



Annual Comprehensive Financial Report

FISCAL YEAR
ENDED JUNE 30

2024





PimaCountyCommunityCollegeDistrict

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2024

Prepared by

Financial Services
4905D East Broadway Boulevard
Tucson, Arizona 85709-1220

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Introductory Section





To the citizens of Pima County,

It is my distinct privilege to present the 2023-2024 Annual Comprehensive Financial Report for Pima Community College. Over the past fiscal year, the College has continued to grow and thrive, meeting our community’s evolving educational and workforce needs.

The financial health of any institution is not just a reflection of its fiscal strength but also its values and mission. At Pima Community College, our financial well-being directly supports our ability to serve Pima County, ensuring we can offer high-quality, accessible education and workforce development opportunities to all who seek it. This report underscores our ongoing dedication to that mission—to empower every learner, every day, to achieve their goals. The responsible and forward-thinking fiscal management by the Pima County Community College District Governing Board has played an integral role in sustaining this vision.

I am proud to share that, for the 32nd consecutive year, Pima Community College has been recognized with the Certificate of Achievement for Excellence in Financial Reporting, awarded by the Government Finance Officers Association of the United States and Canada (GFOA). This recognition reflects our commitment to transparency, accountability, and the responsible stewardship of public resources—values that ultimately benefit every citizen of Pima County.

Since beginning my tenure as Chancellor in August 2024, I have had the privilege of meeting with students, staff, administrators, and community leaders through my First 100 Days Listening and Learning Tour. Through these conversations, it has become abundantly clear how much Pima Community College means to the residents of Pima County. This deep connection between our College and our community drives us forward in our shared pursuit of excellence.

Our Strategic Plan Extension and the Educational and Facilities Master Plans outline a clear vision for the future, addressing the infrastructure and enrollment growth that will sustain our service to the community through 2025 and beyond. As our enrollment continues to rise, with notable increases over the past seven consecutive terms, we remain focused on making higher education accessible and relevant to the needs of our region. Last year alone, over 6,000 high school students participated in dual enrollment programs, earning college credits while still in high school—a direct investment in the future workforce of Pima County.

At the heart of our efforts to modernize and enhance our offerings are PCC's Centers of Excellence, funded through \$65 million in revenue bonds and capital reserves. These Centers, including the newly opened Advanced Manufacturing Building and the soon-to-be-unveiled Health Professions and Hospitality Leadership centers, are critical to addressing workforce shortages and fueling economic growth across Pima County. These investments not only prepare our students for in-demand careers but also strengthen the local economy, ensuring that Pima County continues to grow.

In the coming year, we will submit our comprehensive report to the Higher Learning Commission as part of our regular accreditation process. This process is crucial in reaffirming our high standards and ensuring that PCC remains a trusted pillar in our community.

I want to extend my deepest gratitude to Executive Vice Chancellor Dr. David Bea and the entire Finance and Business Services teams for their diligent work in preparing this report. Their dedication ensures that we remain financially strong and fully equipped to fulfill our mission of serving Pima County.

At Pima Community College, we are deeply committed to fostering equity, promoting economic mobility and enriching the lives of everyone in our diverse community. Together, through sound financial stewardship and a shared commitment to the future, we will continue building a brighter, more prosperous future for all residents of Pima County.

Sincerely

A handwritten signature in black ink, appearing to read "J. P. Nasse", with a long horizontal flourish extending to the right.

Jeffrey P. Nasse, Ph.D.
Chancellor



PimaCountyCommunityCollegeDistrict

District Office

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for Finance and Administration
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December 17, 2024

To the Governing Board and Citizens of Pima County Community College District

We are pleased to provide you with the Annual Comprehensive Financial Report (ACFR) of the Pima County Community College District (the College), Tucson, Arizona for the fiscal year ended June 30, 2024.

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, results of operations, and cash flows of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities have been included. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the College.

Please refer to the Management's Discussion and Analysis section for summary information and comparative financial information to the prior fiscal year.

Reporting Entity

The College is an independent reporting entity within the criteria established by generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Although the College shares the same geographic boundaries with Pima County, the College solely exercises financial accountability over all activities related to public community college education in Pima County with the exception that Pima County assesses and collects property taxes that support the College. The College is a primary government because it is a special purpose political subdivision that has a separately elected governing body, is legally separate, is fiscally independent of other state and local governments, and is not included in any other governmental financial reporting entity. The Pima Community College Foundation, Incorporated (the Foundation) is considered a component unit of the College and is discretely presented in the College's financial statements in accordance with GASB reporting guidelines.

The College's ACFR is intended to fulfill the State of Arizona Transparency Law, Arizona Revised Statutes §41-725. Additionally, federal guidelines and certain bond covenants require that the College's accounting and financial records be subject to an annual independent audit. The College's annual audit is performed by the Arizona Auditor General. The reports resulting from the audit are public documents and are publicly posted online, shared with College administration, the Governing Board, and the Finance and Audit Committee. The independent auditors' report is displayed in the front of the financial section of this ACFR.

History

The voters of Pima County established Pima County Junior College District in 1966 under the provisions of legislation enacted by the Arizona State Legislature in 1960. The first governing board was elected in 1967 concurrent with the approval of a \$5.9 million general obligation bond issue for the first College facilities. The name of the College was changed to Pima County Community College District in 1972.

The College's first classes met in the fall of 1969 at Tucson Medical Center, Villa Maria, and in the Town of Marana. In the fall of 1970, the College officially opened its doors utilizing temporary facilities until the original West Campus facility on Anklam Road west of Interstate 10 was available in January 1971. The West Campus is the largest comprehensive campus of the College and offers a variety of degree and certificate programs.

The Downtown Campus was opened in 1974 at Stone and Speedway to serve the central city area. The Downtown Campus offers a balance of developmental, university transfer, and occupational courses. In fiscal year 2019, the College began expanding the footprint of Downtown Campus in support of the Educational Master Plan and Facilities Master Plan.

Classes were first offered at the East Education Center in 1976. The current East Campus facility, just east of Davis-Monthan Air Force Base, was opened in 1981 and substantially expanded in 1989. The East Campus offers general education, university transfer, and developmental coursework, as well as selected occupational programming.

The Education Center-South was opened in 1986 to serve the south and southwest area residents in leased space. It became the comprehensive Desert Vista Campus located in a facility near Interstate 19 and Valencia Road in June of 1993. The Desert Vista Campus offers a wide range of programs and diverse courses, including university transfer, developmental, general education, and occupational courses.

In July 2003, the College opened the Northwest Campus located on Shannon Road between Ina and Magee. The Northwest Campus offers comprehensive educational programs including university transfer, professional, technical, and developmental programs, and general interest courses.

The Foundation was incorporated in the State of Arizona in 1977 as a nonprofit organization whose primary mission and purpose is to assist and support the College in carrying out the College's educational, operational, and other purposes. The Foundation has pursued its mission and purpose primarily through raising private support to make gifts of scholarship funds to the College and its students on an annual basis.

Organization and Administration

The Governing Board of the College is comprised of five members. Each member is elected for a six-year term from one of the five Districts in Pima County, the College's service area. The administrative staff of the College, led by the Chancellor, is responsible for the operation and administration of all College functions. During fiscal year 2024, the College was led by Dr. Dolores Duran-Cerda, Interim Chancellor. A search was conducted during the fiscal year and Dr. Jeffrey P. Nasse was selected in July 2024 as the new Chancellor.

Service Area

Pima County is located in the southern portion of Arizona and encompasses an area of approximately 9,240 square miles, with a section of its boundary bordering Mexico. Over 50 percent of Pima County's population resides in Tucson, the County seat of government and southern Arizona's largest city. Organized in 1864 by the Arizona Territorial Legislature as one of the State's four original counties, Pima County is the second most populous in Arizona with a total population of about one million people.

The City of Tucson is the economic and transportation center of the County, as well as southern Arizona. Tucson is situated on Interstate 10, which connects Tucson with Phoenix to the north, Los Angeles to the west, and New Mexico and Texas to the east. Interstate 19 provides access to Nogales and Mexico to the south, while State Highway 86 connects with a direct route to the Gulf of California vacation areas. The main line of Union Pacific Railroad extends across Tucson to the eastern portion of the County. Tucson

International Airport, located approximately 20 minutes from Tucson’s downtown business area, provides local, regional, and national service for several airlines.

Pima County’s economy is based on a variety of service industries, as well as government employment (including public education), wholesale and retail trade, manufacturing, construction, and tourism. A Schedule of Principal Employers is in the Statistical Section.

Economic Condition

Forecasts prepared by the Economic & Business Research Center at The University of Arizona’s Eller College of Management indicate that the Arizona economy was solid through the first half of 2024 and the outlook is positive, with their baseline forecast noting continued solid gains in jobs, residents, and income. Although the growth rate slows in the near term, in the long run Arizona is projected to far outpace national growth. Employment normalized during 2024 as job growth was strong and unemployment was down. Income growth remained solid with growth over the year, however housing affordability remained low. The long-run outlook is for continued growth, although at a slower pace than the prior thirty years.

