,348)</u>	
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered payroll	\$ 20,959,105	\$ 19,958,805	\$ 20,525,661	\$ 20,024,836	\$ 21,158,907	\$ 20,481,634	
District's contributions as a percentage of covered payroll	0.19%	0.38%	0.47%	0.47%	0.53%	0.52%	

ASRS - Long-term disability

	Reporting Fiscal Year						2016 through 2013
	2022	2021	2020	2019	2018	2017	
Statutorily required contribution	\$ 37,220	\$ 34,978	\$ 34,047	\$ 32,578	\$ 28,145	\$ 26,837	Information unavailable
District's contributions in relation to the statutorily required contribution	<u>(37,220)</u>	<u>(34,978)</u>	<u>(34,047)</u>	<u>(32,578)</u>	<u>(28,145)</u>	<u>(26,837)</u>	
District's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered payroll	\$ 20,959,105	\$ 19,958,805	\$ 20,525,661	\$ 20,024,836	\$ 21,158,907	\$ 20,481,634	
District's contributions as a percentage of covered payroll	0.18%	0.18%	0.17%	0.16%	0.13%	0.13%	

Annual Comprehensive Financial Report

STATISTICAL
SECTION



**COCHISE
COLLEGE**

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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 Annual Comprehensive 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. 48-51)

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

Revenue Capacity (Pp. 52-59)

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

Debt Capacity (Pp. 60-63)

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. 64-66)

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. 67-68)

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

Primary Government	2021/22	2020/21	2019/20	2018/19	2017/18
Net investment in capital assets	\$ 56,844,409	\$ 56,700,025	\$ 50,864,347	\$ 48,031,608	\$ 46,450,838
Restricted	12,044,287	2,152,933	2,553,198	2,160,064	3,276,886
Unrestricted (1)	1,650,255	(4,336,637)	(6,081,018)	(9,278,205)	(12,932,005)
Total primary government net position	\$ 70,538,951	\$ 54,516,321	\$ 47,336,527	\$ 40,913,467	\$ 36,795,719

Primary Government	2016/17	2015/16	2014/15	2013/14	2012/13
Net investment in capital assets	\$ 46,442,365	\$ 44,944,760	\$ 41,984,840	\$ 35,925,323	\$ 36,415,925
Restricted	3,076,709	2,870,429	2,526,468	2,228,846	1,997,386
Unrestricted (1)	(14,419,998)	(12,652,050)	(10,984,157)	20,660,174	18,757,710
Total primary government net position	\$ 35,099,076	\$ 35,163,139	\$ 33,527,151	\$ 58,814,343	\$ 57,171,021

