

Annual Comprehensive Financial Report

FISCAL YEAR ENDED
JUNE 30, 2023

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Cochise County Community College District
901 North Colombo Avenue | Sierra Vista, AZ 85635



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COLLEGE**

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Annual Comprehensive Financial Report

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Cochise County Community College District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2023

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**COCHISE
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Annual Comprehensive Financial Report

INTRODUCTORY
SECTION

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June 25, 2024



To the Citizens of Cochise County:

I am pleased to present to you the FY2023 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 2023, the District continued its commitment to the citizens of Cochise County by focusing on our mission, vision and values, and continuing to operationalize four strategic initiatives: Access to Technology, Student Wellness, Data Accessibility and Use, and Academic Programming. These strategic priorities drove the development of the District's budget and included investments in workforce development, student success programming, health and wellness initiatives, and enhanced community engagement. Significant investment in facilities in FY2023 included the first phase of the college's First Responders Academy project, which was the construction of a driving track in partnership with the City of Sierra Vista, investments in deferred maintenance projects and facility improvements in support of academic programming, and continued work on stackable credentials in many academic programs.

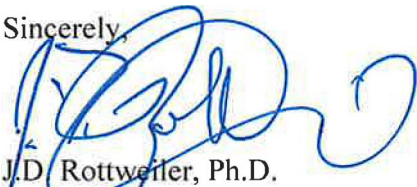
Creating opportunities . . . changing lives.

In fiscal year 2023, the District served 9,422 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 1,459 degrees and 528 certificates. In our Adult Education Program, we had substantial growth, with 63 students successfully completing the High School Equivalency Test and were awarded their diplomas as compared to 28 in the prior fiscal year. The District continues to be recognized on many levels. The Cybersecurity program was designated as a National Center of Academic Excellence by the National Security Agency (NSA). Intelligent.com ranked Cochise College as 2nd Best Community College in Arizona, the nursing program was ranked as a top 10 nursing school in Arizona, and in the top 100 nationally by [nursingprocess.org](https://www.nursingprocess.org). The District was also named a voter-friendly campus by the Campus Vote Project, and ALL IN Campus Democracy Challenge awarded the District as a Most Engaged Campus for College Student Voting designation and Highly Established Action Plan. The District places a strong emphasis on balancing the educational needs of today while providing a solid foundation for civic engagement.

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. The District is committed to sound financial practices as we help students succeed today and plan for the future. We look forward to the new opportunities that may present themselves as we move into the future. We feel we are well positioned to address those opportunities, meet any challenges, and fulfill the mission of the District for our communities and the citizens we serve.

As you read this 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,



J.D. Rottweiler, Ph.D.
President



COCHISE COLLEGE

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June 25, 2024

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, 2023 (FY2023).

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, 2023. 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

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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 of the State of Arizona 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 serves the entire county, including 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. A robust cybersecurity program was added in the Fall of 2021 and a mixed reality simulation ambulance was added in the summer 2023. District offices were relocated to the Sierra Vista Campus on July 1, 2017. In January 2021, the District opened the Automotive Technology Building on the Sierra Vista Campus. The District partnered with the City of Sierra Vista to build a driving track for use with the Southeast Arizona Law Enforcement Training Academy, CDL truck driving program, as well as other programs. The Governing Board approved the architectural services and construction manager at risk services to construct a Firearms Training Complex and Student Housing building on the Sierra Vista Campus. Construction is anticipated to be complete in the late fall 2024.

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 2022 was estimated at 126,648. This was a decrease from the prior year and continues to be below the 2011 figure of 129,783. According to OEO, population projections for 2030 is 129,781, for 2040 is 130,670, 2050 is 130,941, and 2060 is 135,231.¹

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 508 in 2022, an increase over the revised number for 2021 of 422 permits, and prior years of 337 issued in 2020 and 254 in 2019. The median sales price for a three-bedroom home sold in 2022 was \$245,800 as compared to \$215,000 in 2022 in Cochise County.²

According to OEO estimates, the county’s labor force was 48,794 in 2022, just down from the number cited in 2022 of 48,819 workers and from 2021’s number of 51,964. The unemployment rate as of August 2023 was 4.5%, slightly lower than prior year rates of 4.6%

¹ <https://www.azcommerce.com/o eo/>

² Housing market data from <https://www.rockethomes.com/real-estate-trends/az/cochise-county> – data pulled 10/17/2023

in 2021 and 6.2% in 2020. Unemployment rate by education attainment category continues to demonstrate significant differences with the most recent figures available from this source, were as follows: less than a high school diploma stable at 13%, slightly higher than the prior year at 12.3%, high school graduates 10.5% (9.9%), some college or associate degree 4.4% (3.9%), and bachelor's degree or higher slightly lower at 2.7% than the prior year 3.1%.¹

Based on Arizona Commerce Authority statistics, the top five employment sectors are Government (31.2%), Utilities and Transportation (18.1%), Professional, Financial, and Business Services (14.8%), Education and Health Services (13.4%), and Leisure and Hospitality (11.3%).

The county's largest employer is Fort Huachuca, which is a joint services installation training over 9,000 students per year. There are over 5,600 military, 8,000 civilians, and 11,000 family members associated with Fort Huachuca.

The largest threat to the labor market in Cochise County continues to be defense budget cuts impacting Fort Huachuca with changes in mission assignments. According to a report published by the Congressional Budget Office in June 2023, the CBO projections from 2023 to 2033 stated that about 49% of all discretionary outlays would be dedicated to national defense.³ While funding projections appear to be stable for military funding, the impact of the economy and geopolitical events remains a concern.

Cochise County continues to anticipate enhancements on the economy and infrastructure related to the construction of a two-port of entry project between the communities of Douglas and Agua Prieta. 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 and is anticipated to be complete in the fall 2023.⁴

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

³ Congressional Budget Office report, June 3, 2023, <https://www.cbo.gov/publication/59331>

⁴ Douglas Port of Entry Project, <https://engage.douglasaz.gov/twoportsolution>

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 2023, the District served 9,422 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 1,459 degrees and 528 certificates. In our Adult Education Program, 63 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 2023](#).

Cochise College sports teams continue to receive many accolades at the regional, state, and national levels. The women's rodeo team placed first in the regional rodeo, with one member qualifying for the national finals rodeo. Men's baseball played for the NJCAA Region I championship. Men's basketball won the ACCAC Conference Championship, was ranked in the top 25 for NJCAA Academic Team of the Year, and the head coach was inducted into the Hall of Fame and named Coach of the Year. Nine student athletes received NJCAA All-Academic honors.

PROGRAM DEVELOPMENT AND FUTURE INITIATIVES

New programs have been developed to provide additional degree and certificate options preparing students for employment opportunities. In FY2023, the District began offering a behavioral health certificate program with a grant the District received from the Legacy Foundation of Southeast Arizona. In addition, the college began offering new or revised workforce certificate programs, including CDL drivers, medical billing and coding, tax preparation, and residential construction trades.

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 continues to support students through wellness and mental health initiatives, including providing on-site mental health counseling services, 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 FY2023, 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.

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, 2023.

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,

A handwritten signature in blue ink that reads "Wendy Davis". The signature is written in a cursive, flowing style.

Wendy Davis, Ph.D.
Vice President for Administration



Government Finance Officers Association

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for Excellence
in Financial
Reporting

Presented to

**Cochise County Community College District
Arizona**

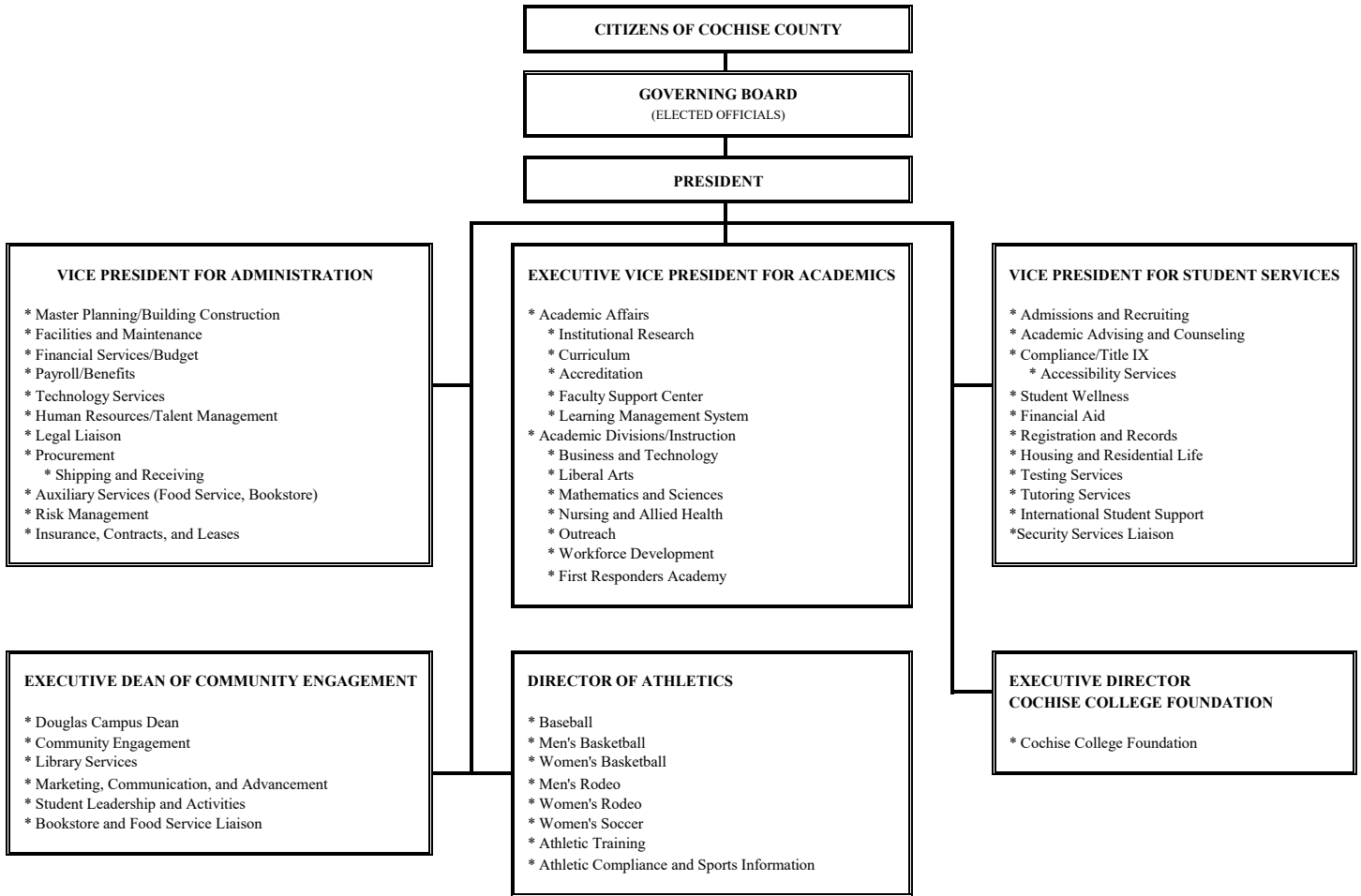
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT ORGANIZATIONAL CHART



COCHISE COUNTY COMMUNITY COLLEGE DISTRICT

PRINCIPAL OFFICERS

June 30, 2023

DISTRICT GOVERNING BOARD

Mrs. Jane Strain, *Board Chair, Precinct 3*

Mr. Don Hudgins, *Board Secretary, Precinct 2*

Mr. Tim Quinn, *Precinct 4*

Mr. Dennis Nelson, *Precinct 5*

Mr. David DiPeso, *Precinct 1*

PRESIDENT

Dr. J.D. Rottweiler

ADMINISTRATION

Dr. James Perey, *Executive Vice President for Academics*

Dr. Wendy Davis, *Vice President for Administration*



**COCHISE
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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, 2023, 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, 2023, 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, 2023, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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 46, and schedule of District pension/OPEB contributions on page 47 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 will issue our report on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters at a future date. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

June 25, 2024

Cochise County Community College District
Cochise College
Management's discussion and analysis
Year ended June 30, 2023

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, 2023. Please read it in conjunction with the letter of transmittal, on page iii, and the District's basic financial statements, which begin 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, 2023. 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, 2023. 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, 2023. 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 the fiscal year 2022-23 (FY2023), comparative data is also presented for the previous fiscal year 2021-22 (FY2022). 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 FY2023 of \$20.8 million or 29.5%, from \$70.54 million to \$91.38 million, primarily related to funds received and retained for new construction projects that will break ground in the upcoming fiscal year.