Housing permit activity was up to begin the year and housing affordability remained low as Arizona house prices increased 5.1 percent over the previous year. Overall, the housing market continued to experience a combination of low inventory and impacts of inflation and borrowing costs. According to year over year data published in June 2024 by the Tucson Association of Realtors, housing units closed sales decreased by 20.2 percent while the median sales price of units sold increased by 2.5 percent. As the available homes for sale increased by 15.7 percent, buyers struggled with declining affordability amid the available inventory.

Arizona job growth is forecasted to decelerate from 2.3 percent in 2024 to 2.1 percent in 2025 and 1.9 percent in 2026, with a modest increase in the unemployment rate in the near term reflecting slower employment growth. The state is projected to add jobs at an annual rate of 1.0 percent during the next thirty years, faster than the national pace of 0.3 percent, with the population growing at 1 percent per year, also faster than the national rate of 0.3 percent per year. Population gains remain solid in the near term with increases driven by net migration gains as natural increase decelerates. Pima County’s population was projected to increase by 0.9 percent in 2024, followed by forecasted gains of 0.8 percent projected for 2025 and 0.7 percent for 2026, respectively. With 499,193 persons employed in Pima County as of June 2024, employment trends showed the unemployment rate of 3.9 percent was slightly above the state rate of 3.6 percent. Economic productivity is significantly influenced by investment in human capital, with educational attainment becoming increasingly important as the workforce will need a highly skilled population to take full advantage of the opportunities created by the use of artificial intelligence. Doing so will help reduce the existing income gap with the nation. Investments in education as well as infrastructure will also be important to accommodate future growth.

Long-term Financial Planning

The College has sufficient resources to support its mission, vision, goals, and values while striving to provide affordable educational programs to the residents of Pima County. The budget development processes align with implementation of the College’s strategic plan, creating a link between budgeting, planning, assessment of student learning, and evaluation of operations. The budget process is a system that serves as a blueprint to monitor and control ongoing operations.

The College leverages a range of information to ensure that it has sufficient financial resources available to support its planning and priorities in the short and long terms. For financial planning, this includes, but is not limited to, projected changes in revenues and expenses, enrollment projections, expenditure limitation, property taxes, tuition and fees, capital project costs, estimated cost changes in employee benefits, and other major contractual costs. Using these data and adjusting such variables as projected enrollment, tuition and

fees, and property tax revenues, the College can review and forecast different scenarios. Forecasting ensures the budget planning process fully considers possible fluctuations in both revenue sources and projected expenses while aligning projected revenues with the College’s strategic planning and priorities. The annual budget is developed with particular emphasis on maintaining the financial stability of the College by creating adequate funding reserves for revenue shortfalls or unexpected expenditures without impairing the quality of service provided to the community.

The major factors affecting the College budget in fiscal year 2024 included the continued expectation of minimal state appropriations, modest enrollment increases, and ongoing reorganization of the College. In an effort to right-size the College, cost reduction strategies included department consolidations that emphasized efficiencies and consistency, recruitment reviews, and a reduction in staffing through the elimination of vacant positions. Other strategies include reviewing capital expenses for alignment with the Strategic Plan, and program innovation as determined by the College’s Educational Master Plan and Facilities Master Plan.

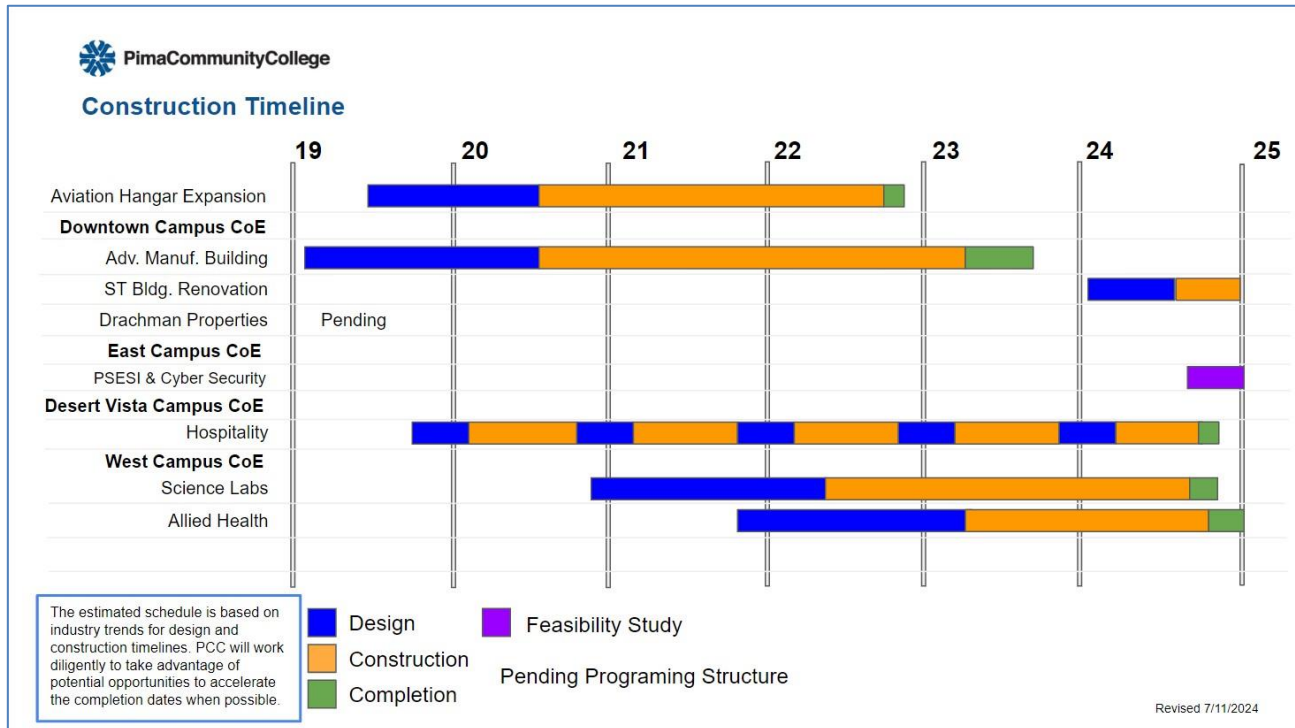
Information about the College’s finances is communicated externally and internally to the College’s many constituents. At each regular meeting of the Governing Board, monthly financial reports are included in the meeting packet. In addition, the Governing Board’s Finance and Audit Committee monitors financial reporting, investments, risk internal control, governance, and Internal Audit functions.

Major Program Initiatives

Centers of Excellence

During fiscal year 2024, work continued on several capital projects related to the College’s approved Educational Master Plan and Facilities Master Plan. These strategic investments will provide premier educational facilities to prepare students for future success in their fields of study and in the workforce. As the College continues to monitor enrollment projections and workforce needs, the scope of these projects will be reviewed regarding changes in pedagogy to determine the future impact on the facilities footprint.

Construction Timeline



Downtown Campus - Applied Technology

The College continues to expand the Downtown Campus through the development of the new Center of Excellence in Applied Technology. The first new building was the Automotive Technology and Innovation Center and it is fully completed and in use by the College. The second new building is the Advanced Manufacturing Building, and it was completed in the fall of 2023. With the completion of equipment and furnishings being moved into the new building, the Applied Technology Center allowed the College to expand critical programs in manufacturing, welding, and automotive technology and will transform the campus and surrounding neighborhood. Both facilities include technological advancements to support hybrid, distance, and online education. The final phase of the Applied Technology Center expansion is the Science and Technology building renovation for Building and Construction trades that will begin in late 2024.

West Campus - Health Professions (formerly Allied Health)/Science Labs

The College contracted with an architecture firm to provide an assessment of the existing West Campus nursing and science labs and to complete a space programming study. After reviewing the various options, the College decided to renovate the existing West Campus facilities and to fund the construction using capital reserves. Construction of the Science Labs including renovations to include Organic Chemistry was 95% complete and expected to be finalized in the fall of 2024. The Health Professions building renovation began in late summer of 2023 and construction is expected to be completed at the end of 2024.

In addition to the above-mentioned projects, the College has completed major improvements in safety and security, and completed numerous infrastructure improvement projects, including several HVAC related projects at various locations. The College continues significant climate and sustainability related energy efficiencies and water conservation projects across all existing locations, including the Comprehensive Integrated Energy Management Program and related Learning Lab. These deferred maintenance and improvements projects are funded through capital reserves and financed purchases.

Industry Partnerships

The College has worked extensively to integrate industry partnerships in order to ensure that meaningful changes are made to traditional curriculum, instructional practices, and processes to best support the needs of the community. The College has approximately 700 active partnerships with employers, with plans to expand. These robust relationships between the College and local industry are critical to building strong workforce development programs for students and supporting economic development in Southern Arizona.

Through active business development and engagement, advisory committees, grants, and College events, industry partners play a key role in curriculum development and credential validation, which ensures graduates have the skills necessary to earn high paying jobs and supports the development of a labor pool that meets employer needs. The continuing development of the Centers of Excellence ensures that the College will meet its goal of creating partnerships and aligning with key industry sectors in the state.