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

	2021/22	2020/21	2019/20	2018/19	2017/18
Operating Revenues					
Tuition and fees	\$6,618,757	\$6,879,641	\$5,989,071	\$6,109,189	\$6,280,110
Bookstore sales	55,991	43,212	59,782	68,355	96,097
Food service sales	678,140	664,240	747,854	670,140	574,725
Dormitory rentals	13,720	11,781	17,615	19,385	10,860
Other sales and services	1,005,440	327,607	306,510	336,163	489,547
Contracts	-	-	275,063	544,648	410,909
Total operating revenues	\$8,372,048	\$7,926,481	\$7,395,895	\$7,747,880	\$7,862,248
Operating Expenses					
Instruction	16,584,164	16,440,729	17,975,267	16,067,440	16,897,775
Public service	538,737	425,385	497,407	479,715	739,666
Academic support	1,248,810	1,387,439	1,435,705	1,642,487	1,239,466
Student services	7,667,700	6,879,446	7,358,679	6,530,525	6,301,964
Institutional support	8,846,072	10,418,311	8,401,849	9,883,902	8,936,062
Operation & maintenance of plant	4,877,291	4,512,395	4,273,864	2,911,467	4,131,963
Scholarships	11,311,498	5,337,714	5,364,568	3,607,872	3,715,968
Depreciation/Amortization	4,797,674	4,163,712	3,818,925	3,706,522	3,655,738
Auxiliary enterprises	1,054,260	1,024,090	985,748	1,000,830	919,453
Total operating expenses	56,926,206	50,589,221	50,112,012	45,830,760	46,538,055
Operating income (loss)	(48,554,158)	(42,662,740)	(42,716,117)	(38,082,880)	(38,675,807)
Nonoperating Revenues/(Expenses)					
Property taxes	24,602,704	22,726,752	22,528,484	21,845,455	21,552,268
State appropriations	22,399,571	13,769,020	15,220,542	11,536,300	10,786,200
Government grants	16,503,103	12,145,477	9,868,943	7,530,210	7,556,950
Share of state sales taxes	1,884,348	1,644,628	1,399,110	1,247,094	1,141,611
Investment earnings/(loss)	(514,045)	74,215	610,865	657,372	119,874
Interest on debt	(595,022)	(680,522)	(762,272)	(839,915)	(864,237)
Private grants and gifts	361,657	129,119	-	-	-
Gain(Loss) on sale/disposal of capital assets	(897,123)	21,345	273,505	224,112	79,784
Other nonoperating revenues	831,595	-	-	-	-
Total nonoperating revenues/expenses	64,576,788	49,830,034	49,139,177	42,200,628	40,372,450
Income (loss) before other revenues, expenses, gains or losses	16,022,630	7,167,294	6,423,060	4,117,748	1,696,643
Capital appropriations	-	-	-	-	-
Capital grants and gifts	-	12,500	-	-	-
Change in net position	\$ 16,022,630	\$ 7,179,794	\$ 6,423,060	\$ 4,117,748	\$ 1,696,643

	2016/17	2015/16	2014/15	2013/14	2012/13
Operating Revenues					
Tuition and fees	\$6,068,885	\$5,905,314	\$ 5,818,553	\$ 5,451,854	\$ 4,145,645
Bookstore sales	108,800	107,857	122,657	125,890	139,493
Food service sales	599,211	526,802	543,160	517,284	436,794
Dormitory rentals	18,970	11,142	34,803	34,815	43,526
Other sales and services	271,689	219,424	495,859	449,497	744,533
Contracts	1,088,283	1,045,303	1,154,562	1,241,933	375,176
Total operating revenues	\$8,155,838	\$7,815,842	8,169,594	7,821,273	5,885,167
Operating Expenses					
Instruction	17,692,489	18,025,593	19,475,217	17,953,714	16,995,134
Public service	843,231	737,123	728,049	680,951	712,767
Academic support	1,275,601	1,238,435	1,292,307	1,275,203	1,303,798
Student services	6,280,632	6,004,145	5,763,778	5,504,157	5,344,397
Institutional support	11,550,687	7,946,543	6,990,661	6,606,802	7,653,628
Operation & maintenance of plant	2,274,967	4,219,197	2,773,621	3,979,099	4,390,045
Scholarships	3,755,498	4,202,770	4,325,915	3,625,679	1,966,611
Depreciation	3,171,255	2,992,295	3,286,484	3,431,707	3,215,175
Auxiliary enterprises	921,943	731,877	922,570	904,655	1,053,205
Total operating expenses	47,766,303	46,097,978	45,558,602	43,961,967	42,634,760
Operating income (loss)	(39,610,465)	(38,282,136)	(37,389,008)	(36,140,694)	(36,749,593)
Nonoperating Revenues/(Expenses)					
Property taxes	20,706,947	19,877,619	19,291,883	18,653,023	17,900,838
State appropriations	10,556,600	10,812,665	10,326,735	10,422,500	11,399,300
Government grants	8,019,470	8,626,294	9,982,425	8,018,017	8,945,661
Share of state sales taxes	1,062,446	1,009,459	1,059,998	1,091,200	982,761
Investment earnings/(loss)	50,106	231,402	180,431	154,161	81,374
Interest on debt	(917,380)	(802,704)	(936,821)	(977,421)	(1,016,422)
Gain(Loss) on sale/disposal of capital assets	68,213	163,389	43,502	(27,864)	(118)
Total nonoperating revenues/expenses	39,546,402	39,918,124	39,948,153	37,333,616	38,293,394
Income (loss) before other revenues, expenses, gains or losses	(64,063)	1,635,988	2,559,145	1,192,922	1,543,801
Capital appropriations	-	-	-	450,400	-
Capital grants and gifts	-	-	4,522,500	-	-
Change in net position	\$ (64,063)	\$ 1,635,988	\$ 7,081,645	\$ 1,643,322	\$ 1,543,801