Cochise County Community College District
Cochise College
Management’s discussion and analysis
Year ended June 30, 2023

Total assets increased in FY2023 by \$19.74 million. This increase primarily occurred in the category of cash and investments, which increased by \$10 million. Increases in investments came from state aid allocations, which the college has earmarked for the new construction projects that are in progress.

Current liabilities showed an increase of \$1.59 million during the year and long-term liabilities saw an increase of \$2.6 million primarily due to an increase in accrued payroll and employee benefits and net pension and other postemployment benefits 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 (2022). The year 2022 continued to experience transitions in which long-term employees retired and many employees chose to change positions and employers.

During FY2023, the current ratio decreased slightly to 7.56 from 7.58 last fiscal year with total current assets increasing by \$11.91 million due to state aid allocations, which the college has earmarked for new construction projects.

Condensed Financial Information
Net Position

| | As of June 30, 2023 | As of June 30, 2022 |
|--|--------------------------------------|--------------------------------------|
| Assets | | |
| Current assets | \$ 56,467,834 | \$ 44,561,128 |
| Noncurrent assets, other than capital assets | 1,151,814 | 1,153,802 |
| Capital assets, net | 81,136,596 | 73,296,606 |
| Total assets, net | 138,756,244 | 119,011,536 |
| <u>Deferred Outflows of Resources</u> | 4,957,614 | 6,605,543 |
| Liabilities | | |
| Current liabilities | 7,466,517 | 5,877,006 |
| Long-term liabilities | 42,108,413 | 39,509,308 |
| Total liabilities | 49,574,930 | 45,386,314 |
| <u>Deferred Inflows of Resources</u> | 2,762,816 | 9,691,814 |
| <u>Net Position</u> | | |
| Net investment in capital assets | 66,577,715 | 56,844,409 |
| Restricted for | | |
| Grants and contracts | 23,977,085 | 12,044,287 |
| Unrestricted | 821,312 | 1,650,255 |
| Total net position | \$ 91,376,112 | \$ 70,538,951 |

Cochise County Community College District
Cochise College
Management's discussion and analysis
Year ended June 30, 2023

Condensed Financial Information

Revenues, Expenses, and Changes in Net Position

| | Fiscal Year Ended June 30, 2023 | Fiscal Year Ended June 30, 2022 |
|---|--|--|
| Tuition and fees (net of scholarship allowance) | \$ 6,770,204 | \$ 6,618,757 |
| Other operating revenues | 1,821,498 | 1,753,291 |
| Total operating revenues | 8,591,702 | 8,372,048 |
| Total operating expenses | 56,157,485 | 56,926,206 |
| Operating loss | (47,565,783) | (48,554,158) |
| Nonoperating revenues (expenses) | | |
| Property taxes | 25,012,699 | 24,602,704 |
| State appropriations | 29,168,066 | 22,399,571 |
| Government grants | 11,290,109 | 16,503,103 |
| Share of State sale taxes | 2,301,098 | 1,884,348 |
| Private gifts | 313,693 | 361,657 |
| Investment earnings | 785,720 | (514,045) |
| Interest expense on debt | (505,272) | (595,022) |
| Gain/(Loss) on disposal of capital assets | 36,831 | (897,123) |
| Other nonoperating revenues | - | 831,595 |
| Net nonoperating revenues | 68,402,944 | 64,576,788 |
| Increase in net position | 20,837,161 | 16,022,630 |
| Total net position, beginning of year | 70,538,951 | 54,516,321 |
| Total net position, end of year | \$ 91,376,112 | \$ 70,538,951 |

Total operating revenues increased \$0.22 million in FY2023 compared to the prior year with an increase in tuition and fees of \$0.15 million due to an increase in enrollment. Other operating revenues increased by \$0.07 million. Included in this category are building rentals, club revenues, and other operating revenues.

Nonoperating revenues saw an increase of \$3.82 million. State appropriations increased by \$6.77 million due to a one-time state allocation of \$6.2 million for a new project while government grants nonoperating revenues decreased by \$5.21 million due to the expiration of the CARES Coronavirus Aid, Relief and Economic Security Act in FY22.

Cochise County Community College District
 Cochise College
 Management’s discussion and analysis
 Year ended June 30, 2023

Operating expenses decreased by \$0.77 million (1%) for the year ended June 30, 2023.

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, 2023</u> | <u>Fiscal Year Ended</u> <u>June 30, 2022</u> | <u>Increase</u> <u>(Decrease) \$</u> | <u>Increase</u> <u>(Decrease) %</u> |
|-----------------------------|--|--|---|--|
| Salaries and wages | \$ 25,673 | \$ 23,234 | 2,439 | 10% |
| Employee benefits | 6,478 | 5,854 | 624 | 11% |
| Contractual services | 5,803 | 4,813 | 990 | 21% |
| Supplies and other services | 4,521 | 4,712 | (191) | -4% |
| Scholarships | 5,074 | 11,311 | (6,237) | -55% |
| Depreciation/amortization | 5,938 | 4,798 | 1,140 | 24% |
| Other Expenses | 2,670 | 2,204 | 466 | 21% |
| Total | \$ 56,157 | \$ 56,926 | \$ (769) | -1% |

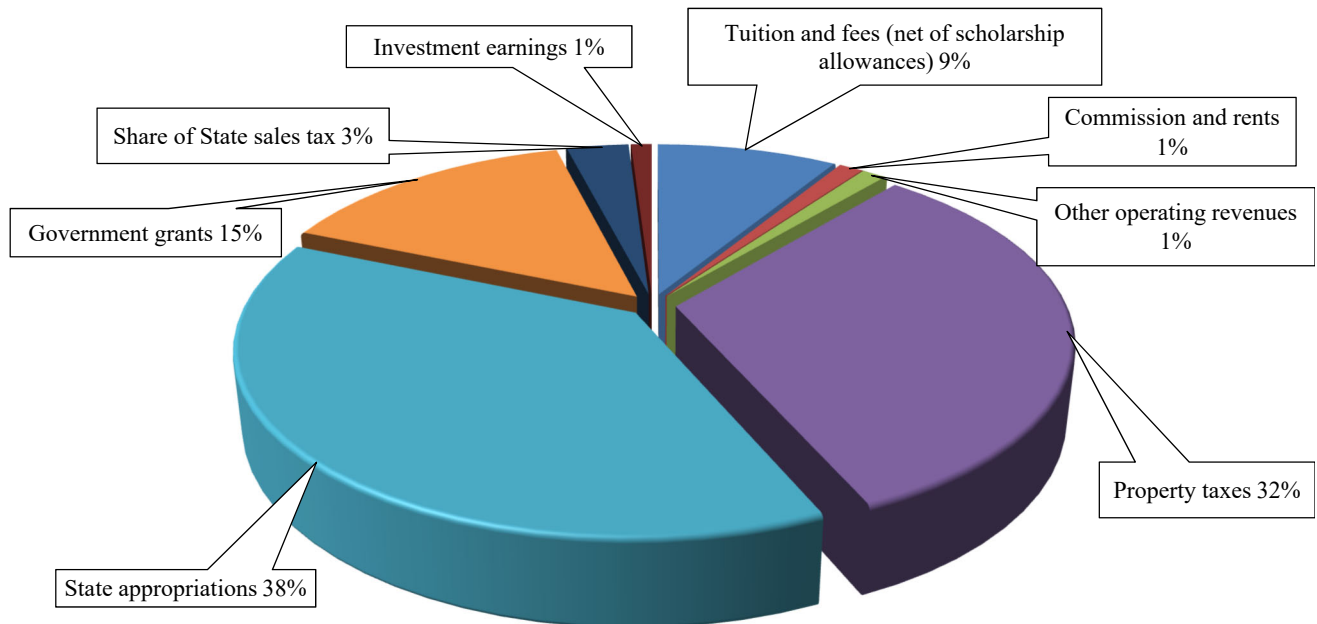
Comparing FY2023 to the prior year, the largest percentage increase in operating expenses was in salaries and wages for a total of \$2.44 million or 10%. This is due to enrollment returning to pre-pandemic numbers and the District increasing staffing to accommodate the growing enrollment and increasing salaries to market rates, which had risen significantly. The next increase in operating expenses was in depreciation/amortization for a total of \$1.14 million or 24% due to the large-scale projects such as the First Responders Academy driving track and recent renovations. The decrease in scholarships of \$6.20 million or 55% is due to the expiration of the CARES Coronavirus Aid, Relief and Economic Security Act which decreased the amount in scholarships awarded in FY23.

Cochise County Community College District
 Cochise College
 Management's discussion and analysis
 Year ended June 30, 2023

The following is a comparative summary of revenues for fiscal years ended June 30, 2023 and June 30, 2022:

Condensed Financial Information
Revenues by Source

| | <u>Fiscal Year Ended June 30, 2023</u> | | <u>Fiscal Year Ended June 30, 2022</u> | |
|--|--|-------------|--|-------------|
| <u>Operating revenues</u> | | | | |
| Tuition and fees (net of scholarship allowances) | \$ 6,770,204 | 9% | \$ 6,618,757 | 9% |
| Commission and rents | 906,182 | 1% | 747,851 | 1% |
| Other operating revenues | 915,316 | 1% | 1,005,440 | 1% |
| Total operating revenues | 8,591,702 | 11% | 8,372,048 | 11% |
| <u>Nonoperating revenues</u> | | | | |
| Property taxes | 25,012,699 | 32% | 24,602,704 | 33% |
| State appropriations | 29,168,066 | 38% | 22,399,571 | 30% |
| Government grants | 11,290,109 | 15% | 16,503,103 | 22% |
| Share of State sales tax | 2,301,098 | 3% | 1,884,348 | 3% |
| Private gifts | 313,693 | 0% | 361,657 | 0% |
| Investment earnings | 785,720 | 1% | (514,045) | 0% |
| Gain on disposal of capital assets | 36,831 | 0% | - | 0% |
| Other nonoperating revenues | - | 0% | 831,595 | 1% |
| Total nonoperating revenues | 68,908,216 | 89% | 66,068,933 | 89% |
| Total revenues | \$ 77,499,918 | 100% | \$ 74,440,981 | 100% |