Fiscal Integrity and Oversight

Internal Controls

The College's Finance and Business Services department is responsible for establishing and maintaining a system of internal controls. Internal controls are designed to ensure reasonable, but not absolute, assurance that the assets of the College are protected from loss, theft, or misuse, and that adequate accounting data are compiled to allow for the preparation of financial statements that conform to generally accepted accounting principles. 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. The College's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Office of the Internal Auditor (Internal Audit) is an independent, objective, assurance and consulting entity designed to add value and improve College operations. Internal Audit assists the College in accomplishing its objectives by systematically evaluating, and helping to improve, risk management, control and governance. The scope of Internal Audit's responsibilities encompasses all College operations. The Director of Internal Audit reports directly to the College's General Counsel and provides reports to the Governing Board and the Finance and Audit Committee.

Budgetary Controls

The College complies with state statutes requiring that a report of the College's adopted budget be published annually within the prescribed format as required by the Arizona Auditor General. The College maintains budgetary controls and budget transfer restrictions by program (function) and major account category. The objective of these budgetary controls is to ensure compliance with the annual budget adopted by the Governing Board. The legal level of budgetary control is at the program category level. The College also maintains an encumbrance system to set aside funds for established commitments. Open encumbrances are eliminated for fiscal year-end reporting.

The College also demonstrates compliance with statutory expenditure limitations by issuing an annual budgeted expenditure limitation report, which is audited by the Arizona Auditor General. These and other financial reports are publicly available on the College's website.

College Functions

As a political subdivision of the State of Arizona, the College exercises direct tax levy authority for the generation of revenues for operating expenses, capital equipment, and debt retirement purposes. The Governing Board sets tuition and fee levels, as well as the budget and property tax rates and levies for the College.

Governing Board's Finance and Audit Committee

As part of the College's continuing improvements in financial accountability and transparency, the Governing Board has a Finance and Audit Committee. As stated in its Charter, the Committee is structured to provide additional oversight and monitoring responsibilities for the College's financial, audit, and investment related performance, policies, and procedures. The Committee allows for better sharing of financial information with the Governing Board and other constituencies, including the public.

The Committee is comprised of two College Governing Board members and five to eight community representatives who are professionally knowledgeable about finance, accounting, auditing, and/or investments.

Independent Audit

The Arizona Auditor General conducts the annual financial audit of the College's finances. Testing procedures determine whether the financial statements are free of material misstatement and ensure compliance with Arizona Revised Statutes that require an annual audit of the College's financial statements. The Auditor General's Independent Auditors' Report is included in this document. For the fiscal year ended June 30, 2024, the College received an unmodified opinion.

A local independent accounting firm conducts the annual financial audit for the Foundation. The Foundation also received an unmodified opinion for the fiscal year ended June 30, 2024.

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Pima County Community College District for the fiscal year ended June 30, 2023. This was the thirty-second consecutive year that the College has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The College believes that the current ACFR continues to meet the Certificate of Achievement Program's requirements, and the ACFR will be submitted to the GFOA to determine its eligibility for another certificate.

Acknowledgements

We would like to express our appreciation for members of the Governing Board and the Finance and Audit Committee, who volunteer their time and expertise on a regular basis to guide the College. The mission of the College could not be achieved without the Chancellor's leadership. We would also like to express our appreciation to the Auditor General for the timely completion of the audit. The preparation of this report could not be accomplished without the efficient and dedicated efforts of the College's Finance and Business Services and all those who contributed to the preparation of this report.

Respectfully submitted,



David W. Bea, Ph.D.
Executive Vice Chancellor
for Finance and Administration



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Pima County
Community College District
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

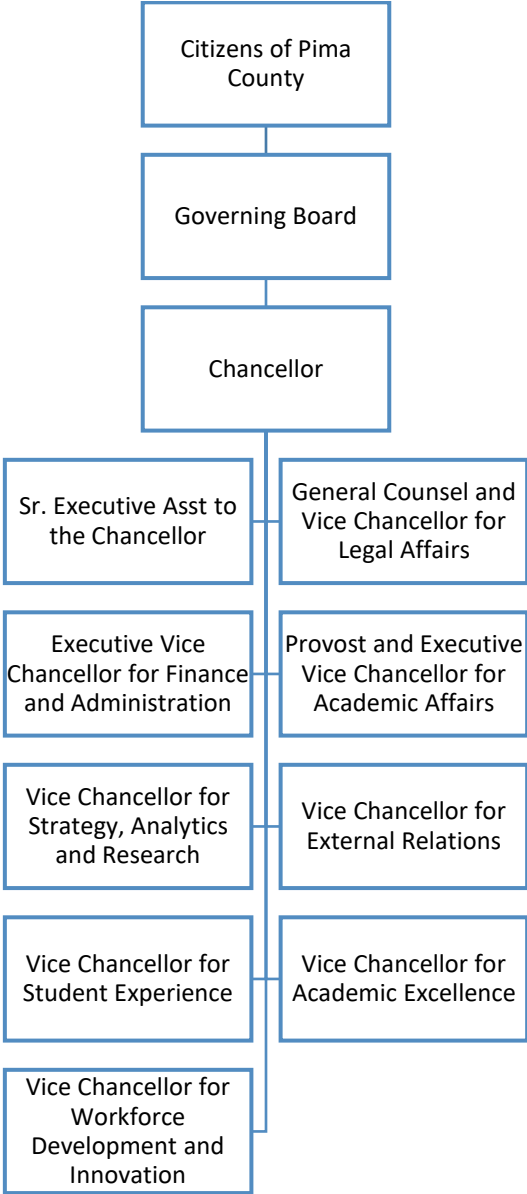
Christopher P. Morill

Executive Director/CEO

Organization Chart*



Pima County Community College District



* As of September 2024



PimaCountyCommunityCollegeDistrict

Governing Board - 2024

Wade McLean, Ph.D., Vice Chair/Secretary, District 1
Theresa Riel, Chair, District 2
Maria D. Garcia, Member, District 3
Greg Taylor, Member, District 4
Luis L. Gonzales, Member, District 5

District Executive Leadership Team

Dr. Jeffrey P. Nasse, *Chancellor*
Dr. Dolores M. Duran-Cerda, *Provost and Executive Vice Chancellor for Academic Affairs*
Dr. David W. Bea, *Executive Vice Chancellor for Finance and Administration*
Jeffrey Silvyn, J.D., *General Counsel and Vice Chancellor for Legal Affairs*
Phil Burdick, *Vice Chancellor for External Relations*
Dr. Morgan Phillips, *Vice Chancellor for Academic Excellence*
Dr. Nicola Richmond, *Vice Chancellor for Strategy, Analytics and Research*
Dr. Irene Robles-Lopez, *Vice Chancellor for Student Experience*
Dr. Ian Roark, *Vice Chancellor for Workforce Development and Innovation*
Brandye D'Lena, *Assistant Vice Chancellor for Facilities*
Tina Neil, *Acting Assistant Vice Chancellor for Human Resources*
Isaac Abbs, *Assistant Vice Chancellor for Information Technology & Chief Information Officer*
Dr. Aubrey Conover, *Lead Campus Vice President*
Brian Stewart, *Chief Culture Impact Officer*
Michael Amick, *Chief Online Learning Officer*

*As of September 2024

College Vision, Mission, and Values

College Purpose

Transforming lives through affordable education.

College Vision

As a premier community college, Pima Community College (PCC) will be a catalyst for personal transformation, economic growth, and cultural prosperity that enriches our diverse community.

College Mission

Empower every learner, every day, for every goal.

As an open-admissions community college within the diverse setting of Pima County, PCC provides comprehensive and flexible life-long learning opportunities to promote learner success and to empower every learner, every day, for every goal.

Every learner: We commit to meeting the diverse needs of every person who seeks to further themselves through education.

Every day: We strive for excellence in teaching and support services, to ensure that all of our learners experience a welcoming and supportive environment that enhances their education.

Every goal: We align our programs and services with meaningful careers, quality educational pathways, and equity-driven practices to empower learners to succeed in their college and career goals.

College Behaviors

We champion these behaviors that exemplify the spirit of our college to foster a compassionate, productive educational environment for our whole community.

Every employee is encouraged to:

- **Commit to equity and social justice.** Meet each learner where they are and seek to improve equity in our community through every decision that we make.
- **Have frank, open conversations and give each other the benefit of the doubt.** Act earnestly, ethically, and value integrity in everything we do.
- **Open up to change and endeavor to serve our learners and the community by soliciting, valuing and using their input.**
- **Innovate.** Actively seek new ways of serving our learners and bring creativity to everything we do. Have the courage to take risks.
- **Challenge our processes, assumptions, and the status quo to remove barriers and find more efficient ways to operate.**
- **Evaluate our effectiveness.** Assess outcomes regularly to champion what is proven to work well and direct resources to the areas in greatest need of improvement.
- **Serve.** Provide outstanding service to our learners, the community and each other. Work closely with employees, employers, corporate and non-profit partners, schools and government agencies in the service of our learners.

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Financial Section



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
Pima 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 Pima County Community College District as of and for the year ended June 30, 2024, 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, 2024, 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*.