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

Function	2021/22	2020/21	2019/20	2018/19	2017/18
Instruction	\$16,584,164	\$16,440,729	\$17,975,267	\$16,067,440	\$16,897,775
Public service	538,737	425,385	497,407	479,715	739,666
Academic support	1,248,810	1,387,439	1,435,705	1,642,487	1,239,466
Student services	7,667,700	6,879,446	7,358,679	6,530,525	6,301,964
Institutional support	8,846,072	10,418,311	8,401,849	9,883,902	8,936,062
Operation & maintenance of plant	4,877,291	4,614,474	4,273,864	2,911,467	4,131,963
Scholarships	11,311,498	5,337,714	5,364,568	3,607,872	3,715,968
Depreciation/Amortization	4,797,674	4,163,712	3,818,925	3,706,522	3,655,738
Interest on debt	-	680,522	762,272	839,915	864,237
Other nonoperating expenses	-	-	-	-	-
Auxiliary enterprises	1,054,260	1,024,090	985,748	1,000,830	919,453
Total expenses	\$56,926,206	\$51,371,822	\$50,874,284	\$46,670,675	\$47,402,292

Function	2016/17	2015/16	2014/15	2013/14	2012/13
Instruction	\$17,692,489	\$18,025,593	\$ 19,475,217	\$ 17,953,714	\$ 16,995,134
Public service	843,231	737,123	728,049	680,951	712,767
Academic support	1,275,601	1,238,435	1,292,307	1,275,203	1,303,798
Student services	6,280,632	6,004,145	5,763,778	5,504,157	5,344,397
Institutional support	11,550,687	7,946,543	6,990,661	6,606,802	7,653,628
Operation & maintenance of plant	2,274,967	4,219,197	2,773,621	3,979,099	4,390,045
Scholarships	3,755,498	4,202,770	4,325,915	3,625,679	1,966,611
Depreciation	3,171,255	2,992,295	3,286,484	3,431,707	3,215,175
Interest on debt	917,380	802,704	936,821	977,421	1,016,422
Other nonoperating expenses	-	-	-	27,864	118
Auxiliary enterprises	921,943	731,877	922,570	904,655	1,053,205
Total expenses	\$48,683,683	\$46,900,682	\$46,495,423	\$44,967,252	\$43,651,300

Source: Annual reports on audited financial statements.

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

USE	2021/22	2020/21	2019/20	2018/19	2017/18
Salaries and benefits	\$ 29,088,105	\$ 28,573,112	\$ 29,948,875	\$ 27,647,867	\$ 28,480,864
Contract services	4,812,522	3,746,337	3,640,973	3,539,352	4,009,380
Supplies and materials	2,048,804	3,548,992	3,280,926	3,315,039	2,781,720
Subscriptions, dues, insurance and rentals	1,724,710	2,008,412	2,027,120	1,667,156	1,598,513
Utilities and communication	1,539,193	1,430,917	1,418,858	1,557,345	1,463,083
Travel	651,607	310,227	402,537	632,339	584,665
Noncapitalized equipment	938,534	29,739	146,388	24,663	57,321
Scholarships	11,311,498	5,337,714	5,361,291	3,607,872	3,715,968
Depreciation	4,797,674	4,163,712	3,818,925	3,706,522	3,655,738
Other	13,559	1,440,059	66,118	132,605	190,803
Total operating expenses	56,926,206	50,589,221	50,112,012	45,830,760	46,538,055
Interest on debt	595,022	680,522	762,272	839,915	864,237
Other nonoperating expenses	-	-	-	-	-
Total nonoperating expenses	595,022	680,522	762,272	839,915	864,237
Total expenses	\$ 57,521,228	\$ 51,269,743	\$ 50,874,284	\$ 46,670,675	\$ 47,402,292