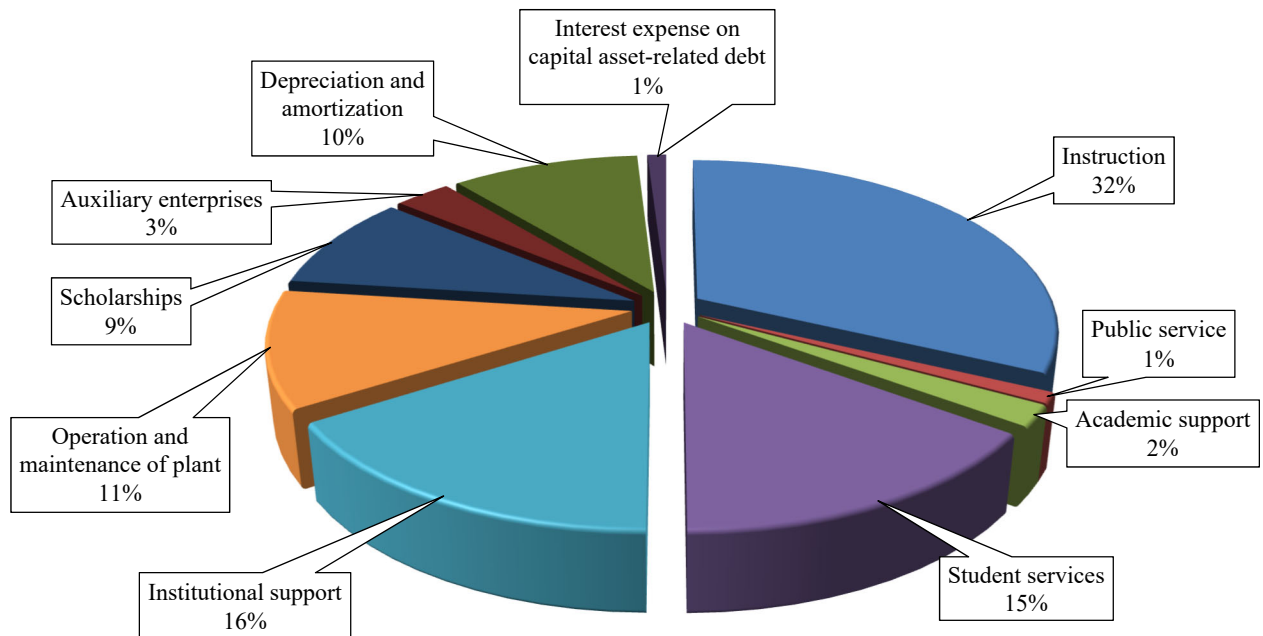


Cochise County Community College District
 Cochise College
 Management's discussion and analysis
 Year ended June 30, 2023

The following is a summary of expenses for fiscal years ended June 30, 2023 and June 30, 2022:

Condensed Financial Information
Expenses by Function

| | <u>Fiscal Year Ended</u> <u>June 30, 2023</u> | | <u>Fiscal Year Ended</u> <u>June 30, 2022</u> | |
|--|--|-------------|--|-------------|
| <u>Operating expenses</u> | | | | |
| Educational and general: | | | | |
| Instruction | \$ 18,056,955 | 32% | \$ 16,584,164 | 29% |
| Public service | 552,340 | 1% | 538,737 | 1% |
| Academic support | 1,200,394 | 2% | 1,248,810 | 2% |
| Student services | 8,570,023 | 15% | 7,667,700 | 13% |
| Institutional support | 9,244,103 | 16% | 8,846,072 | 15% |
| Operation and maintenance of plant | 5,941,124 | 11% | 4,877,291 | 8% |
| Scholarships | 5,073,611 | 9% | 11,311,498 | 19% |
| Auxiliary enterprises | 1,580,877 | 3% | 1,054,260 | 2% |
| Depreciation and amortization | 5,938,058 | 10% | 4,797,674 | 8% |
| Total operating expenses | <u>56,157,485</u> | 99% | <u>\$ 56,926,206</u> | 97% |
| <u>Nonoperating expenses</u> | | | | |
| Interest expense on capital asset-related debt | 505,272 | 1% | 595,022 | 1% |
| Loss on disposal of capital assets | - | 0% | 897,123 | 2% |
| Total nonoperating expenses | <u>505,272</u> | 1% | <u>1,492,145</u> | 3% |
| Total Expenses | <u>\$ 56,662,757</u> | 100% | <u>\$ 58,418,351</u> | 100% |



Cochise County Community College District
Cochise College
Management’s discussion and analysis
Year ended June 30, 2023

Below is a summary of capital assets, net of accumulated depreciation/amortization, as of June 30, 2023 and June 30, 2022. See Note 3 for further details.

Condensed Financial Information
Capital assets detail

| | Balance at June 30, 2023 | Balance at June 30, 2022 (restated)* |
|--|-------------------------------------|---|
| Capital assets (net of depreciation/amortization) | | |
| Land | \$ 3,107,057 | \$ 1,993,038 |
| Museum art collection | 66,000 | 66,000 |
| Construction in progress | 2,360,570 | 936,128 |
| Buildings and improvements | 58,316,403 | 57,828,588 |
| Improvements other than buildings | 11,191,143 | 7,855,279 |
| Equipment | 4,811,227 | 3,819,804 |
| Library books | 104,202 | 111,936 |
| Right-to-use subscription assets | 935,505 | 63,157 |
| Right-to-use lease assets | 244,489 | 685,833 |
| Total | \$ 81,136,596 | \$ 73,359,763 |

The District's beginning balance was restated from fiscal year 2022 due to the implementation of GASB No. 96. There was no impact to net position

At June 30, 2023, the District had several capital construction projects in progress with a total of \$2.36 million invested thus far.

During FY2023, Governmental Accounting Standards Board Statement 96, Subscription-Based Information Technology Arrangements, was implemented. This statement defines a subscription-based information technology agreement (SBITA) and establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. The impact of this implementation to the District’s capital assets is to separately report a net of \$.94 million in intangible right-to-use subscription assets.

During FY2023, the principal payment was \$0.47 million on the Series 2016A Revenue Bonds and \$1.42 million on the Series 2016B Revenue Refunding Bonds. At June 30, 2023, the District had an outstanding principal balance due of \$4.44 million for the 2016A Revenue Bonds and \$8.23 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 are 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 to the Office of the VP for Administration, Cochise County Community College District, 901 N Colombo Ave, Sierra Vista, AZ 85635.

Cochise County Community College District
Cochise College
Statement of net position - primary government
June 30, 2023

| | <u>Business-type activities</u> |
|---|-------------------------------------|
| Assets | |
| Current assets: | |
| Cash and cash equivalents | 18,642,268 |
| Investments | 32,816,550 |
| Receivables(net of allowances for uncollectibles) | |
| Property taxes | 864,278 |
| Government grants & contracts | 662,763 |
| Interest | 159,351 |
| Leases | 93,220 |
| Accounts | 469,142 |
| Other | 561,535 |
| Inventories | 744,431 |
| Prepaid items | 1,454,296 |
| Total current assets | <u>56,467,834</u> |
| Noncurrent assets: | |
| Net other postemployment benefits asset | 961,045 |
| Lease receivable | 190,769 |
| Capital assets, not being depreciated/amortized | 5,533,627 |
| Capital assets, being depreciated/amortized, net | 75,602,969 |
| Total noncurrent assets | <u>82,288,410</u> |
| Total assets | <u>138,756,244</u> |
| Deferred outflows of resources | |
| Deferred charge on debt refunding | 585,007 |
| Deferred outflows related to pensions and other postemployment benefits | 4,372,607 |
| Total deferred outflows of resources | <u>4,957,614</u> |
| Liabilities | |
| Current liabilities: | |
| Accounts payable | 955,810 |
| Accrued payroll & employee benefits | 3,097,073 |
| Interest payable | 28,327 |
| Deposits held in custody for others | 161,097 |
| Unearned revenues | 329,087 |
| Current portion of compensated absences payable | 208,886 |
| Current portion of leases payable | 248,593 |
| Current portion of subscription-based information technology agreements payable | 176,464 |
| Current portion of long-term debt | 2,261,180 |
| Total current liabilities | <u>7,466,517</u> |
| Noncurrent liabilities: | |
| Compensated absences payable | 1,679,816 |
| Subscription-based information technology agreements payable | 429,032 |
| Net pension and other postemployment benefits liability | 27,970,946 |
| Long-term debt | 12,028,619 |
| Total noncurrent liabilities | <u>42,108,413</u> |
| Total liabilities | <u>49,574,930</u> |
| Deferred inflows of resources | |
| Deferred inflows related to leases | 278,118 |
| Deferred inflows related to pensions and other postemployment benefits | 2,484,698 |
| Total deferred inflows of resources | <u>2,762,816</u> |
| Net position | |
| Net investment in capital assets | 66,577,715 |
| Restricted: | |
| Expendable: | |
| Grants and contracts | 23,977,085 |
| Unrestricted | 821,312 |
| Total net position | <u>\$ 91,376,112</u> |

See accompanying notes to financial statements

Cochise County Community College District
Cochise College
Statement of financial position – component unit
June 30, 2023

Cochise College
Foundation, Inc.

ASSETS

| | | |
|---|----|--------------------------|
| Cash and cash equivalents | \$ | 429,844 |
| Contribution receivable | | 2,339 |
| Property held for sale | | 204,486 |
| Investments | | 12,916,624 |
| Land held as an investment | | 38,704 |
| Assets restricted to investment in property and equipment | | 9,580,270 |
| Total assets | \$ | <u><u>23,172,267</u></u> |

LIABILITIES AND NET ASSETS

| | | |
|---|----|--------------------------|
| Liabilities | | |
| Deposits held on behalf of others | \$ | 21,125 |
| Liability under split-interest agreement | | 181,358 |
| Total liabilities | | <u><u>202,483</u></u> |
| | | |
| Net assets | | |
| Without donor restrictions - undesignated | | 565,075 |
| Without donor restrictions - board designated | | 599,831 |
| With donor restrictions | | 21,804,878 |
| Total net assets | | <u><u>22,969,784</u></u> |
| Total liabilities and net assets | \$ | <u><u>23,172,267</u></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, 2023

| | Business-type activities |
|---|-----------------------------|
| Operating revenues: | |
| Tuition and fees (net of scholarship allowances of \$3,125,925) | \$ 6,770,204 |
| Bookstore income | 49,414 |
| Food service income | 831,395 |
| Dormitory rentals and fees | 25,373 |
| Other | 915,316 |
| Total operating revenues | <u>8,591,702</u> |
| Operating expenses: | |
| Educational and general: | |
| Instruction | 18,056,955 |
| Public service | 552,340 |
| Academic support | 1,200,394 |
| Student services | 8,570,023 |
| Institutional support | 9,244,103 |
| Operation and maintenance of plant | 5,941,124 |
| Scholarships | 5,073,611 |
| Auxiliary enterprises | 1,580,877 |
| Depreciation and amortization | 5,938,058 |
| Total operating expenses | <u>56,157,485</u> |
| Operating loss | <u>(47,565,783)</u> |
| Nonoperating revenues (expenses): | |
| Property taxes | 25,012,699 |
| State appropriations | 29,168,066 |
| Government grants | 11,290,109 |
| Share of State sales tax | 2,301,098 |
| Private gifts | 313,693 |
| Investment earnings | 785,720 |
| Interest expense on debt | (505,272) |
| Gain on disposal of capital assets | 36,831 |
| Total nonoperating revenues (expenses) | <u>68,402,944</u> |
| Increase in net position | 20,837,161 |
| Net position, July 1, 2022 | <u>70,538,951</u> |
| Net position, June 30, 2023 | <u>\$ 91,376,112</u> |