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 U.S. 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 U.S. 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 18 through 24, schedule of the District's proportionate share of the net pension/OPEB liability on pages 51 and 52, and schedule of District pension/OPEB contributions on pages 52 and 53 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

December 17, 2024

Management’s Discussion and Analysis

Introduction

This section of the College’s Annual Comprehensive Financial Report was prepared by the College’s management and presents management’s discussion and analysis of the College’s financial activity for the fiscal year ended June 30, 2024. Please read it in conjunction with the transmittal letter, the financial statements, and the accompanying notes to the financial statements.

Basic Financial Statements

The College’s annual financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, “Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments,” and Statement No. 35, “Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities.” These statements allow public colleges and universities to use guidance for special-purpose governments, engaged only in business-type activities. Therefore, the presentation of financial activity and balances is in a consolidated, single-column, entity-wide format.

The *Statement of Net Position* presents the financial position of the College as of June 30, 2024. It reflects the assets and deferred outflows owned or controlled by the College, the related liabilities, deferred inflows, and other obligations, and the categories of net position. The total net position consists of net investment in capital assets, restricted net position, and unrestricted net position. The change in net position is an indicator of whether the financial condition has improved or worsened during the fiscal year.

The *Statement of Revenues, Expenses and Changes in Net Position* presents the College’s revenues earned and the expenses incurred during the fiscal year, regardless of when cash is received or paid. Activities are reported as either operating or non-operating. Operating expenses are incurred in the normal operation of the College, including a provision for depreciation and amortization of capital assets. Certain revenue sources that the College relies on for operations, including taxes, gifts, grants, and investment income are required by GASB Statement No. 35 to be classified as nonoperating revenues. Changes in net position are reconciled to the *Statement of Net Position* described above.

The *Statement of Cash Flows* presents the inflows and outflows of cash and cash equivalents of the College for the fiscal year. Cash flows are segregated by type and activity into the following categories: operating activities, noncapital financing activities, capital and related financing activities, and investing activities. Cash flows from operating activities are reconciled to operating income/loss on the *Statement of Revenues, Expenses and Changes in Net Position* described above.

This report focuses on the College’s overall financial position, financial condition, and results of operations and cash flows for the fiscal year ended June 30, 2024. Comparative information from the previous fiscal year is provided in the condensed financial information to show the readers how the College’s financial performance has changed.

Management's Discussion and Analysis

Financial Highlights and Analysis

Statement of Net Position

The College's overall financial position in fiscal year 2024 saw a total net position decrease of \$9.6 million or 4.9 percent, from \$195.5 million to \$185.8 million. Restricted net position decreased from \$27.4 million to \$15.9 million. This was primarily due to renovation work on the College's Centers of Excellence capital projects as described in the following paragraph. The unrestricted net position decrease of \$11.6 million included the planned use of net position for Health Professions related capital projects, among others.

Total assets are measured in current or fair value, except for capital assets, which are recorded at historical cost less the applicable accumulated depreciation and amortization. During fiscal year 2024, total assets decreased 1.8 percent from \$383.2 million to \$376.4 million. This change was primarily due to a decrease in cash and cash equivalents for increases in personnel costs to reflect the continuing implementation of the College's comprehensive class and compensation study to better align salaries with market conditions. The restricted cash and investments held by trustee decreased \$9.1 million as the College continued work on Centers of Excellence projects, including Health Professions renovations to help meet future workforce needs within the community.

Current liabilities consist of payables due within a short period after the close of the fiscal year. These include: current portion of long-term liabilities, accrued payroll and employee benefits, accounts payable, accrued liabilities for invoices that have been received but not yet paid, and unearned revenues for monies the College has received prior to providing services. The current liabilities increase of \$4.8 million is due to increases in Accrued Payroll and Benefits and Accounts Payable and Accrued Liabilities.

The majority of the College's long-term liabilities are related to pension and other post-employment benefits at 54.1 percent and revenue bonds at 23.4 percent of total liabilities. The long-term liabilities increase this fiscal year of \$4.4 million is due to an increase in net pension and other postemployment benefits of \$8.8 million and an increase in compensated absences of \$0.4 million, with offsetting decreases in subscriptions payable of \$1.2 million, bonds payable of \$2.8 million, leases payable of \$0.1 million, and financed purchase obligations payable of \$0.7 million. The increase in the net pension and other post-employment benefits was primarily the result of changes in actuarial assumptions and actuarial adjustments as provided by Arizona State Retirement System (ASRS) and Public Safety Personnel Retirement System (PSPRS).

Deferred outflows and deferred inflows of resources related to pension and OPEB liabilities are a result of actuarial adjustments provided by ASRS and PSPRS. Variances primarily are driven by changes in pension plan investments, contribution rate changes, composition of employer participants, etc. Additional information on the pensions and other postemployment benefits liabilities are in Note 5 of the basic financial statements.

Management's Discussion and Analysis

Condensed Financial Information – Primary Government

	<u>As of</u> <u>June 30, 2024</u>	<u>As of</u> <u>June 30, 2023</u>	<u>% Change</u>
Assets			
Current Assets	\$ 81,296,803	\$ 91,921,403	-11.6%
Noncurrent Assets – Restricted	3,345,448	12,429,906	-73.1%
Capital Assets, net	187,414,561	170,715,894	9.8%
Other Noncurrent Assets	104,330,581	108,147,634	-3.5%
Total Assets	376,387,393	383,214,837	-1.8%
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions and Other Postemployment Benefits	23,567,039	18,605,102	26.7%
Total Deferred Outflows of Resources	23,567,039	18,605,102	26.7%
Liabilities			
Current Liabilities	37,091,833	32,318,091	14.8%
Long-term Liabilities			
Compensated Absences	4,607,479	4,175,485	10.3%
Financed Purchase Obligations Payable	383,646	1,041,291	-63.2%
Leases Payable	827,742	946,764	-12.6%
Subscriptions Payable	3,369,405	4,596,686	-26.7%
Bonds Payable	48,407,881	51,160,143	-5.4%
Net Pension and Other Postemployment Benefits Liability	111,769,449	102,974,190	8.5%
Total Liabilities	206,457,435	197,212,650	4.7%
Deferred Inflows of Resources			
Deferred Inflows Related to Leases	768,431	997,029	-22.9%
Deferred Inflows Related to Pensions and Other Postemployment Benefits	6,898,148	8,133,317	-15.2%
Total Deferred Inflows of Resources	7,666,579	9,130,346	-16.0%
Net Position			
Net Investment in Capital Assets	128,655,446	115,172,346	11.7%
Restricted Net Position	15,879,817	27,432,257	-42.1%
Unrestricted Net Position	41,295,155	52,872,340	-21.9%
Total Net Position	\$ 185,830,418	\$ 195,476,943	-4.9%

Summarized Schedule of Revenues, Expenses and Changes in Net Position

	<u>For the year</u> <u>ended</u> <u>June 30, 2024</u>	<u>For the year</u> <u>ended</u> <u>June 30, 2023</u>	<u>% Change</u>
Operating Revenues			
Tuition and Fees (net of allowances)	\$ 25,254,675	\$ 24,638,886	2.5%
Contracts	9,770,528	5,384,888	81.4%
Commissions and Rents	695,257	650,586	6.9%
Other	2,077,733	1,098,292	89.2%
Total Operating Revenues	37,798,193	31,772,652	19.0%
Total Operating Expenses	244,327,059	227,718,804	7.3%
Operating Loss	(206,528,866)	(195,946,152)	5.4%
Nonoperating Revenues (Expenses)			
Property Taxes	131,410,349	130,435,154	0.7%
State Appropriations	10,882,155	8,673,683	25.5%
Federal Grants	40,808,822	36,115,580	13.0%
State and Local Grants	1,526,911	1,477,272	3.4%
Investment Income	8,124,985	3,753,241	116.5%
Other Nonoperating Revenues	5,902,270	5,468,984	7.9%
Interest Expense on Debt	(1,948,634)	(2,061,670)	-5.5%
Gain on Capital Asset Disposal	142,661	103,954	37.2%
Net Nonoperating Revenues	196,849,519	183,966,198	7.0%
Loss before Capital Gifts and Grants	(9,679,347)	(11,979,954)	-19.2%
Capital Gifts and Grants	32,822	550,353	-94.0%
Decrease in Net Position	(9,646,525)	(11,429,601)	-15.6%
Net Position, beginning of year	195,476,943	206,906,544	-5.5%
Net Position, end of year	\$ 185,830,418	\$ 195,476,943	-4.9%

Management's Discussion and Analysis

Statement of Revenues, Expenses and Changes in Net Position

To further realign budgeting and strategic priorities and anticipating modest enrollment growth, the College adopted the following budgetary resolutions:

1. Increase the tuition per credit hour in-state resident rate to \$92.00.
2. Continued to reduce administrator, staff, and faculty positions and associated budgeted expenses through strategic reorganizations, holding positions vacant, and position eliminations.
3. Increase property taxes by 3.0 percent.