USE	2016/17	2015/16	2014/15	2013/14	2012/13
Salaries and benefits	\$ 30,151,304	\$ 29,449,109	\$ 28,673,880	\$ 28,269,494	\$ 28,149,135
Contract services	3,778,831	3,697,971	3,342,740	3,270,501	3,209,859
Supplies and materials	2,762,909	2,429,072	2,649,771	2,193,815	2,311,373
Subscriptions, dues, insurance and rentals	1,460,493	1,231,946	1,292,948	1,122,839	1,354,753
Utilities and communication	1,555,204	1,353,332	1,300,323	1,312,654	1,395,966
Travel	614,862	565,770	466,194	477,412	446,182
Noncapitalized equipment	345,887	169,008	124,381	248,463	557,150
Scholarships	3,755,498	4,202,770	4,325,915	3,625,679	1,966,611
Depreciation	3,171,255	2,992,295	3,286,484	3,431,707	3,215,175
Other	170,060	6,705	95,966	9,403	28,556
Total operating expenses	47,766,303	46,097,978	45,558,602	43,961,967	42,634,760
Interest on debt	917,380	802,704	936,821	977,421	1,016,422
Other nonoperating expenses	-	-	-	27,864	118
Total nonoperating expenses	917,380	802,704	936,821	1,005,285	1,016,540
Total expenses	\$ 48,683,683	\$ 46,900,682	\$ 46,495,423	\$ 44,967,252	\$ 43,651,300

Source: Annual reports on audited financial statements.

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

Source of Revenue	2021/22	2020/21	2019/20	2018/19	2017/18
Property taxes	\$ 24,602,704	\$ 22,726,752	\$ 22,528,484	\$ 21,845,455	\$ 21,552,268
State appropriations	22,399,571	13,769,020	15,220,542	11,536,300	10,786,200
Grants and contracts	16,503,103	12,261,278	10,144,006	8,074,858	7,967,859
Tuition and fees	6,618,757	6,879,641	5,989,071	6,109,189	6,280,110
Investment income	(514,045)	74,215	610,865	657,372	119,874
Bookstore sales	55,991	43,212	59,782	68,355	96,097
Food services sales	678,140	664,240	747,854	670,140	574,725
Dormitory rentals	13,720	11,781	17,615	19,385	10,860
Other	4,083,040	2,006,898	1,979,125	1,807,369	1,710,942
Total Revenues	\$ 74,440,981	\$ 58,437,037	\$ 57,297,344	\$ 50,788,423	\$ 49,098,935

Source of Revenue	2016/17	2015/16	2014/15	2013/14	2012/13
Property taxes	\$ 20,706,947	\$ 19,877,619	\$ 19,291,883	\$ 18,653,023	\$ 17,900,838
State appropriations	10,556,600	10,812,665	10,326,735	10,422,500	11,399,300
Grants and contracts	9,107,753	9,671,597	11,136,987	9,259,950	9,320,837
Tuition and fees	6,068,885	5,905,314	5,818,553	5,451,854	4,145,645
Investment income	50,106	231,402	180,431	154,161	81,374
Bookstore sales	108,800	107,857	122,657	125,890	139,493
Food services sales	599,211	526,802	543,160	517,284	436,794
Dormitory rentals	18,970	11,142	34,803	34,815	43,526
Other	1,402,348	1,392,272	1,599,359	1,540,697	1,727,294
Total Revenues	\$ 48,619,620	\$ 48,536,670	\$ 49,054,568	\$ 46,160,174	\$ 45,195,101