See accompanying notes to financial statements

Cochise County Community College District
Cochise College
Statement of activities – component unit
Year ended June 30, 2023

| | Cochise College Foundation, Inc. | | |
|---|----------------------------------|----------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Support, revenue, and gains: | | | |
| Investment return, net | \$ 31,894 | \$ 2,497,509 | \$ 2,529,403 |
| Contributions | 757,517 | 29,849 | 787,366 |
| In-kind contributions | 149,372 | - | 149,372 |
| Realized gain on property held for sale | 19,693 | - | 19,693 |
| Net assets released from restrictions | 535,588 | (535,588) | - |
| Total support, revenue, and gains | <u>\$ 1,494,064</u> | <u>\$ 1,991,770</u> | <u>\$ 3,485,834</u> |
| Expenses | | | |
| Program services: | | | |
| Student support | <u>\$ 1,006,897</u> | <u>\$ -</u> | <u>\$ 1,006,897</u> |
| Supporting activities | | | |
| Management and general | 336,227 | | 336,227 |
| Fundraising | 74,404 | | 74,404 |
| Total supporting activities | <u>410,631</u> | <u>-</u> | <u>410,631</u> |
| Total expenses | <u>1,417,528</u> | <u>-</u> | <u>1,417,528</u> |
| Change in net assets | 76,536 | 1,991,770 | 2,068,306 |
| Net assets, beginning of the year | <u>1,088,370</u> | <u>19,813,108</u> | <u>20,901,478</u> |
| Net assets, end of the year | <u>\$ 1,164,906</u> | <u>\$ 21,804,878</u> | <u>\$ 22,969,784</u> |

See accompanying notes to financial statements

Cochise County Community College District
Cochise College
Statement of cash flows - primary government
Year ended June 30, 2023

| | Business-Type Activities |
|--|-----------------------------|
| Cash flows from operating activities | |
| Tuition and fees | \$ 6,266,296 |
| Bookstore receipts | 49,414 |
| Food services receipts | 831,395 |
| Dormitory rentals and fees | 25,373 |
| Other receipts | 907,749 |
| Payments to suppliers and providers of goods and services | (13,478,994) |
| Payments for employee wages and benefits | (31,720,327) |
| Payments for scholarships | (5,110,031) |
| Deposits held in custody for others received | 177,370 |
| Deposits held in custody for others disbursed | (161,175) |
| Net cash used for operating activities | <u>(42,212,930)</u> |
| Cash flows from noncapital financing activities: | |
| Property taxes | 24,742,766 |
| State appropriations | 29,168,066 |
| Private and government grants and gifts | 11,318,043 |
| Share of State sales taxes | 2,301,098 |
| Direct loans received | 1,600,323 |
| Direct loans disbursed | (1,600,323) |
| Net cash provided by noncapital financing activities | <u>67,529,973</u> |
| Cash flows from capital and related financing activities: | |
| Principal paid on capital debt | (2,521,458) |
| Interest paid on capital debt | (652,924) |
| Proceeds from sale of capital assets | 42,032 |
| Purchases of capital assets | (12,882,098) |
| Net cash used for capital and related financing activities | <u>(16,014,448)</u> |
| Cash flows from investing activities: | |
| Net purchases of investments | (8,973,037) |
| Interest received on investments | 1,392,815 |
| Net cash used for investing activities | <u>(7,580,222)</u> |
| Net increase in cash and cash equivalents | 1,722,373 |
| Cash and cash equivalents, July 1, 2022 | <u>16,919,895</u> |
| Cash and cash equivalents, June 30, 2023 | <u>\$ 18,642,268</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, 2023

| | <u>Business-Type Activities</u> |
|---|-------------------------------------|
| Reconciliation of operating loss to net cash used for operating activities: | |
| Operating loss | \$ (47,565,783) |
| Adjustments to reconcile operating loss to net cash used for operating activities: | |
| Depreciation and amortization | 5,938,058 |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources: | |
| Accounts receivable | (172,582) |
| Leases receivable | 110,218 |
| Other receivables | (117,785) |
| Inventories | 43,478 |
| Deferred outflows of resources related to pensions and OPEB | 1,530,928 |
| Net other postemployment benefits asset | (91,232) |
| Accounts payable | 582,561 |
| Accrued payroll and employee benefits | 1,143,301 |
| Compensated absences payable | 4,027 |
| Unearned revenues | (331,326) |
| Deferred inflows of resources related to pensions and OPEB | (6,814,780) |
| Deferred inflows of resources related to leases | (114,218) |
| Prepaid items | (1,032,808) |
| Net pension/OPEB liability | 4,658,818 |
| Deposits held in custody for others | 16,195 |
| Net cash used for operating activities | <u><u>\$ (42,212,930)</u></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 charges associated with the revenue refunding bonds issued in 2016.

The District's investments had a net decrease in fair market value of \$696,611.

The District disposed of capital assets with a net book value of \$5,201.

The District had a non-cash addition of \$739,165 of new subscription-based information technology arrangements in fiscal year 2023 due to the implementation of GASB 96.

See accompanying notes to financial statements

Cochise County Community College District
Cochise College
Notes to financial statements
June 30, 2023

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, 2023, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset -an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. As a result, the District's financial statements have been modified to reflect the implementation of this new standard.

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.

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During the year ended June 30, 2023, the Foundation distributed \$1,006,897 to the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Cochise College Foundation, 4190 West Highway 80, Douglas, Arizona 85607-6100.

B. Basis of presentation and accounting

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

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

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donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

The District eliminates all internal activity.

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

C. Cash and investments

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

All investments are stated at fair value.

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 subscription assets: | 5,000 | Straight line | varies |
| Right-to-use lease assets: | | | |
| Equipment | 5,000 | Straight line | varies |

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the District has

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determined is reasonably certain of being exercised – then the lease asset is amortized over the useful life of the underlying asset.

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

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, 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 and subscription-based information technology arrangements

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.

Subscription-based information technology arrangements

The District recognizes subscription liabilities with an initial, individual value of \$5,000 or more. The District uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. 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, 2023, the carrying amount of the District’s deposits was \$4,062,811, and the bank balance was \$5,597,891. 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 \$47,391,852 at June 30, 2023. 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 | \$ 31,359,532 | \$ 31,359,532 | \$ - |
| U.S. agency securities | 1,457,018 | - | 1,457,018 |
| Total investments categorized by fair value level | <u>\$ 32,816,550</u> | <u>\$ 31,359,532</u> | <u>\$ 1,457,018</u> |

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

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 | \$ 7,074,129 |
| County Treasurer's investment pool | 7,501,173 |
| Total external investment pools measured at fair value | <u>\$ 14,575,302</u> |

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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, 2023, credit risk for the District’s investments was as follows:

| Investment Type | Rating | Rating Agency | Amount |
|-------------------------------------|---------|----------------|----------------------|
| U.S. agency securities | Aaa | Moody's | \$ 1,457,018 |
| State Treasurer's investment pool 7 | Unrated | Not applicable | 7,074,129 |
| County Treasurer's investment pool | Unrated | Not applicable | 7,501,173 |
| | | | <u>\$ 16,032,320</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.

At June 30, 2023, 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 | \$ 7,074,129 | \$ - | \$ 7,074,129 |
| County Treasurer's investment pool | 7,501,173 | - | 7,501,173 |
| U.S. Treasury securities | 13,662,285 | 17,697,247 | 31,359,532 |
| U.S. agency securities | 1,183,996 | 273,022 | 1,457,018 |
| | <u>\$29,421,583</u> | <u>\$17,970,269</u> | <u>\$ 47,391,852</u> |

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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 | \$ 4,155 | Cash and cash equivalents | \$ 18,642,268 |
| Amount of deposits | 4,062,811 | Current investments | 32,816,550 |
| Amount of investments | 47,391,852 | | |
| Total | <u>\$ 51,458,818</u> | Total | <u>\$ 51,458,818</u> |

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Note 3 - Capital assets

Capital asset activity for the year ended June 30, 2023, was as follows:

| | Balance July 1, 2022 (restated)* | Increases | Decreases | Balance June 30, 2023 |
|---|--|----------------------|---------------------|--------------------------|
| Capital assets not being depreciated/amortized: | | | | |
| Land | \$ 1,993,038 | \$ 1,114,019 | \$ - | \$ 3,107,057 |
| Museum art collection | 66,000 | - | - | 66,000 |
| Construction in progress | 936,128 | 1,424,442 | - | 2,360,570 |
| Total capital assets not being depreciated/amortized | <u>2,995,166</u> | <u>2,538,461</u> | <u>-</u> | <u>5,533,627</u> |
| Capital assets being depreciated/amortized: | | | | |
| Buildings | 94,135,638 | 2,852,500 | - | 96,988,138 |
| Equipment | 15,635,635 | 2,742,466 | (301,242) | 18,076,859 |
| Improvements other than buildings | 16,073,278 | 4,480,772 | - | 20,554,050 |
| Library books | 330,703 | 23,850 | (53,607) | 300,946 |
| Intangibles: | | | | |
| Right-to-use subscription assets | 63,157 | 1,082,042 | - | 1,145,199 |
| Right-to-use lease assets: | | | | |
| Equipment | 976,562 | - | (76,889) | 899,673 |
| Total capital assets being depreciated/amortized | <u>\$ 127,214,973</u> | <u>\$ 11,181,630</u> | <u>\$ (431,738)</u> | <u>\$ 137,964,865</u> |
| Less accumulated depreciation/amortization for: | | | | |
| Buildings | \$ (36,307,049) | \$ (2,364,686) | \$ - | \$ (38,671,735) |
| Equipment | (11,815,831) | (1,748,072) | 298,271 | (13,265,632) |
| Improvements other than buildings | (8,217,999) | (1,145,360) | 452 | (9,362,907) |
| Library books | (218,767) | (28,902) | 50,925 | (196,744) |
| Intangibles: | | | | |
| Right-to-use subscription assets | - | (209,694) | - | (209,694) |
| Right-to-use lease assets: | | | | |
| Equipment | (290,729) | (441,344) | 76,889 | (655,184) |
| Total accumulated depreciation/amortization | <u>(56,850,375)</u> | <u>(5,938,058)</u> | <u>426,537</u> | <u>(62,361,896)</u> |
| Total capital assets being depreciated/amortized, net | <u>70,364,598</u> | <u>5,243,572</u> | <u>(5,201)</u> | <u>75,602,969</u> |
| Capital assets, net | <u>\$ 73,359,764</u> | <u>\$ 7,782,033</u> | <u>\$ (5,201)</u> | <u>\$ 81,136,596</u> |

*The District's beginning balance was restated from fiscal year 2022 due to the implementation of GASB No. 96. 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.

The District had major contractual commitments related to various capital projects at June 30, 2023 including the construction of the Firearms Training Complex and Bugen Hall student housing, HVAC projects and renovations. At June 30, 2023, the District had spent \$2,360,570 on these projects and had remaining contractual commitments with contractors of \$543,152. These projects are being financed through state aid, private donated funds and federal grants.