Revenues:

The College's operating revenues consist of tuition and fees, contracts, and other income directly attributable to the day-to-day business activities of the College. Operating revenues are earned in exchange for providing goods and services. During the fiscal year, the College continued working with employers to develop programs and facilities that meet current and anticipated workforce needs. Net tuition increased \$0.6 million from \$24.6 to \$25.2 million due to modest enrollment and tuition increases. Historically, community colleges see enrollment increases during times of high unemployment and economic turmoil and that trend is normalizing as employment has recovered in recent years and enrollment is increasing. Contract revenue also increased by \$4.4 million as the revenue earned from instruction contracts with various agencies, employers, and other arrangements returns to normal activity and the College's dual enrollment program continues to grow. The College is actively evaluating solutions to improve programmatic offerings, reduce operating costs, and generate new revenue streams.

Nonoperating revenues consist of property taxes, grants, gifts, investment income, and other income sources that are related, but not directly attributable, to the day-to-day business activities of the College. Overall, nonoperating revenues increased \$12.8 million or 6.9 percent. Specifically, property tax revenue increased \$1.0 million from \$130.4 million to \$131.4 million due to new properties added to the tax roll, and an increase in the College's primary property tax levy of 3 percent, offset by a \$5 million adjustment to taxes receivable resulting from Pima County property tax revisions. Investment income increased \$4.4 million reflective of positive shifts in the investment market. Federal grant revenue increased \$4.7 million, or 13.0 percent, due to increases in Pell grant funding and Adult Basic Education programs. Overall, total revenues increased by \$18.3 million.

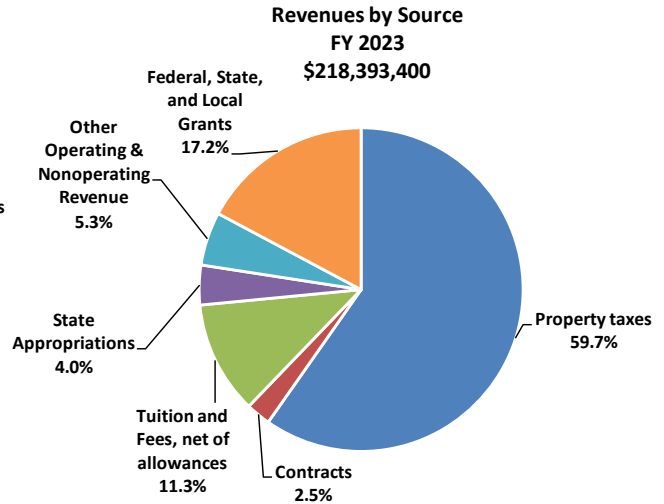
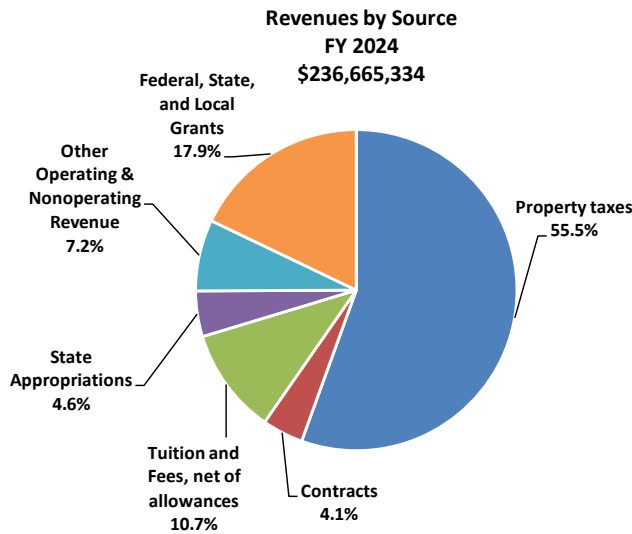
Expenses:

Operating expenses consist of personnel, supplies, contracts, services, and other expenses that are directly attributable to the day-to-day business activities of the College and are presented by function. During the fiscal year, the College's activities normalized class offerings and operations although some activities continued to be conducted virtually for students and employees. The College also continued domestic and international travel activity for students and staff. As a result, travel costs increased by \$0.4 million compared to the previous year. Supplies and materials increased 23.3 percent as capital spending normalized after seeing decreases in construction and renovations activity during the previous year. Net personnel expenses increased \$15.0 million, or 10.9 percent as the College continued the implementation of the comprehensive class and compensation study that adjusted salaries to better align with a competitive job market. Contractual services decreased \$1.8 million or 4.5 percent due to completed capital expansion of facilities and related information technology improvements, offset by decreases in software and licensing costs. Operating expenses overall increased by \$16.6 million, or 7.3 percent. For details, see Note 7 to the basic financial statements.

Management's Discussion and Analysis

Revenues by Source

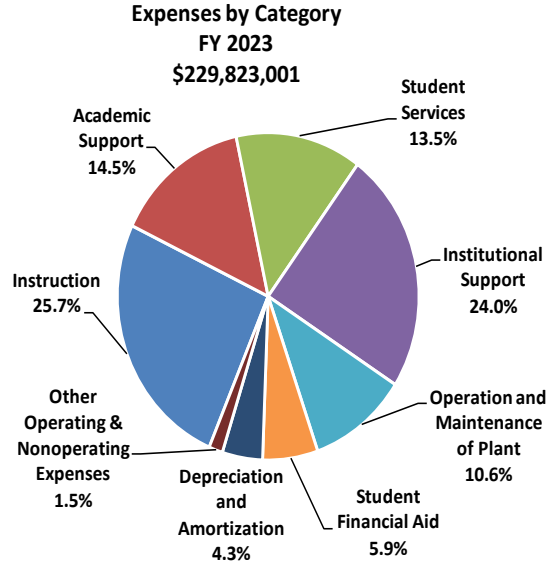
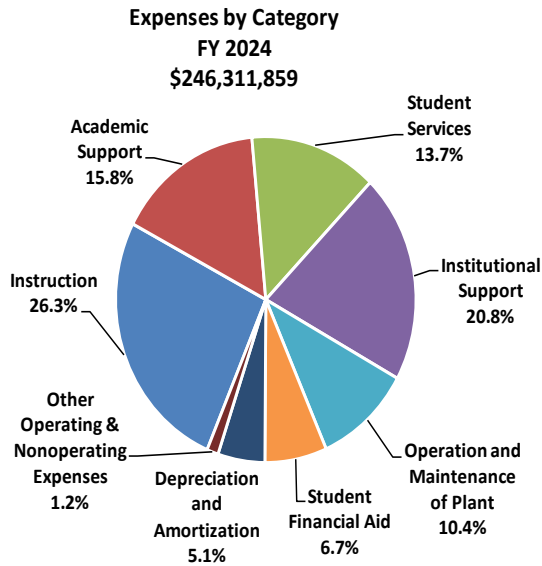
	FY 2024	FY 2023	\$ Change	% Change
Operating Revenues				
Tuition and Fees (net of allowances)	\$ 25,254,675	\$ 24,638,886	\$ 615,789	2.5%
Contracts	9,770,528	5,384,888	4,385,640	81.4%
Commissions and Rents	695,257	650,586	44,671	6.9%
Other	2,077,733	1,098,292	979,441	89.2%
Total Operating Revenues	37,798,193	31,772,652	6,025,541	19.0%
Nonoperating Revenues				
Property Taxes	131,410,349	130,435,154	975,195	0.7%
State Appropriations	10,882,155	8,673,683	2,208,472	25.5%
Federal Grants	40,808,822	36,115,580	4,693,242	13.0%
State and Local Grants	1,526,911	1,477,272	49,639	3.4%
Share of State Sales Tax	4,329,747	4,218,878	110,869	2.6%
Gifts	1,608,689	1,292,633	316,056	24.5%
Investment Income	8,124,985	3,753,241	4,371,744	116.5%
Gain on Capital Asset Disposal	142,661	103,954	38,707	37.2%
Total Nonoperating Revenues	198,834,319	186,070,395	12,763,924	6.9%
Capital Gifts and Grants	32,822	550,353	(517,531)	-94.0%
Total Revenues	\$ 236,665,334	\$ 218,393,400	\$ 18,271,934	8.4%



Management’s Discussion and Analysis

Expenses by Category

	FY 2024	FY 2023	\$ Change	% Change
Operating Expenses				
Educational and General				
Instruction	\$ 64,695,960	\$ 58,970,986	\$ 5,724,974	9.7%
Academic Support	38,963,579	33,369,358	5,594,221	16.8%
Student Services	33,769,979	30,887,444	2,882,535	9.3%
Institutional Support	51,385,961	55,170,263	(3,784,302)	-6.9%
Operation and Maintenance of Plant	25,584,402	24,447,529	1,136,873	4.7%
Student Financial Aid	16,435,318	13,630,228	2,805,090	20.6%
Auxiliary Enterprises	1,037,909	1,287,081	(249,172)	-19.4%
Depreciation and Amortization	12,453,951	9,955,915	2,498,036	25.1%
Total Operating Expenses	244,327,059	227,718,804	16,608,255	7.3%
Nonoperating Expenses				
Other Nonoperating Expenses	36,166	42,527	(6,361)	-15.0%
Interest Expense on Debt	1,948,634	2,061,670	(113,036)	-5.5%
Total Nonoperating Expenses	1,984,800	2,104,197	(119,397)	-5.7%
Total Expenses	\$ 246,311,859	\$ 229,823,001	\$ 16,488,858	7.2%



Management's Discussion and Analysis

Capital Assets and Debt Administration

Total net capital assets increased by \$16.7 million, to \$187.4 million, a 9.8 percent increase from the prior year. The increase is primarily due to increases in buildings and improvements, intangible subscription assets, and construction in progress, as offset by depreciation and amortization expenses of \$11.5 million net of disposals. For details, see Note 3 to the basic financial statements.