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
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
2020/21	68,837,767	43,694,250	25,143,517
2021/22	67,578,287	43,123,831	24,454,456

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
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%
2020/21 primary	994,800,778	8,923,882,222	11.15%
2020/21 secondary	1,019,444,785	9,133,423,342	11.16%
2021/22 primary	1,023,219,906	9,268,260,915	11.04%
2021/22 secondary	1,054,723,538	9,537,555,373	11.06%

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
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	-	-
2020/21	994,800,778	2.4932	24,802,373	1,019,444,785	-	-
2021/22	1,023,219,906	2.5280	25,866,999	1,054,723,538	-	-

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
2012/13	Primary	1.7329	2.6276	0.0000	2.1577	0.0000	11.1018
	Secondary	-	0.4048	0.0000	8.3577	0.0000	1.9239
2013/14	Primary	1.8508	2.6276	0.0000	2.2019	0.0000	11.1018
	Secondary	-	0.4048	0.0000	4.0900	0.0000	2.7933
2014/15	Primary	2.0329	2.6276	0.0000	2.3120	0.0000	11.1018
	Secondary	-	0.4048	0.0000	4.6742	0.0000	2.3184
2015/16	Primary	2.1756	2.6276	0.0000	2.4845	0.0000	11.1018
	Secondary	-	0.4048	0.0000	7.5466	0.0000	2.4150
2016/17	Primary	2.2860	2.6747	0.1136	2.5873	2.0793	11.1018
	Secondary	-	0.4048	0.0000	7.5466	0.0000	3.0979
2017/18	Primary	2.3735	2.6747	0.1136	2.7656	2.0234	11.1018
	Secondary	-	0.4048	0.0000	3.2500	0.0000	3.2026
2018/19	Primary	2.4023	2.6747	0.1136	2.8261	1.9679	10.8023
	Secondary	-	0.4048	0.0000	3.2500	0.0000	2.3919
2019/20	Primary	2.4516	2.6747	0.0000	2.9152	1.8954	10.8023
	Secondary	-	0.4048	0.0000	3.5976	0.0000	2.5185
2020/21	Primary	2.4020	2.6747	0.0000	2.9954	1.8954	10.8023
	Secondary	-	0.4048	0.0000	3.5906	0.0000	2.3539
2021/22	Primary	2.4442	2.6747	0.0000	3.0503	1.7694	10.6939
	Secondary	-	0.4048	0.0000	3.6028	0.0000	2.4072

Source: Cochise County Treasurer's Office website: <https://www.cochise.az.gov/439/Treasurer>

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
PRINCIPAL TAXPAYERS
Fiscal Year 2022 and Ten Years Ago
Unaudited**

2022

Taxpayer	2022 Primary Assessed Valuation	Rank	Percent of Cochise County's 2022 Primary Assessed Valuation
Arizona Electric Power Coop Inc	\$ 28,802,426	1	2.81%
Sulphur Springs Valley Electric Co-Op Inc	22,758,846	3	2.22%
Kinder Morgan-El Paso Natural Gas Company	25,390,455	2	2.48%
Southwest Gas Corporation	17,457,440	4	1.71%
Riverview LLP DBA Coronado Farms LLP	13,071,246	6	1.28%
Canyon Vista Medical Center (formerly Sierra Vista Regional Health Center	11,965,406	7	1.17%
Arizona Public Service Company	13,453,540	5	1.31%
Union Pacific Railroad	11,060,350	8	1.08%
Wal-Mart Stores Inc	6,400,849	9	0.63%
Red Horse Wind 2 Holdings, LLC	4,390,576	10	0.43%