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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, 2023:

| | Balance July 1, 2022 | | | Balance June 30, 2023 | Due within one year |
|---|---------------------------------|---------------------|---------------------|----------------------------------|--------------------------------|
| | *Restated | Additions | Reductions | | |
| Bonds payable: | | | | | |
| Revenue bonds | \$ 4,905,000 | \$ - | \$ 465,000 | \$ 4,440,000 | \$ 480,000 |
| Revenue refunding bonds | 9,645,000 | - | 1,420,000 | 8,225,000 | 1,490,000 |
| Premiums | 1,915,979 | - | 291,180 | 1,624,799 | 291,180 |
| Total bonds payable | <u>16,465,979</u> | <u>-</u> | <u>2,176,180</u> | <u>14,289,799</u> | <u>2,261,180</u> |
| Net pension and other postemployment benefits liability | 23,312,128 | 4,658,818 | | 27,970,946 | |
| Leases payable | 688,226 | | 439,633 | 248,593 | 248,593 |
| Subscriptions liability | 63,156 | 739,165 | 196,825 | 605,496 | 176,464 |
| Compensated absences | 1,884,675 | 2,030,224 | 2,026,197 | 1,888,702 | 208,886 |
| Total long-term liabilities | <u>\$ 42,414,164</u> | <u>\$ 7,428,207</u> | <u>\$ 4,838,835</u> | <u>\$ 45,003,536</u> | <u>\$ 2,895,123</u> |

*The District’s beginning balance was restated from fiscal year 2022 due to the implementation of GASB No. 96. 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, 2023:

| Description | Original Amount Authorized | Amount Issued | Maturity Ranges | Interest Rates | Outstanding Principal |
|-------------------------|---|--------------------------|----------------------------|---------------------------|----------------------------------|
| Revenue bonds | \$ 7,310,000 | \$ 7,310,000 | 2024-31 | 3.00-5.00% | 4,440,000 |
| Revenue refunding bonds | \$ 14,675,000 | \$ 14,675,000 | 2024-28 | 5.00% | 8,225,000 |
| | | | | | <u>\$ 12,665,000</u> |

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The following schedule details debt service requirements to maturity for the District’s bonds payable at June 30, 2023:

| Year Ending June 30: | Revenue Bonds Series 2016A | | Revenue Bonds Series 2016B | | Total Debt Service Requirements |
|-------------------------|----------------------------|-------------------|----------------------------|---------------------|------------------------------------|
| | Principal | Interest | Principal | Interest | |
| 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 | 570,000 | 96,300 | 1,810,000 | 90,500 | 2,566,800 |
| 2029-2031 | 1,840,000 | 149,250 | - | - | 1,989,250 |
| Totals | <u>\$ 4,440,000</u> | <u>\$ 870,000</u> | <u>\$ 8,225,000</u> | <u>\$ 1,273,500</u> | <u>\$ 14,808,500</u> |

Revenues pledged—The District has pledged future revenue streams from tuition, fees, rentals, and other payments from students, faculty, and others to make debt service payments on all revenue bonds and revenue refunding bonds outstanding at June 30, 2023. Annual principal and interest payments on the debt issuances, payable solely from these revenues through 2031, are expected to require approximately 20% of the annual pledged gross revenues. The total principal and interest remaining to be paid is \$14,808,500. For FY 2023 principal and interest payments and total pledged gross revenues were \$2,564,450 and \$9,377,422, respectively.

Leases—The District has obtained the right to use airplanes for the aviation program and office equipment under provisions of various lease agreements for a period of time in an exchange or exchange-like transaction.

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

| | | |
|---|----|----------------|
| Total intangible right-to-use leased assets | \$ | 899,673 |
| Less: accumulated amortization | | 655,184 |
| Carrying Value | \$ | <u>244,489</u> |

The following schedule details minimum lease payments to maturity for the District’s leases payable at June 30, 2023:

| Year Ending June 30: | Principal | Interest |
|-------------------------|------------|----------|
| 2024 | \$ 248,593 | \$ 2,644 |

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Subscription-based information technology arrangements (SBITAs)—The District has obtained the right to use licensing software under the provisions of various subscription-based information technology arrangements.

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

| | | |
|---|----|-----------------------|
| Total intangible right-to-use subscription assets | \$ | 1,145,199 |
| Less: accumulated amortization | | 209,694 |
| Carrying Value | \$ | <u><u>935,505</u></u> |

The following schedule details minimum subscription payments to maturity for the District's subscription liability at June 30, 2023:

| Year Ending | | |
|-----------------|-------------------|------------------|
| <u>June 30:</u> | <u>Principal</u> | <u>Interest</u> |
| 2024 | \$ 176,464 | \$ 35,464 |
| 2025 | 159,728 | 25,074 |
| 2026 | 128,913 | 15,778 |
| 2027 | 140,391 | 8,231 |
| Totals | <u>\$ 605,496</u> | <u>\$ 84,547</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 \$135 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 a \$10,000 deductible.

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

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

Settled claims 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, 2023.

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 are 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.

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, 2023, the statute required active ASRS members to contribute at the actuarially determined rate of 12.17 percent (12.03 percent for retirement and 0.14 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 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members’ annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 9.68 percent (9.62 percent for retirement and 0.06 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, 2023, were \$2,649,666, \$23,975, and \$30,835, respectively.

Liability—At June 30, 2023, the District reported the following asset and liabilities for its proportionate share of the ASRS’ net pension/OPEB asset or liability.

| <u>ASRS</u> | <u>Net pension/OPEB (asset) liability</u> |
|----------------------------------|---|
| Pension | \$27,955,068 |
| Health insurance premium benefit | (\$961,045) |
| Long-term disability | \$15,878 |

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The net asset and net liabilities were measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022.

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, 2022. The District's proportion measured as of June 30, 2022, and the change from its proportions measured as of June 30, 2021, were:

| ASRS | Proportion June 30, 2022 | Increase (decrease) from June 30, 2021 |
|----------------------------------|-------------------------------------|---|
| Pension | 0.17127% | (0.00006) |
| Health insurance premium benefit | 0.17220% | (0.00006) |
| Long-term disability | 0.17192% | (0.00006) |

Expense—For the year ended June 30, 2023, the District recognized the following pension and OPEB expense.

| ASRS | Pension/OPEB expense |
|----------------------------------|-----------------------------|
| Pension | \$2,126,208 |
| Health insurance premium benefit | (\$140,059) |
| Long-term disability | \$2,060 |

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Deferred outflows/inflows of resources—At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

| | 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 | \$ 238,194 | \$ - | \$ - | \$ 490,463 | \$ 8,265 | \$ 14,795 |
| Changes of assumptions or other inputs | 1,387,464 | - | 15,598 | 26,211 | 8,647 | 38,754 |
| Net difference between projected and actual earnings on plan investments | - | 736,364 | - | 32,373 | - | 494 |
| Changes in proportion and differences between district contributions and proportionate share of contributions | - | 1,133,708 | 9,963 | 71 | - | 11,465 |
| District contributions subsequent to the measurement date | 2,649,666 | - | 23,975 | - | 30,835 | - |
| Total | \$ 4,275,324 | \$ 1,870,072 | \$ 49,536 | \$ 549,118 | \$ 47,747 | \$ 65,508 |

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, 2024.

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

| <u>Year ending June 30</u> | <u>Pension</u> | <u>Health insurance premium benefit</u> | <u>Long-term disability</u> |
|----------------------------|----------------|---|-----------------------------|
| 2024 | 471,853 | (144,372) | (5,440) |
| 2025 | (616,352) | (157,204) | (6,328) |
| 2026 | (1,278,500) | (172,600) | (10,047) |
| 2027 | 1,178,585 | (24,248) | (2,922) |
| 2028 | - | (25,133) | (8,923) |
| Thereafter | - | - | (14,936) |

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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, 2021 |
| Actuarial roll forward date | June 30, 2022 |
| 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, 2021, 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. 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% | 3.90% |
| Fixed income - credit | 20% | 5.30% |
| Fixed income - interest rate sensitive | 10% | -0.20% |
| Real estate | 20% | 6.00% |
| Total | 100% | |

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Discount rate – At June 30, 2022, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the 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 | \$ 41,246,872 | \$ 27,955,068 | \$ 16,871,780 |
| Net health insurance premium benefit (asset) | (691,044) | (961,045) | (1,190,136) |
| Net long-term disability liability | 26,322 | 15,878 | 5,757 |

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 \$78,176 of outstanding pension and OPEB contribution amounts payable to ASRS for the year ended June 30, 2023.

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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 | \$ | 32,151,388 |
| Contract services | | 5,802,761 |
| Supplies and other services | | 4,520,888 |
| Communications and utilities | | 1,803,737 |
| Scholarships | | 5,073,611 |
| Depreciation/amortization | | 5,938,058 |
| Other | | 867,042 |
| Total | \$ | <u>56,157,485</u> |

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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

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

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

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

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

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The fair value of the assets restricted to investment in property and equipment totaled \$9,580,270 as of June 30, 2023.

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, 2023, deposits held on behalf of others totaled \$7,713 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, 2023, 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 time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

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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).

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, 2023, 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 | \$ 429,844 |
| Restricted Cash | 2,239 |
| Property held for sale | 204,486 |
| Investments | 22,496,894 |
| Land held as an investment | 38,704 |
| Total financial assets | <u>23,172,267</u> |

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 | 9,581,067 |
| Donor restrictions by purpose - Scholarships | 8,603,065 |
| Board designated - General Endowment | 587,258 |

Financial assets available to meet cash needs for general expenditures within one year \$ 934,687

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June 30, 2023

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, 2023.

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.

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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, 2023.

| | Level 1 | Level 2 | Total |
|----------------------------|----------------------|-------------------|----------------------|
| Equity securities | \$ 18,993 | \$ - | \$ 18,993 |
| Mutual funds: | | | |
| Inter-term invest growth | 344,834 | - | 344,834 |
| International bond | 1,301,592 | - | 1,301,592 |
| Global bond | 1,496,282 | - | 1,496,282 |
| International stock | 1,980,729 | - | 1,980,729 |
| High income bond | 132,642 | - | 132,642 |
| Short growth | 7,635,612 | - | 7,635,612 |
| Large growth | 411,606 | - | 411,606 |
| World stock | 3,843,673 | - | 3,843,673 |
| Fixed income | 2,642,974 | - | 2,642,974 |
| High yield corporate bonds | 173,599 | - | 173,599 |
| Growth and income | 2,144,663 | - | 2,144,663 |
| Bonds: | | | |
| Corporate | - | 138,167 | 138,167 |
| Unit Trusts | 70,606 | - | 70,606 |
| Limited partnerships | 74,537 | - | 74,537 |
| ETF | 179,528 | - | 179,528 |
| Land | - | 150,047 | 150,047 |
| Total | <u>\$ 22,451,870</u> | <u>\$ 288,214</u> | <u>\$ 22,740,084</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.

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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, 2023, totaled \$472,679 (consisting of cash, marketable securities, and stock of \$2,355, \$463,816, and \$6,508 respectively). Fair value measurements at the reporting date are determined using quoted prices in active markets (Level 1 fair value hierarchy for cash and marketable securities and Level 2 for the stock). The liability at June 30, 2023 is \$181,358.

ENDOWMENTS

As of June 30, 2023, the Board of Directors had designated \$599,831 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.