The College finances major capital improvements and renovations through the issuance of revenue bonds, financed purchase obligations and leases. At June 30, 2024, the College had outstanding long-term debt consisting of bonds payable of \$51.2 million, financed purchase obligations of \$1.0 million, and leases payable of \$0.9 million. Fitch upgraded their assigned College default rating to AA+ and the revenue bonds rating remained at AA-, both with a stable outlook. Moody's assigned the College Aa2 issuer and Aa3 revenue bond ratings with a stable outlook. Detailed debt information can be found in Note 4 to the basic financial statements.

Economic Outlook

Enrollment projections developed by the College's Strategy, Analytics and Research department (STAR) indicated that enrollment growth was primarily dependent on unemployment rates in Pima County from the March prior to the relevant fall semester. College enrollment often follows the characteristic behavior seen at community colleges across the nation where enrollment growth is primarily dependent on unemployment rates. Community colleges typically see enrollment spikes during times of economic hardship and previous enrollment data for the College was consistent with those patterns indicating that individuals choose the workplace over the classroom. However, after initially not following patterns of the past during the pandemic student enrollment has maintained a more consistent pattern as the unemployment rate has steadied over the last year, and the lower enrollment noted during the pandemic has reached full recovery based on the modest enrollment gains during the fall semester. Additionally, the enrollment patterns for both last year and this fall stayed consistent with peer institutions throughout the state, and the College continues to monitor trends for future planning and will accordingly measure the impacts and continue to reduce expenses to align with anticipated enrollment levels.

Centers of Excellence

In fiscal year 2024 the College's work on the Centers of Excellence continued to progress. The new building for Advanced Manufacturing was completed and opened during the fall semester. The development of the Health Professions facility and new Science Labs are both expected to be completed this fall. The upcoming renovation of the College's Science and Technology building will expand the Building and Construction Trades facility during the coming fiscal year. These renovated facilities will help the College deliver educational services to meet student career and local employer work force needs. Specifically, these Centers of Excellence will support the College in expanding workforce training programs and ensure that students are trained in high demand, real-world skills, including data analytics, artificial intelligence, robotics, and simulators, and on industry-standard and state-of-the-art equipment and technology, and to help the community to have a better trained workforce to attract high-paying jobs.

Requests for Information

This discussion and analysis is designed to present a general overview of the Pima County Community College District's finances for all those who have an interest in such matters. Questions concerning any of the information provided in this Annual Comprehensive Financial Report or requests for additional financial information should be addressed to the District Finance Office, Pima County Community College District, 4905D East Broadway Boulevard, Tucson, AZ, 85709-1200.

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Basic Financial Statements

Statement of Net Position – Primary Government
June 30, 2024

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 48,881,370
Short-term Investments	13,414,072
Receivables	
Property Taxes (less allowance for uncollectibles of \$264,000)	2,315,052
Accounts (less allowance for uncollectibles of \$4,081,103)	6,304,232
Government Grants and Contracts	3,914,296
Interest	4,486
Leases	215,224
Other (less allowance for uncollectibles of \$147,540)	2,970,365
Inventories	151,409
Prepaid Items	3,126,297
Total Current Assets	81,296,803
Noncurrent Assets	
Restricted Cash and Cash Equivalents	64,840
Restricted Cash and Investments Held by Trustee	3,280,608
Other Long-term Investments	99,960,155
Leases Receivable	594,812
Net Other Postemployment Benefits Asset	3,775,614
Capital Assets	
Land and Improvements	18,897,506
Intangible Assets - Easements	153,163
Construction in Progress	27,773,722
Buildings and Improvements (net of depreciation)	119,861,534
Equipment (net of depreciation)	12,254,994
Leasehold Improvements (net of depreciation)	501,829
Library Books (net of depreciation)	1,230,647
Intangible Right-to-Use Leased Buildings (net of amortization)	892,157
Intangible Right-to-Use Subscription Assets (net of amortization)	5,849,009
Total Noncurrent Assets	295,090,590
Total Assets	376,387,393
Deferred Outflows of Resources	
Deferred Outflows Related to Pensions and Other Postemployment Benefits	23,567,039
Total Deferred Outflows of Resources	23,567,039
Liabilities	
Current Liabilities	
Accrued Payroll and Employee Benefits	7,446,018
Accounts Payable and Accrued Liabilities	13,902,690
Deposits Held in Custody for Others	260,340
Unearned Revenues	4,378,255
Current Portion of Compensated Absences Payable	4,981,131
Current Portion of Financed Purchase Obligations Payable	657,645
Current Portion of Leases Payable	119,022
Current Portion of Subscriptions Payable	2,594,470
Current Portion of Bonds Payable	2,752,262
Total Current Liabilities	37,091,833
Noncurrent Liabilities	
Long-term Liabilities	
Compensated Absences Payable	4,607,479
Financed Purchase Obligations Payable	383,646
Leases Payable	827,742
Subscriptions Payable	3,369,405
Bonds Payable	48,407,881
Net Pensions and Other Postemployment Benefits Liability	111,769,449
Total Noncurrent Liabilities	169,365,602
Total Liabilities	206,457,435
Deferred Inflows of Resources	
Deferred Inflows Related to Pensions and Other Postemployment Benefits	6,898,148
Deferred Inflows Related to Leases	768,431
Total Deferred Inflows of Resources	7,666,579
Net Position	
Net Investment in Capital Assets	128,655,446
Restricted for:	
Expendable:	
Capital Projects	1,893,422
Debt Service	2,160,689
Grants and Contracts	8,050,092
Restricted for Other Postemployment Benefits	3,775,614
Unrestricted	41,295,155
Total Net Position	\$ 185,830,418

See accompanying notes to financial statements

**Statement of Financial Position – Component Unit
June 30, 2024**

**Pima
Community College
Foundation, Inc.**

Assets

Current Assets

Cash and cash equivalents	\$	171,241
Grants receivable		148,762
Unconditional promises to give, current portion		80,000
Prepaid expenses and other current assets		16,781
Investments, current portion		1,343,274
Total current assets		1,760,058

Investments		14,067,877
Office furniture and equipment, net		2,768
Unconditional promises to give, non-current portion		37,857
Total assets	\$	15,868,560

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$	129,006
Total liabilities		129,006

Net assets

Without donor restrictions		1,671,677
With donor restrictions		14,067,877
Total net assets		15,739,554
Total liabilities and net assets	\$	15,868,560

See accompanying notes to financial statements

Statement of Revenues, Expenses and Changes in Net Position – Primary Government
Year Ended June 30, 2024

Operating Revenues

Tuition and Fees (net of scholarship allowances of \$14,854,625)	\$ 25,254,675
Contracts	9,770,528
Commissions and Rents	695,257
Other	2,077,733
Total Operating Revenues	37,798,193

Operating Expenses

Educational and General	
Instruction	64,695,960
Academic Support	38,963,579
Student Services	33,769,979
Institutional Support	51,385,961
Operation and Maintenance of Plant	25,584,402
Student Financial Aid	16,435,318
Auxiliary Enterprises	1,037,909
Depreciation and Amortization	12,453,951
Total Operating Expenses	244,327,059
Operating Loss	(206,528,866)

Nonoperating Revenues (Expenses)

Property Taxes	131,410,349
State Appropriations	10,882,155
Federal Grants	40,808,822
State and Local Grants	1,526,911
Share of State Sales Tax	4,329,747
Gifts	1,608,689
Investment Income	8,124,985
Other Nonoperating Expenses	(36,166)
Interest Expense	(1,948,634)
Gain on Capital Asset Disposal	142,661
Net Nonoperating Revenues	196,849,519

Loss Before Other Revenues, Expenses, Gains, or Losses	(9,679,347)
Capital Gifts and Grants	32,822
Decrease in Net Position	(9,646,525)

Net Position

Net Position, July 1, 2023	195,476,943
Net Position, June 30, 2024	\$ 185,830,418

See accompanying notes to financial statements

**Statement of Activities – Component Unit
Year Ended June 30, 2024**

Pima Community College Foundation, Inc.