2012

Taxpayer	2012 Primary Assessed Valuation	Rank	Percent of Cochise County's 2012 Primary Assessed Valuation
Arizona Electric Power Coop Inc	\$ 24,129,809	2	2.30%
Sulphur Springs Valley Electric Co-Op Inc	34,178,824	1	3.26%
Kinder Morgan-El Paso Natural Gas Company	5,840,076	7	0.56%
Southwest Gas Corporation	8,701,815	4	0.83%
Riverview LLP DBA Coronado Farms LLP	-	-	0.00%
Canyon Vista Medical Center (formerly Sierra Vista Regional Health Center	-	-	2.30%
Arizona Public Service Company	8,748,948	3	0.83%
Union Pacific Railroad	5,993,486	6	0.57%
Wal-Mart Stores Inc	6,509,719	5	0.62%
Red Horse Wind 2 Holdings, LLC	-	-	0.00%

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
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%
2020/21	23,841,542	22,601,783	94.80%	641,559	23,243,342	97.49%
2021/22	24,802,373	23,527,148	94.86%	720,543	24,247,691	97.76%

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	Increase	
			Dollars	Dollars	Percent
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	11,916	6,651	2,370	60	2.60%
2017/18	11,104	6,325	2,460	90	3.80%
2018/19 ⁽³⁾	10,624	6,395	2,550	90	3.66%
2019/20	9,320	5,829	2,640	90	3.53%
2020/21	9,841	5,829	2,730	90	3.41%
2021/22	9,396	5,999	2,730	0	0.00%

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				
	2022	2021	2020	2019	2018
Other Debt:					
Revenue Bonds	\$ 4,905,000	\$ 5,350,000	\$ 6,180,000	\$ 6,565,000	\$ 7,070,000
Revenue Refunding Bonds	9,645,000	10,995,000	13,510,000	14,675,000	14,675,000
Certificates of participation			-	-	-
Pledged Revenue Obligations			-	-	1,055,000
Premiums	1,915,979	2,207,158	2,498,338	2,789,518	3,080,697
Total outstanding debt	\$ 16,465,979	\$ 18,552,158	\$ 22,188,338	\$ 24,029,518	\$ 25,880,697
Per capita	\$ 125.03	\$ 140.87	\$ 169.63	\$ 184.39	\$ 198.04
Per student	\$ 1,673.20	\$ 1,885.19	\$ 2,361.72	\$ 2,261.81	\$ 2,368.94
Per FTSE	\$ 2,929.89	\$ 3,301.10	\$ 3,806.54	\$ 3,757.55	\$ 4,091.81

	For the Fiscal Year Ended June 30				
	2017	2016	2015	2014	2013
Other Debt:					
Revenue Bonds	\$ 7,565,000	\$ 7,690,000	\$ 9,975,000	\$ 10,090,000	\$ 10,195,000
Revenue Refunding Bonds	14,675,000	14,675,000	-	-	-
Certificates of participation	-	-	-	-	-
Pledged Revenue Obligations	2,070,000	3,045,000	10,100,000	11,000,000	11,870,000
Premiums	3,403,650	3,726,601	310,212	341,984	373,575
Total outstanding debt	\$ 27,713,650	\$ 29,136,601	\$ 20,385,212	\$ 21,431,984	\$ 22,438,575
Per capita	\$ 215.87	\$ 231.67	\$ 157.89	\$ 165.33	\$ 171.41
Per student	\$ 2,327.51	\$ 2,535.60	\$ 1,609.95	\$ 1,587.20	\$ 1,627.99
Per FTSE	\$ 4,166.84	\$ 4,472.92	\$ 3,108.92	\$ 2,867.54	\$ 2,811.15