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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, 2023, is as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|----------------------------------|----------------------------------|----------------------------|----------------------|
| Donor-restricted endowment funds | \$ - | \$ 10,521,339 | \$ 10,521,339 |
| Quasi-endowments | - | 587,258 | 587,258 |
| Board-designated endowment funds | 599,831 | - | 599,831 |
| Total | <u>\$ 599,831</u> | <u>\$ 11,108,597</u> | <u>\$ 11,708,428</u> |

The changes in endowment net assets for the year ended June 30, 2023, are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|----------------------------|----------------------|
| Endowment net assets, beginning of year | \$ 575,896 | \$ 10,354,320 | \$ 10,930,216 |
| Contributions | - | 265,120 | 265,120 |
| Investment return, net | 50,555 | 990,497 | 1,041,052 |
| Amounts appropriated for expenditure | (26,620) | (501,340) | (527,960) |
| Endowment net assets, end of year | <u>\$ 599,831</u> | <u>\$ 11,108,597</u> | <u>\$ 11,708,428</u> |

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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 \$149,372 for the year ended June 30, 2023, 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.



**COCHISE
COLLEGE**

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
June 30, 2023

ASRS - Pension

| | Reporting Fiscal Year (Measurement date) | | | | | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------------|
| | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | 2014 (2013) |
| District's proportion of the net pension liability | 0.17127% | 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 | \$ 27,955,068 | \$ 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 | \$ 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 proportionate share of the net pension liability as a percentage of its covered payroll | 133.38% | 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 | 74.26% | 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) | | | | | | |
|---|---|----------------|----------------|----------------|----------------|----------------|-------------------------|
| | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 through 2014 |
| District's proportion of the net OPEB (asset) | 0.17220% | 0.17853% | 0.188620% | 0.190100% | 0.202840% | 0.209220% | Information unavailable |
| District's proportionate share of the net OPEB (asset) | \$ (961,045) | \$ (869,813) | \$ (133,542) | \$ (52,535) | \$ (73,041) | \$ (113,899) | |
| District's covered payroll | \$ 20,959,105 | \$ 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 | (4.72%) | (4.36%) | (0.65%) | (0.26%) | (0.35%) | (0.56%) | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 137.79% | 130.24% | 104.33% | 101.62% | 102.20% | 103.57% | |

ASRS - Long-term disability

| | Reporting Fiscal Year (Measurement date) | | | | | | |
|---|---|----------------|----------------|----------------|----------------|----------------|-------------------------|
| | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 through 2014 |
| District's proportion of the net OPEB liability | 0.17192% | 0.17788% | 0.188500% | 0.189740% | 0.201870% | 0.208290% | Information unavailable |
| District's proportionate share of the net OPEB liability | \$ 15,878 | \$ 36,719 | \$ 142,998 | \$ 123,605 | \$ 105,478 | \$ 75,500 | |
| District's covered payroll | \$ 20,959,105 | \$ 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 | 0.08% | 0.18% | 0.70% | 0.62% | 0.50% | 0.37% | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 95.40% | 90.38% | 68.01% | 72.85% | 77.83% | 84.44% | |

Cochise County Community College District
Cochise College
Required supplementary information
Schedule of District pension/OPEB contribution
June 30, 2023

ASRS - Pension

| | Reporting Fiscal Year | | | | | | | | | |
|--|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Statutorily required contribution | \$ 2,649,666 | \$ 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 |
| District's contributions in relation to the statutorily required contribution | (2,649,666) | (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) |
| District's contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 21,883,020 | \$ 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 | 12.11% | 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 2014 |
|--|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | |
| Statutorily required contribution | \$ 23,975 | \$ 40,697 | \$ 75,192 | \$ 97,272 | \$ 93,901 | \$ 112,580 | \$ 107,348 | Information unavailable |
| District's contributions in relation to the statutorily required contribution | (23,975) | (40,697) | (75,192) | (97,272) | (93,901) | (112,580) | (107,348) | |
| District's contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| District's covered payroll | \$ 21,883,020 | \$ 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 | 0.11% | 0.19% | 0.38% | 0.47% | 0.47% | 0.53% | 0.52% | |

ASRS - Long-term disability

| | Reporting Fiscal Year | | | | | | | 2016 through 2014 |
|--|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | |
| Statutorily required contribution | \$ 30,835 | \$ 37,220 | \$ 34,978 | \$ 34,047 | \$ 32,578 | \$ 28,145 | \$ 26,837 | Information unavailable |
| District's contributions in relation to the statutorily required contribution | (30,835) | (37,220) | (34,978) | (34,047) | (32,578) | (28,145) | (26,837) | |
| District's contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| District's covered payroll | \$ 21,883,020 | \$ 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 | 0.14% | 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. 49-52)

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

Revenue Capacity (Pp. 53-60)

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

Debt Capacity (Pp. 61-64)

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

Demographic and Economic Information (Pp. 65-67)

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

Operating Information (Pp. 68-69)

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

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

| Primary Government | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net investment in capital assets | 66,577,715 | \$ 56,844,409 | \$ 56,700,025 | \$ 50,864,347 | \$ 48,031,608 |
| Restricted | 23,977,085 | 12,044,287 | 2,152,933 | 2,553,198 | 2,160,064 |
| Unrestricted (1) | 821,312 | 1,650,255 | (4,336,637) | (6,081,018) | (9,278,205) |
| Total primary government net position | \$ 91,376,112 | \$ 70,538,951 | \$ 54,516,321 | \$ 47,336,527 | \$ 40,913,467 |

| Primary Government | 2017/18 | 2016/17 | 2015/16 | 2014/15 | 2013/14 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net investment in capital assets | \$ 46,450,838 | \$ 46,442,365 | \$ 44,944,760 | \$ 41,984,840 | \$ 35,925,323 |
| Restricted | 3,276,886 | 3,076,709 | 2,870,429 | 2,526,468 | 2,228,846 |
| Unrestricted (1) | (12,932,005) | (14,419,998) | (12,652,050) | (10,984,157) | 20,660,174 |
| Total primary government net position | \$ 36,795,719 | \$ 35,099,076 | \$ 35,163,139 | \$ 33,527,151 | \$ 58,814,343 |

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

| | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|---|----------------------|----------------------|---------------------|---------------------|---------------------|
| Operating Revenues | | | | | |
| Tuition and fees | \$6,770,204 | \$6,618,757 | \$6,879,641 | \$5,989,071 | \$6,109,189 |
| Bookstore sales | 49,414 | 55,991 | 43,212 | 59,782 | 68,355 |
| Food service sales | 831,395 | 678,140 | 664,240 | 747,854 | 670,140 |
| Dormitory rentals | 25,373 | 13,720 | 11,781 | 17,615 | 19,385 |
| Other sales and services | 915,316 | 1,005,440 | 327,607 | 306,510 | 336,163 |
| Contracts | - | - | - | 275,063 | 544,648 |
| Total operating revenues | \$8,591,702 | \$8,372,048 | \$7,926,481 | \$7,395,895 | \$7,747,880 |
| Operating Expenses | | | | | |
| Instruction | 18,056,955 | 16,584,164 | 16,440,729 | 17,975,267 | 16,067,440 |
| Public service | 552,340 | 538,737 | 425,385 | 497,407 | 479,715 |
| Academic support | 1,200,394 | 1,248,810 | 1,387,439 | 1,435,705 | 1,642,487 |
| Student services | 8,570,023 | 7,667,700 | 6,879,446 | 7,358,679 | 6,530,525 |
| Institutional support | 9,244,103 | 8,846,072 | 10,418,311 | 8,401,849 | 9,883,902 |
| Operation & maintenance of plant | 5,941,124 | 4,877,291 | 4,512,395 | 4,273,864 | 2,911,467 |
| Scholarships | 5,073,611 | 11,311,498 | 5,337,714 | 5,364,568 | 3,607,872 |
| Depreciation/Amortization | 5,938,058 | 4,797,674 | 4,163,712 | 3,818,925 | 3,706,522 |
| Auxiliary enterprises | 1,580,877 | 1,054,260 | 1,024,090 | 985,748 | 1,000,830 |
| Total operating expenses | 56,157,485 | 56,926,206 | 50,589,221 | 50,112,012 | 45,830,760 |
| Operating income (loss) | (47,565,783) | (48,554,158) | (42,662,740) | (42,716,117) | (38,082,880) |
| Nonoperating Revenues/(Expenses) | | | | | |
| Property taxes | 25,012,699 | 24,602,704 | 22,726,752 | 22,528,484 | 21,845,455 |
| State appropriations | 29,168,066 | 22,399,571 | 13,769,020 | 15,220,542 | 11,536,300 |
| Government grants | 11,290,109 | 16,503,103 | 12,145,477 | 9,868,943 | 7,530,210 |
| Share of state sales taxes | 2,301,098 | 1,884,348 | 1,644,628 | 1,399,110 | 1,247,094 |
| Investment earnings/(loss) | 785,720 | (514,045) | 74,215 | 610,865 | 657,372 |
| Interest on debt | (505,272) | (595,022) | (680,522) | (762,272) | (839,915) |
| Private grants and gifts | 313,693 | 361,657 | 129,119 | - | - |
| Gain/(Loss) on sale/disposal of capital assets | 36,831 | (897,123) | 21,345 | 273,505 | 224,112 |
| Other nonoperating revenues | - | 831,594 | - | - | - |
| Total nonoperating revenues/expenses | 68,402,944 | 64,576,788 | 49,830,034 | 49,139,177 | 42,200,628 |
| Income (loss) before other revenues, expenses, gains or losses | 20,837,161 | 16,022,630 | 7,167,294 | 6,423,060 | 4,117,748 |
| Capital appropriations | - | - | - | - | - |
| Capital grants and gifts | - | - | 12,500 | - | - |
| Change in net position | \$ 20,837,161 | \$ 16,022,630 | \$ 7,179,794 | \$ 6,423,060 | \$ 4,117,748 |