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions and grants	\$ 181,561	\$ 3,359,772	\$ 3,541,333
Service agreement revenue	625,447	-	625,447
Investment income, net	773,614	632,998	1,406,612
In-kind contributions	18,737	89,927	108,664
Other income	124	-	124
Special events	-	264,864	264,864
Net assets released from restrictions and transfers	2,748,067	(2,748,067)	-
Total revenues and support:	4,347,550	1,599,494	5,947,044
Expenses			
Program services	3,184,013	-	3,184,013
Management and general	234,535	-	234,535
Fund-raising	549,075	-	549,075
Total expenses	3,967,623	-	3,967,623
Change in net assets	379,927	1,599,494	1,979,421
Net assets, beginning of year, restated and reclassified	1,291,750	12,468,383	13,760,133
Net assets, end of year	\$ 1,671,677	\$ 14,067,877	\$ 15,739,554

See accompanying notes to financial statements

**Statement of Cash Flows – Primary Government
Year Ended June 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	\$ 21,647,324
Contracts	8,123,644
Commissions and Rents	770,234
Other Receipts	1,696,380
Payments to Suppliers and Providers of Goods and Services	(59,068,225)
Payments for Employee Wages and Benefits	(148,292,043)
Payments to Students for Scholarships	(16,435,318)
Funds Held for Others Received	742,702
Funds Held for Others Disbursed	(741,072)
Net Cash Used for Operating Activities	(191,556,374)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Property Taxes	135,283,396
State Appropriations	10,882,155
Grants	42,508,462
Share of State Sales Tax	4,329,747
Federal Direct Lending Receipts	6,807,658
Federal Direct Lending Disbursements	(6,823,541)
Gifts	1,608,689
Net Cash Provided by Noncapital Financing Activities	194,596,566

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from Sale of Capital Assets	144,800
Purchases of Capital Assets	(27,295,838)
Other Capital Related Payments	(36,166)
Principal Paid on Capital Debt/Obligations	(5,778,792)
Interest Paid on Capital Debt/Obligations	(2,613,409)
Net Cash Used for Capital and Related Financing Activities	(35,579,405)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	69,774,783
Purchases of Investments	(52,555,127)
Interest Received on Investments	5,370,791
Net Cash Provided by Investing Activities	22,590,447

Net Decrease in Cash and Cash Equivalents	(9,948,766)
Cash and Cash Equivalents - July 1, 2023	58,894,976
Cash and Cash Equivalents - June 30, 2024	\$ 48,946,210

See accompanying notes to financial statements

(Continued)

**Statement of Cash Flows – Primary Government
Year Ended June 30, 2024**

RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES

Operating Loss	\$ (206,528,866)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation and Amortization	12,453,951
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
Increase in Receivables, Net	(4,751,162)
Decrease in Inventories	159,815
Decrease in Prepaid Items	226,205
Increase in Net Other Postemployment Benefits (OPEB) Asset	(181,820)
Increase in Government Grants and Contracts Receivable	(517,313)
Increase in Deferred Outflows of Resources Related to Pensions and OPEB	(4,961,937)
Increase in Accrued Payroll and Employee Benefits	1,301,113
Increase in Accounts Payable and Accrued Liabilities	3,429,387
Increase in Deposits Held in Custody for Others	1,630
Decrease in Unearned Revenues	(92,432)
Increase in Long-term Liabilities (Compensated Absences Portion)	573,563
Increase in Net Pensions and OPEB Liability	8,795,259
Decrease in Deferred Inflows of Resources Related to Pensions and OPEB	(1,235,169)
Decrease in Deferred Inflows of Resources Related to Leases	(228,598)
Net Cash Used for Operating Activities	\$ (191,556,374)

Non-cash Transactions Not Included in Above Statement:

<i>Net Book Value of Capital Assets Sold</i>	\$ 2,139
<i>Donated Capital Assets</i>	32,822
<i>Net Increase in Fair Value of Investments</i>	2,522,751
<i>Amortization of Bond Premium</i>	628,789
<i>Intangible Right-to-use Subscription Assets Additions</i>	1,797,204

See accompanying notes to financial statements

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Pima County Community College District (the College) conform to U.S. generally accepted accounting principles (GAAP) applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB).

Reporting Entity:

The College is a special-purpose government that a separately elected governing body governs. It is legally separate and is fiscally independent of other state and local governments. The College has one discretely presented component unit, the Pima Community College Foundation, Inc. (the Foundation).

The Foundation is reported discretely in the financial statements to emphasize that it is legally separate from the College and the Foundation's cash flows are not presented because that information is not required by generally accepted accounting principles for public colleges. The Foundation's financial statements are prepared in accordance with Financial Accounting Standards Board statements for nonprofit organizations. The Foundation was formed in 1977 as a nonprofit corporation controlled by a separate Board of Directors and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation's primary mission and purpose is to assist and support the College in carrying out the College's educational, operational, and other purposes. The Foundation has pursued its mission and purpose primarily through raising private support to make gifts of scholarship funds to the College and its students on an annual basis. Because the resources held by the Foundation are primarily for the benefit of the College, the Foundation is considered a component unit of the College. During the year ended June 30, 2024, the Foundation distributed \$151,013 of in-kind gifts to be used for College operations and teaching programs, \$519,006 for scholarships, \$235,910 for student assistance, and \$806,107 in other expenses to the College. On October 1, 2017, the College and the Foundation entered into a services agreement that defines the relationship between the parties and it has been extended through June 30, 2025. In exchange for the services provided by the Foundation, in fiscal year 2024, the College paid to the Foundation an amount of \$625,447. Notes to the financial statements for the Foundation are included in Note 9. Complete financial statements can be obtained from the Foundation, located at 4905C East Broadway Boulevard, Tucson, AZ 85709-1320.

Basis of Presentation and Accounting:

The financial statements include the following:

- A. Statement of Net Position: provides information about the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the College 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 College's obligations. Net investment in capital assets represents the value of capital assets, net of accumulated depreciation and 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.
- B. Statement of Revenues, Expenses and Changes in Net Position: provides information about the College'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.
- C. Statement of Cash Flows: provides information about the College's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as operating, noncapital financing, capital and related financing, or investing.

Notes to Financial Statements

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. The College eliminates all internal activity.

Operating revenues generally result from exchange transactions. Accordingly, revenues such as tuition and instructional contracts are considered operating revenues. Other revenues, such as property taxes and government grants are not generated from exchange transactions and are therefore classified as nonoperating revenues. Federal, state, and local grants are classified as nonoperating revenues because the entity providing the grant generally does not receive any direct benefit from the services provided under the grants. Property taxes are recognized in the year they are levied. Grants and donations are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation and amortization of capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

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

Cash and Investments:

For the Statement of Cash Flows, the College's cash and cash equivalents consist of cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's Local Government Investment Pool (LGIP), and highly liquid investments with a maturity of 3 months or less when purchased. All investments are stated at fair value at fiscal year-end.

Inventories:

The physical plant inventories are valued at cost or estimated cost by specific identification.

Capital Assets:

Capital assets are recorded at cost at the date of acquisition. Donated capital assets are reported at acquisition value at the date of donation. Intangible right-to-use lease assets with a cost of \$50,000 or more, intangible right-to-use subscription assets with a cost of \$200,000 or more, and all other capital assets with a cost of \$5,000 or more are capitalized. 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 College has 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 information technology assets. All other capital assets (except land and improvements, easements and construction in progress) are depreciated using the straight-line method over their estimated useful lives. For purposes of calculating depreciation, buildings and improvements are assigned useful lives of 5 to 40 years, equipment is assigned useful lives of 5 to 7 years, and library books are assigned useful lives of 10 years. Leasehold improvements are depreciated over the lease period.

Pension and Other 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 plans. 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.

Notes to Financial Statements

Investment Income:

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

Compensated Absences:

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

Employees may accumulate up to 320 hours of annual leave depending on years of service and employee group classification. Annual leave is accumulated by each employee on a prorated basis. Annual leave balances are accrued as a liability on the financial statements due to the fact that they are paid to the employee upon separation from the College.

Sick leave, providing for ordinary sick pay, is cumulative (up to 1,440 hours) and unused sick leave vests after 10 years of continuous service for regular full-time employees who retire from the College under the provisions of either the Arizona State Retirement System, Optional Retirement Plan, or the Public Safety Personnel Retirement System. Vested unused sick leave is payable to regular employees upon retirement at a rate of 75 percent of the employee's then current daily rate of pay to a maximum of \$100 per day, for a maximum of 100 days (\$10,000 maximum). Vested unused sick leave benefits and a portion of unvested sick leave benefits that are expected to vest in the future are accrued as a liability on the financial statements.

Alternately, regular full-time employees hired on or after July 1, 1999 who separate from the College as a result of his/her death are eligible for the sick leave payment benefit provision described above. Similarly, this benefit is paid at 75 percent of the employee's then current daily rate of pay for all accumulated unused sick leave limited to a maximum of \$100 per day, for a maximum of 100 days (\$10,000 maximum). This death benefit is included in the sick leave liability discussed above.

Scholarship Allowances:

A scholarship allowance is the difference between the stated charge for goods and services provided by the College and the amount that is paid by the student or third parties making payments on behalf of the student. Accordingly, some types of student financial aid, such as Pell grants and scholarships awarded by the College are considered scholarship allowances. These allowances are netted against tuition and fees revenues in the Statement of Revenues, Expenses, and Changes in Net Position.

Leases:

As lessee, the College recognizes lease liabilities with an initial, individual value of \$50,000 or more. The College uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The estimated incremental borrowing rate is based on the lower of the annual lease escalation rate, if available, or the arbitrage yield on the College's latest public offering debt issuance.