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

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

For the Fiscal Year Ended June 30					
Fiscal Year	2022	2021	2020	2019	2018
Debt Limit	\$ 158,208,531	\$ 152,916,718	\$ 148,850,258	\$ 143,532,974	\$ 138,623,192
Total net debt applicable to the limit	-	-	-	-	-
Legal debt margin	\$ 158,208,531	\$ 152,916,718	\$ 148,850,258	\$ 143,532,974	\$ 138,623,192
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

For the Fiscal Year Ended June 30					
Fiscal Year	2017	2016	2015	2014	2013
Debt Limit	\$ 137,413,529	\$ 138,706,272	\$ 143,931,330	\$ 151,670,838	\$ 159,029,869
Total net debt applicable to the limit	-	-	-	-	-
Legal debt margin	\$ 137,413,529	\$ 138,706,272	\$ 143,931,330	\$ 151,670,838	\$ 159,029,869
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 2022

Secondary assessed value of real and personal property ⁽¹⁾ \$ 1,054,723,538

Debt limit = 15% of secondary assessed value 158,208,531

Amount of debt applicable to debt limit:

General obligation bonded debt _____ -

Legal debt margin, June 30, 2022 \$ 158,208,531

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

Note (1): Tax Year 2022

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

Fiscal Year	Pledged Revenues (1)	Revenue Bonds Obligations Debt Service Requirements (2)			Percentage of Debt Service Requirements To Pledged Revenues
		Principal	Interest	Total	
2012/13	5,591,365	940,000	1,048,194	1,988,194	35.56%
2013/14	6,733,501	975,000	1,009,194	1,984,194	29.47%
2014/15	7,195,463	1,015,000	968,594	1,983,594	27.57%
2015/16	7,001,941	1,055,000	892,535	1,947,535	27.81%
2016/17	7,117,661	1,100,000	1,123,331	2,223,331	31.24%
2017/18	7,571,213	1,510,000	1,070,188	2,580,188	34.08%
2018/19	7,860,604	1,560,000	1,013,950	2,573,950	32.74%
2019/20	7,731,697	1,550,000	936,450	2,486,450	32.16%
2020/21	8,000,696	1,635,000	854,700	2,489,700	31.12%
2021/22	7,858,003	1,795,000	769,200	2,564,200	32.63%

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
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%
2020/21	1,635,000	854,700	2,489,700	50,589,221	4.92%
2021/22	1,795,000	769,200	2,564,200	56,926,206	4.50%

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
2013	128,947	\$ 4,459,163	\$ 34,581	8.4%
2014	126,519	\$ 4,515,201	\$ 35,688	8.3%
2015	125,470	\$ 4,632,805	\$ 36,924	7.1%
2016	124,559	\$ 4,661,736	\$ 37,426	6.1%
2017	123,528	\$ 4,825,289	\$ 39,062	5.5%
2018	124,838	\$ 4,947,502	\$ 39,631	5.6%
2019	125,292	\$ 5,206,793	\$ 41,557	6.3%
2020	125,398	\$ 5,882,308	\$ 46,909	8.9%
2021	126,050	\$ 6,188,571	\$ 49,096	7.8%
2022	126,648	\$ N/A	\$ N/A	3.5%

Sources: U.S. Bureau of Economic Analysis, Arizona Commerce Authority

Notes: N/A= Data not available. Population estimates are from U.S. Bureau of Economic Analysis and the Arizona Commerce Authority (ACA) as of February 2023. Unemployment rate estimates are based on the Local Area Unemployment Survey data available on the ACA website.