| | 2017/18 | 2016/17 | 2015/16 | 2014/15 | 2013/14 |
|---|----------------------|---------------------|---------------------|---------------------|---------------------|
| Operating Revenues | | | | | |
| Tuition and fees | \$6,280,110 | \$6,068,885 | \$5,905,314 | \$ 5,818,553 | \$ 5,451,854 |
| Bookstore sales | 96,097 | 108,800 | 107,857 | 122,657 | 125,890 |
| Food service sales | 574,725 | 599,211 | 526,802 | 543,160 | 517,284 |
| Dormitory rentals | 10,860 | 18,970 | 11,142 | 34,803 | 34,815 |
| Other sales and services | 489,547 | 271,689 | 219,424 | 495,859 | 449,497 |
| Contracts | 410,909 | 1,088,283 | 1,045,303 | 1,154,562 | 1,241,933 |
| Total operating revenues | \$7,862,248 | \$8,155,838 | \$7,815,842 | 8,169,594 | 7,821,273 |
| Operating Expenses | | | | | |
| Instruction | 16,897,775 | 17,692,489 | 18,025,593 | 19,475,217 | 17,953,714 |
| Public service | 739,666 | 843,231 | 737,123 | 728,049 | 680,951 |
| Academic support | 1,239,466 | 1,275,601 | 1,238,435 | 1,292,307 | 1,275,203 |
| Student services | 6,301,964 | 6,280,632 | 6,004,145 | 5,763,778 | 5,504,157 |
| Institutional support | 8,936,062 | 11,550,687 | 7,946,543 | 6,990,661 | 6,606,802 |
| Operation & maintenance of plant | 4,131,963 | 2,274,967 | 4,219,197 | 2,773,621 | 3,979,099 |
| Scholarships | 3,715,968 | 3,755,498 | 4,202,770 | 4,325,915 | 3,625,679 |
| Depreciation | 3,655,738 | 3,171,255 | 2,992,295 | 3,286,484 | 3,431,707 |
| Auxiliary enterprises | 919,453 | 921,943 | 731,877 | 922,570 | 904,655 |
| Total operating expenses | 46,538,055 | 47,766,303 | 46,097,978 | 45,558,602 | 43,961,967 |
| Operating income (loss) | (38,675,807) | (39,610,465) | (38,282,136) | (37,389,008) | (36,140,694) |
| Nonoperating Revenues/(Expenses) | | | | | |
| Property taxes | 25,012,699 | 20,706,947 | 19,877,619 | 19,291,883 | 18,653,023 |
| State appropriations | 29,168,066 | 10,556,600 | 10,812,665 | 10,326,735 | 10,422,500 |
| Government grants | 12,890,432 | 8,019,470 | 8,626,294 | 9,982,425 | 8,018,017 |
| Share of state sales taxes | 2,301,098 | 1,062,446 | 1,009,459 | 1,059,998 | 1,091,200 |
| Investment earnings/(loss) | 785,720 | 50,106 | 231,402 | 180,431 | 154,161 |
| Interest on debt | (505,273) | (917,380) | (802,704) | (936,821) | (977,421) |
| Private grants and gifts | 313,693 | - | - | - | - |
| Gain/(Loss) on sale/disposal of capital assets | (793,386) | 68,213 | 163,389 | 43,502 | (27,864) |
| Other nonoperating revenues | 12,300,713 | - | - | - | - |
| Total nonoperating revenues/expenses | 81,473,762 | 39,546,402 | 39,918,124 | 39,948,153 | 37,333,616 |
| Income (loss) before other revenues, expenses, gains or losses | 22,999,382 | (64,063) | 1,635,988 | 2,559,145 | 1,192,922 |
| Capital appropriations | - | - | - | - | 450,400 |
| Capital grants and gifts | - | - | - | 4,522,500 | - |
| Change in net position | \$ 22,999,382 | \$ (64,063) | \$ 1,635,988 | \$ 7,081,645 | \$ 1,643,322 |

Source: Annual reports on audited financial statements.

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

| Function | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Instruction | \$18,056,955 | \$16,584,164 | \$16,440,729 | \$17,975,267 | \$16,067,440 |
| Public service | 552,340 | 538,737 | 425,385 | 497,407 | 479,715 |
| Academic support | 1,200,394 | 1,248,810 | 1,387,439 | 1,435,705 | 1,642,487 |
| Student services | 8,570,023 | 7,667,700 | 6,879,446 | 7,358,679 | 6,530,525 |
| Institutional support | 9,244,103 | 8,846,072 | 10,418,311 | 8,401,849 | 9,883,902 |
| Operation & maintenance of plant | 5,941,124 | 4,877,291 | 4,614,474 | 4,273,864 | 2,911,467 |
| Scholarships | 5,073,611 | 11,311,498 | 5,337,714 | 5,364,568 | 3,607,872 |
| Depreciation/amortization | 5,938,058 | 4,797,674 | 4,163,712 | 3,818,925 | 3,706,522 |
| Interest on debt | 505,272 | - | 680,522 | 762,272 | 839,915 |
| Other nonoperating expenses | - | 1,492,145 | - | - | - |
| Auxiliary enterprises | 1,580,877 | 1,054,260 | 1,024,090 | 985,748 | 1,000,830 |
| Total expenses | \$56,662,757 | \$58,418,351 | \$51,371,822 | \$50,874,284 | \$46,670,675 |

| Function | 2017/18 | 2016/17 | 2015/16 | 2014/15 | 2013/14 |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Instruction | \$16,897,775 | \$17,692,489 | \$18,025,593 | \$ 19,475,217 | \$ 17,953,714 |
| Public service | 739,666 | 843,231 | 737,123 | 728,049 | 680,951 |
| Academic support | 1,239,466 | 1,275,601 | 1,238,435 | 1,292,307 | 1,275,203 |
| Student services | 6,301,964 | 6,280,632 | 6,004,145 | 5,763,778 | 5,504,157 |
| Institutional support | 8,936,062 | 11,550,687 | 7,946,543 | 6,990,661 | 6,606,802 |
| Operation & maintenance of plant | 4,131,963 | 2,274,967 | 4,219,197 | 2,773,621 | 3,979,099 |
| Scholarships | 3,715,968 | 3,755,498 | 4,202,770 | 4,325,915 | 3,625,679 |
| Depreciation | 3,655,738 | 3,171,255 | 2,992,295 | 3,286,484 | 3,431,707 |
| Interest on debt | 864,237 | 917,380 | 802,704 | 936,821 | 977,421 |
| Other nonoperating expenses | - | - | - | - | 27,864 |
| Auxiliary enterprises | 919,453 | 921,943 | 731,877 | 922,570 | 904,655 |
| Total expenses | \$47,402,292 | \$48,683,683 | \$46,900,682 | \$46,495,423 | \$44,967,252 |

Source: Annual reports on audited financial statements.

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

| USE | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Salaries and benefits | \$ 32,151,388 | \$ 29,088,105 | \$ 28,573,112 | \$ 29,948,875 | \$ 27,647,867 |
| Contract services | 5,802,761 | 4,812,522 | 3,746,337 | 3,640,973 | 3,539,352 |
| Supplies and materials | 1,521,387 | 2,048,804 | 3,548,992 | 3,280,926 | 3,315,039 |
| Subscriptions, dues, insurance and rentals | 1,874,820 | 1,724,710 | 2,008,412 | 2,027,120 | 1,667,156 |
| Utilities and communication | 1,803,737 | 1,539,193 | 1,430,917 | 1,418,858 | 1,557,345 |
| Travel | 788,238 | 651,607 | 310,227 | 402,537 | 632,339 |
| Noncapitalized equipment | 1,124,681 | 938,534 | 29,739 | 146,388 | 24,663 |
| Scholarships | 5,073,611 | 11,311,498 | 5,337,714 | 5,361,291 | 3,607,872 |
| Depreciation/amortization | 5,938,058 | 4,797,674 | 4,163,712 | 3,818,925 | 3,706,522 |
| Other | 78,804 | 13,559 | 1,440,059 | 66,118 | 132,605 |
| Total operating expenses | 56,157,485 | 56,926,206 | 50,589,221 | 50,112,012 | 45,830,760 |
| Interest on debt | 505,272 | 595,022 | 680,522 | 762,272 | 839,915 |
| Other nonoperating expenses | - | 897,123 | - | - | - |
| Total nonoperating expenses | 505,272 | 1,492,145 | 680,522 | 762,272 | 839,915 |
| Total expenses | \$ 56,662,757 | \$ 58,418,351 | \$ 51,269,742 | \$ 50,874,284 | \$ 46,670,675 |

| USE | 2017/18 | 2016/17 | 2015/16 | 2014/15 | 2013/14 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Salaries and benefits | \$ 28,480,864 | \$ 30,151,304 | \$ 29,449,109 | \$ 28,673,880 | \$ 28,269,494 |
| Contract services | 4,009,380 | 3,778,831 | 3,697,971 | 3,342,740 | 3,270,501 |
| Supplies and materials | 2,781,720 | 2,762,909 | 2,429,072 | 2,649,771 | 2,193,815 |
| Subscriptions, dues, insurance and rentals | 1,598,513 | 1,460,493 | 1,231,946 | 1,292,948 | 1,122,839 |
| Utilities and communication | 1,463,083 | 1,555,204 | 1,353,332 | 1,300,323 | 1,312,654 |
| Travel | 584,665 | 614,862 | 565,770 | 466,194 | 477,412 |
| Noncapitalized equipment | 57,321 | 345,887 | 169,008 | 124,381 | 248,463 |
| Scholarships | 3,715,968 | 3,755,498 | 4,202,770 | 4,325,915 | 3,625,679 |
| Depreciation | 3,655,738 | 3,171,255 | 2,992,295 | 3,286,484 | 3,431,707 |
| Other | 190,803 | 170,060 | 6,705 | 95,966 | 9,403 |
| Total operating expenses | 46,538,055 | 47,766,303 | 46,097,978 | 45,558,602 | 43,961,967 |
| Interest on debt | 864,237 | 917,380 | 802,704 | 936,821 | 977,421 |
| Other nonoperating expenses | - | - | - | - | 27,864 |
| Total nonoperating expenses | 864,237 | 917,380 | 802,704 | 936,821 | 1,005,285 |
| Total expenses | \$ 47,402,292 | \$ 48,683,683 | \$ 46,900,682 | \$ 46,495,423 | \$ 44,967,252 |

Source: Annual reports on audited financial statements.

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

| Source of Revenue | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Property taxes | \$ 25,012,699 | \$ 24,602,704 | \$ 22,726,752 | \$ 22,528,484 | \$ 21,845,455 |
| State appropriations | 29,168,066 | 22,399,571 | 13,769,020 | 15,220,542 | 11,536,300 |
| Grants and contracts | 11,290,109 | 16,503,103 | 12,261,278 | 10,144,006 | 8,074,858 |
| Tuition and fees | 6,770,204 | 6,618,757 | 6,879,641 | 5,989,071 | 6,109,189 |
| Investment income | 785,720 | (514,045) | 74,215 | 610,865 | 657,372 |
| Bookstore sales | 49,414 | 55,991 | 43,212 | 59,782 | 68,355 |
| Food services sales | 831,395 | 678,140 | 664,240 | 747,854 | 670,140 |
| Dormitory rentals | 25,373 | 13,720 | 11,781 | 17,615 | 19,385 |
| Other | 3,566,938 | 4,083,040 | 2,006,898 | 1,979,125 | 1,807,369 |
| Total Revenues | \$ 77,499,918 | \$ 74,440,981 | \$ 58,437,037 | \$ 57,297,344 | \$ 50,788,423 |

| Source of Revenue | 2017/18 | 2016/17 | 2015/16 | 2014/15 | 2013/14 |
|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Property taxes | \$ 21,552,268 | \$ 20,706,947 | \$ 19,877,619 | \$ 19,291,883 | \$ 18,653,023 |
| State appropriations | 10,786,200 | 10,556,600 | 10,812,665 | 10,326,735 | 10,422,500 |
| Grants and contracts | 7,967,859 | 9,107,753 | 9,671,597 | 11,136,987 | 9,259,950 |
| Tuition and fees | 6,280,110 | 6,068,885 | 5,905,314 | 5,818,553 | 5,451,854 |
| Investment income | 119,874 | 50,106 | 231,402 | 180,431 | 154,161 |
| Bookstore sales | 96,097 | 108,800 | 107,857 | 122,657 | 125,890 |
| Food services sales | 574,725 | 599,211 | 526,802 | 543,160 | 517,284 |
| Dormitory rentals | 10,860 | 18,970 | 11,142 | 34,803 | 34,815 |
| Other | 1,710,942 | 1,402,348 | 1,392,272 | 1,599,359 | 1,540,697 |
| Total Revenues | \$ 49,098,935 | \$ 48,619,621 | \$ 48,536,669 | \$ 49,054,568 | \$ 46,160,174 |

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 |
|--------------------|---|--|---------------------------|
| 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 |
| 2022/23 | 69,226,449 | 43,416,911 | 25,809,538 |

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 |
|------------------------|------------------------|-----------------|---|
| 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% |
| 2022/23 primary | 1,074,552,911 | 9,783,440,379 | 10.98% |
| 2022/23 secondary | 1,221,768,440 | 11,029,822,979 | 11.08% |

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 |
| 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 | - | - |
| 2022/23 | 1,074,552,911 | 2.5098 | 26,969,129 | 1,221,768,440 | - | - |

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 GOVERNMENT
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 |
| 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 |
| 2022/23 | Primary | 2.4297 | 2.6747 | 0.0000 | 3.0613 | 1.7133 | 10.6939 |
| | Secondary | - | 0.4048 | 0.0000 | 3.6750 | 0.0000 | 2.3160 |

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

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
PRINCIPAL TAXPAYERS
Fiscal Year 2023 and Ten Years Ago
Unaudited**

| 2023 | | | |
|---|---------------------------------|------|---|
| Taxpayer | 2023 Primary Assessed Valuation | Rank | Percent of Cochise County's 2023 Primary Assessed Valuation |
| Arizona Electric Power Coop Inc | \$ 26,316,825 | 1 | 2.45% |
| Sulphur Springs Valley Electric Co-Op Inc | 21,177,795 | 3 | 1.97% |
| Kinder Morgan-El Paso Natural Gas Company | 23,889,770 | 2 | 2.22% |
| Southwest Gas Corporation | 17,351,587 | 4 | 1.61% |
| Riverview LLP DBA Coronado Farms LLP | 14,585,176 | 6 | 1.36% |
| Canyon Vista Medical Center (formerly Sierra Vista Regional Health Center) | 12,175,114 | 7 | 1.13% |
| Arizona Public Service Company | 14,726,006 | 5 | 1.37% |
| Union Pacific Railroad | 7,347,284 | 8 | 0.68% |
| Wal-Mart Stores Inc | 6,219,227 | 9 | 0.58% |
| Excelsior Mining JCM, Inc (Gunnison Mine) | 5,032,000 | 10 | 0.47% |

| 2013 | | | |
|---|---------------------------------|------|---|
| Taxpayer | 2013 Primary Assessed Valuation | Rank | Percent of Cochise County's 2013 Primary Assessed Valuation |
| Arizona Electric Power Coop Inc | \$ 26,135,266 | 2 | 2.52% |
| Sulphur Springs Valley Electric Co-Op Inc | 36,743,351 | 1 | 3.54% |
| Kinder Morgan-El Paso Natural Gas Company | 15,391,083 | 3 | 1.48% |
| Southwest Gas Corporation | 9,093,642 | 4 | 0.88% |
| Riverview LLP DBA Coronado Farms LLP | - | - | 0.00% |
| Canyon Vista Medical Center (formerly Sierra Vista Regional Health Center) | - | - | 2.30% |
| Arizona Public Service Company | 7,359,823 | 5 | 0.71% |
| Union Pacific Railroad | 6,451,915 | 6 | 0.62% |
| Wal-Mart Stores Inc | 6,163,242 | 7 | 0.59% |
| Excelsior Mining JCM, Inc (Gunnison Mine) | - | - | 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 |
|--------------------|-----------------------|------------------------------------|---|--|----------------------------------|---|
| 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% |
| 2022/23 | 25,866,999 | 24,054,838 | 92.99% | 687,928 | 24,742,766 | 95.65% |

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 |
| 2013/14 | 13,503 | 7,474 | 2,190 | 220 | 11.17% |
| 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% |
| 2022/23 | 9,422 | 5,244 | 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 | | | | |
|-------------------------------|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Other Debt: | | | | | |
| Revenue Bonds | \$ 4,440,000 | \$ 4,905,000 | \$ 5,350,000 | \$ 6,180,000 | \$ 6,565,000 |
| Revenue Refunding Bonds | 8,225,000 | 9,645,000 | 10,995,000 | 13,510,000 | 14,675,000 |
| Certificates of participation | | | | - | - |
| Pledged Revenue Obligations | | | | - | - |
| Premiums | 1,624,799 | 1,915,979 | 2,207,158 | 2,498,338 | 2,789,518 |
| Total outstanding debt | \$ 14,289,799 | \$ 16,465,979 | \$ 18,552,158 | \$ 22,188,338 | \$ 24,029,518 |
| | | | | | |
| Per capita * | \$ 112.30 | \$ 125.03 | \$ 140.87 | \$ 169.63 | \$ 184.39 |
| Per student | \$ 1,516.64 | \$ 1,673.20 | \$ 1,885.19 | \$ 2,361.72 | \$ 2,261.81 |
| Per FTSE | \$ 2,724.98 | \$ 2,929.89 | \$ 3,301.10 | \$ 3,806.54 | \$ 3,757.55 |

| | For the Fiscal Year Ended June 30 | | | | |
|-------------------------------|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Other Debt: | | | | | |
| Revenue Bonds | \$ 7,070,000 | \$ 7,565,000 | \$ 7,690,000 | \$ 9,975,000 | \$ 10,090,000 |
| Revenue Refunding Bonds | 14,675,000 | 14,675,000 | 14,675,000 | - | - |
| Certificates of participation | - | - | - | - | - |
| Pledged Revenue Obligations | 1,055,000 | 2,070,000 | 3,045,000 | 10,100,000 | 11,000,000 |
| Premiums | 3,080,697 | 3,403,650 | 3,726,601 | 310,212 | 341,984 |
| Total outstanding debt | \$ 25,880,697 | \$ 27,713,650 | \$ 29,136,601 | \$ 20,385,212 | \$ 21,431,984 |
| | | | | | |
| Per capita | \$ 198.04 | \$ 215.87 | \$ 231.67 | \$ 157.89 | \$ 165.33 |
| Per student | \$ 2,368.94 | \$ 2,327.51 | \$ 2,535.60 | \$ 1,609.95 | \$ 1,587.20 |
| Per FTSE | \$ 4,091.81 | \$ 4,166.84 | \$ 4,472.92 | \$ 3,108.92 | \$ 2,867.54 |

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

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

| Fiscal Year | For the Fiscal Year Ended June 30 | | | | |
|--|-----------------------------------|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Debt Limit | \$ 183,265,266 | \$ 158,208,531 | \$ 152,916,718 | \$ 148,850,258 | \$ 143,532,974 |
| Total net debt applicable to the limit | - | - | - | - | - |
| Legal debt margin | \$ 183,265,266 | \$ 158,208,531 | \$ 152,916,718 | \$ 148,850,258 | \$ 143,532,974 |
| Total net debt applicable to the limit as a percentage of debt limit | 0% | 0% | 0% | 0% | 0% |

| Fiscal Year | For the Fiscal Year Ended June 30 | | | | |
|--|-----------------------------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Debt Limit | \$ 138,623,192 | \$ 137,413,529 | \$ 138,706,272 | \$ 143,931,330 | \$ 151,670,838 |
| Total net debt applicable to the limit | - | - | - | - | - |
| Legal debt margin | \$ 138,623,192 | \$ 137,413,529 | \$ 138,706,272 | \$ 143,931,330 | \$ 151,670,838 |
| 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 2023

Secondary assessed value of real and personal property ⁽¹⁾ \$ 1,221,768,440

Debt limit = 15% of secondary assessed value 183,265,266

Amount of debt applicable to debt limit:

General obligation bonded debt _____ -

Legal debt margin, June 30, 2022 \$ 183,265,266

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

Note (1): Tax Year 2023

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 | |
| 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 | 7,858,004 | 1,795,000 | 769,200 | 2,564,200 | 32.63% |
| 2022/23 | 9,377,422 | 1,885,000 | 679,450 | 2,564,450 | 27.35% |

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 |
|--------------------|------------------|-----------------|---------------------------|---------------------------------|---|
| 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% |
| 2022/23 | 1,885,000 | 679,450 | 2,564,450 | 56,157,485 | 4.57% |

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 |
|--------------------|--------------------------|--|---------------------------------|--------------------------------------|
| 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% |
| 2023 | 127,241 | \$ N/A | \$ N/A | 4.3% |

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 | 2023 | | | 2013 | | |
|---|-----------|-----|------|-----------|-----|------|
| | Employees | % | Rank | Employees | % | Rank |
| Goods Producing Industries | | | | | | |
| Manufacturing | 800 | 2% | 9 | 500 | 1% | 10 |
| Natural Resources and Construction | 2,000 | 6% | 7 | 1,200 | 3% | 7 |
| Service Providing Industries | | | | | | |
| Private Service Providing | | | | | | |
| Trade, Transportation and Utilities | 6,000 | 17% | 1 | 6,000 | 17% | 2 |
| Information | 300 | 1% | 11 | 400 | 1% | 11 |
| Financial Activities | 1,100 | 3% | 8 | 600 | 2% | 9 |
| Professional and Business Services | 3,900 | 11% | 5 | 4,300 | 13% | 5 |
| Education and Health Services | 4,500 | 13% | 4 | 4,600 | 13% | 4 |
| Leisure and Hospitality | 3,800 | 11% | 6 | 3,800 | 11% | 6 |
| Other Services (except Public Administration) | 700 | 2% | 10 | 900 | 3% | 8 |
| Government | | | | | | |
| Federal | 4,700 | 14% | 3 | 5,500 | 16% | 3 |
| State and Local | 5,900 | 17% | 2 | 6,600 | 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 |
| 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 |
| 2022/23 | 36.7% | 63.3% | 44.7% | 55.3% | 1459 | 528 |

| Fall Semester Fiscal Year | Age * | | Residency * | | | |
|---------------------------|--------|------|-------------|-----------------------------|--------------|---------|
| | Median | Mean | Resident | Resident Unorganized County | Out of State | Foreign |
| 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% |
| 2022/23 | 21 | 25 | 92.1% | 0.1% | 4.5% | 3.3% |

| Fall Semester Fiscal Year | Ethnic Background * | | | | | |
|---------------------------|---------------------|----------------|----------|------------------|-------|---------------|
| | American Indian | Asian American | Hispanic | African American | White | Other/Unknown |
| 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% |
| 2022/23 | 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

Note (2): Beginning 2020/21 Dual Enrollment (High School) is included in the numbers and ratios

**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 | | | | |
| 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 | 12 |
| 2022/23 | 107 | 128 | 302 | 537 | 16 | 13 |

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

* Part C - Summary of Full-time Staff

** Part F - Summary of Part-time Staff

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

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 | | | | | | | | | |
|--------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 | 2015/16 | 2014/15 | 2013/14 |
| Douglas Campus (2) | | | | | | | | | | |
| Total Square Footage | 297,869 | 321,585 | 321,585 | 314,367 | 291,261 | 291,261 | 291,261 | 295,069 | 295,069 | 295,069 |
| Total Acreage | 517.6 | 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 | 217,505 | 210,455 | 205,273 | 205,273 | 205,273 | 205,273 | 205,273 | 188,867 | 188,867 | 188,867 |
| Total Acreage | 86.3 | 80.1 | 80.1 | 80.1 | 80.1 | 80.1 | 80.1 | 80.1 | 80.1 | 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 | 7,727 | 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 | 100,792 | 117,151 | |
| Total Acreage | 7.7 | 7.7 | 7.7 | 7.7 | 7.7 | 7.7 | 7.7 | 7.7 | 7.7 | |
| Total District | | | | | | | | | | |
| Total Square Footage | 636,626 | 653,292 | 648,110 | 640,892 | 617,786 | 617,786 | 617,786 | 606,801 | 623,160 | 506,009 |
| Total Acreage | 624.6 | 619.1 | 619.0 | 619.1 | 619.1 | 619.1 | 619.1 | 619.2 | 619.2 | 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