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

Principal Industries	2022			2012		
	Employees	%	Rank	Employees	%	Rank
Goods Producing Industries						
Manufacturing	800	2%	9	600	2%	10
Natural Resources and Construction	2,100	6%	7	1,400	4%	7
Service Providing Industries						
Private Service Providing						
Trade, Transportation and Utilities	6,300	18%	1	6,100	17%	2
Information	500	1%	11	400	1%	11
Financial Activities	900	3%	8	700	2%	9
Professional and Business Services	4,500	13%	4	4,500	13%	5
Education and Health Services	4,400	12%	5	4,900	14%	4
Leisure and Hospitality	3,600	10%	6	3,800	11%	6
Other Services (except Public Administration)	800	2%	10	1,000	3%	8
Government						
Federal	4,600	13%	3	5,800	16%	3
State and Local	5,700	16%	2	6,700	19%	1

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
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
2020/21	39.3%	60.7%	42.3%	57.7%	1520	431
2021/22	36.7%	63.3%	44.7%	55.3%	1483	489

Fall Semester Fiscal Year	Age *		Residency *			
	Median	Mean	Resident	Resident Unorganized County	Out of State	Foreign
2012/13	24	28	80.8%	9.3%	9.2%	0.7%
2013/14	23	28	81.3%	9.1%	8.2%	1.4%
2014/15	23	28	77.3%	11.6%	9.2%	2.0%
2015/16	23	28	76.1%	12.0%	9.9%	1.7%
2016/17	23	28	75.1%	11.6%	12.1%	1.3%
2017/18	23	28	93.0%	4.7%	10.3%	2.1%
2018/19	23	28	89.7%	2.7%	5.4%	2.1%
2019/20	23	28	79.0%	9.0%	12.0%	1.0%
2020/21	21	26	90.9%	0.2%	6.0%	2.9%
2021/22	1	25	90.8%	0.2%	9.0%	3.3%

Fall Semester Fiscal Year	Ethnic Background *					
	American Indian	Asian American	Hispanic	African American	White	Other/Unknown
2012/13	0.9%	1.9%	40.1%	5.5%	45.5%	6.1%
2013/14	0.7%	1.7%	41.9%	5.1%	43.7%	6.9%
2014/15	0.7%	1.3%	44.1%	4.5%	42.9%	6.6%
2015/16	0.7%	1.8%	45.7%	5.2%	40.0%	6.5%
2016/17	0.7%	1.8%	46.4%	4.6%	39.7%	6.8%
2017/18	0.7%	2.1%	43.5%	5.2%	41.3%	7.2%
2018/19	0.5%	1.9%	43.1%	4.8%	41.4%	8.4%
2019/20	0.5%	2.0%	44.0%	5.0%	42.0%	6.5%
2020/21	0.8%	1.4%	46.8%	4.8%	39.0%	7.3%
2021/22	0.8%	1.6%	47.4%	4.8%	38.2%	7.3%

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

Note (1): Beginning 2018/19 No longer including Santa Cruz FTSE data

**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				
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
2020/21	97	143	293	533	14	11
2021/22	99	154	290	543	13	11

Sources: IPEDS Human Resources (employment on Nov. 1st)
 * Part C - Summary of Full-time Staff
 ** Part F - Summary of Part-time Staff

Note (1): Beginning 2018-19 No longer including Santa Cruz FTSE data

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

Location	Fiscal Year									
	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Douglas Campus (2)										
Total Square Footage	321,585	321,585	314,367	291,261	291,261	291,261	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 (3)										
Total Square Footage	210,455	205,273	205,273	205,273	205,273	205,273	188,867	188,867	188,867	188,867
Total Acreage	801.1	80.1	80.1	80.1	80.1	80.1	80.1	80.1	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	7,727	7,727	9,340	9,340	9,340	9,340
Downtown Center										
Total Square Footage	100,792	100,792	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	7.7	7.7		
Total District										
Total Square Footage	653,292	648,110	640,892	617,786	617,786	617,786	606,801	623,160	506,009	506,009
Total Acreage	1,340.1	619.1	619.1	619.1	619.1	619.1	619.1	619.2	607.9	607.9

Source: District records.

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

Note (2): Douglas Campus Total Square Footage increased with the addition of the Greenhouse, Art Fab Expansion and Aviation Hangers in FY20

Note (3): Sierra Vista Campus Total Square Footage increased with the addition of the Automotive Technology Building in FY22