As lessor, the College leases building space and land to third parties under the provisions of various lease agreements. The College recognizes lease receivables with an initial, individual value of \$50,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the College charges the lessee) and the implicit rate cannot be determined, the College uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The College's estimated incremental borrowing rate is calculated as described above. During the fiscal year ended June 30, 2024, the College had \$215,224 in current lease receivables and \$594,812 in noncurrent lease receivables and recognized total lease-related revenues of \$268,825.

Subscription-based Information Technology Arrangements:

The College recognizes subscription liabilities with an initial, individual value of \$200,000 or more. The College uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the

Notes to Financial Statements

interest rate implicit in the arrangement. The College’s estimated incremental borrowing rate is calculated as described above.

2. DEPOSITS AND INVESTMENTS

Arizona Revised Statutes (A.R.S.) requires the College to deposit special tax levies for the College’s maintenance or capital outlay with the County Treasurer. A.R.S. does not require the College to deposit other public monies in its custody with the County Treasurer; however, the College 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 College’s investments. The College’s policy focuses on mitigation of custodial credit risk for deposits and investments.

Deposits:

At June 30, 2024, the carrying amount of the College’s deposits was \$18,377,931 and the bank balance was \$17,921,362, of which \$130,074 is uninsured and uncollateralized.

Investments:

The College had total investments of \$147,212,664 at June 30, 2024. The College’s investments are categorized within the fair value hierarchy established by generally accepted accounting principles. Investments categorized as Level 1 inputs are valued using prices quoted in active markets for those investments. Investments categorized as Level 2 are valued using Interactive Data IDSI bond quotes, IDSI mortgage-backed securities (MBS), IDSI collateralized mortgage obligations (CMO), and broker pricing techniques. These pricing techniques are used to value securities based on relevant observable inputs, including quoted prices for other similar assets, benchmark yield curve and market corroborated inputs. Investments in the State Treasurer’s investment pools are valued at the pool’s share price multiplied by the number of shares the College 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 investment pool is valued using the College’s proportionate participation in the pool because the pool’s structure does not provide for shares. The State Board of Investment provides oversight for the State Treasurer’s investment pools. No comparable oversight is provided for the County Treasurer’s investment pool. The College’s investments at June 30, 2024, were as follows:

Investments by fair value level	Amount	Fair value measurement using	
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
U.S. Treasury Securities	\$ 51,330,044	\$ 51,330,044	
U.S. Agency Securities	37,519,215		\$ 37,519,215
Corporate Bonds and Notes	25,197,278		25,197,278
Money Market Mutual Funds	3,280,608	3,280,608	
Total investments categorized by fair value level	\$ 117,327,145	\$ 54,610,652	\$ 62,716,493

External investment pools measured at fair value	Amount
State Treasurer's Investment Pool #5	\$ 27,669,248
County Treasurer's Investment Pool	2,216,271
Total external investment pools measured at fair value	29,885,519
Total investments	\$ 147,212,664

Credit Risk:

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The College’s investment policy focuses on mitigation of credit risk. Following is a summary of the College’s investments subject to credit risk and credit ratings as determined by Standard and Poor’s (S&P) rating agency as of June 30, 2024:

Notes to Financial Statements

Investment Type	S&P Rating					Amount
	AAAf/S1+	AAA	AA	A+	Unrated	
State Treasurer's Investment Pool #5	\$ 27,669,248					\$ 27,669,248
County Treasurer's Investment Pool					\$ 2,216,271	2,216,271
U.S. Agency Securities		\$ 110,516	\$ 1,226,600		36,182,099	37,519,215
Corporate Bonds and Notes		2,423,155	16,478,597	\$ 6,030,481	265,045	25,197,278
Money Market Mutual Funds					3,280,608	3,280,608
Total investments subject to credit risk	\$ 27,669,248	\$ 2,533,671	\$ 17,705,197	\$ 6,030,481	\$ 41,944,023	\$ 95,882,620

Concentration of Credit Risk:

The College's investment policy limits the maximum investment percentage in any one security and in any one issuer to 5% with the exception of investments or collateralized investments that are implicitly or explicitly guaranteed by the United States government. The College had investments at June 30, 2024, of 5% or more in Federal National Mortgage Association (FNMA). These investments were 20.82% of the College's total investments.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect an investment's value. The College's investment policy focuses on mitigation of interest rate risk. At June 30, 2024, the College had the following investments in debt securities:

Investment Type	Amount	Investment Maturities	
		Less than 1 Year	1-5 Years
State Treasurer's Investment Pool #5	\$ 27,669,248	\$ 27,669,248	
County Treasurer's Investment Pool	2,216,271	2,216,271	
U.S. Treasury Securities	51,330,044	24,444,226	\$ 26,885,818
U.S. Agency Securities	37,519,215	6,611,000	30,908,215
Corporate Bonds and Notes	25,197,278	5,129,495	20,067,783
Money Market Mutual Funds	3,280,608	3,280,608	
Total investments	\$ 147,212,664	\$ 69,350,848	\$ 77,861,816

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

Cash, Deposits and Investments	Amount
Cash on hand	\$ 10,450
Amount of deposits	18,377,931
Amount of investments	147,212,664
Total	\$ 165,601,045

Statement of Net Position	Amount
Cash and cash equivalents	\$ 48,881,370
Current investments	13,414,072
Restricted Assets:	
Cash and cash equivalents	64,840
Cash and investments held by trustee	3,280,608
Other long-term investments	99,960,155
Total	\$ 165,601,045

Notes to Financial Statements

3. CAPITAL ASSETS

The College’s capital asset activity for the year ended June 30, 2024, is detailed below:

Description	Balance			Balance
	July 1, 2023	Increases	Decreases	
Land and improvements	\$ 18,897,506			\$ 18,897,506
Intangible assets-easements		\$ 153,163		153,163
Construction in progress	16,923,900	20,840,933	\$ 9,991,111	27,773,722
Depreciable/amortized assets				
Buildings and improvements	245,691,321	10,401,289		256,092,610
Equipment	42,767,358	5,691,578	665,121	47,793,815
Leasehold improvements	2,697,562			2,697,562
Library books	5,924,319	261,701	243,029	5,942,991
Intangible right-to-use:				
Leased buildings	1,274,510			1,274,510
Subscription assets	8,725,843	1,797,204	22,709	10,500,338
Total capital assets	\$ 342,902,319	\$ 39,145,868	\$ 10,921,970	\$ 371,126,217
Less accumulated depreciation / amortization				
Buildings and improvements	\$ 130,632,115	\$ 5,598,961		\$ 136,231,076
Equipment	32,427,169	3,774,634	\$ 662,982	35,538,821
Leasehold improvements	2,102,401	93,332		2,195,733
Library books	4,642,854	312,519	243,029	4,712,344
Intangible right-to-use:				
Leased buildings	254,902	127,451		382,353
Subscription assets	2,126,984	2,547,054	22,709	4,651,329
Total accumulated depreciation/amortization	172,186,425	12,453,951	928,720	183,711,656
Capital assets, net	\$ 170,715,894	\$ 26,691,917	\$ 9,993,250	\$ 187,414,561

4. LONG-TERM LIABILITIES

The following schedule details the College’s long-term liability and obligation activity for the year ended June 30, 2024:

Description	Balance			Balance	Due Within One Year
	July 1, 2023	Additions	Reductions		
Bonds Payable:					
Revenue Bonds	\$ 48,550,000		\$ 2,055,000	\$ 46,495,000	\$ 2,155,000
Premiums	5,293,932		628,789	4,665,143	597,262
Total bonds payable	53,843,932		2,683,789	51,160,143	2,752,262
Compensated absences	9,015,047	\$ 7,202,907	6,629,344	9,588,610	4,981,131
Financed purchase obligations	1,917,030		875,739	1,041,291	657,645
Leases payable	1,060,800		114,036	946,764	119,022
Subscriptions payable	6,900,688	1,797,204	2,734,017	5,963,875	2,594,470
Net pension and other postemployment benefits liability	102,974,190	8,795,259		111,769,449	
Total long-term liabilities	\$ 175,711,687	\$ 17,795,370	\$ 13,036,925	\$ 180,470,132	\$ 11,104,530

Bonds

In February 2019, the College issued tax-exempt revenue bonds. The bonds were issued with a principal amount of \$57,415,000, an original issue premium of \$8,033,935 and have an optional call date in 10 years with interest

Notes to Financial Statements

payable semiannually and principal payable annually. Bond proceeds have been used for acquiring, designing, constructing, renovating, improving and furnishing capital facilities for College programs. Revenue bonds are repaid from tuition and fees, rentals and charges to students and others.

The following bonds were outstanding at June 30, 2024:

Description	Original amount authorized	Amount issued	Maturity ranges	Interest rates	Outstanding principal
Revenue Bonds	\$ 65,000,000	\$ 49,120,000	2025-37	5.0%	\$ 38,200,000
		8,295,000	2038-39	4.0%	8,295,000
		\$ 57,415,000			\$ 46,495,000

The following schedule details debt service requirements to maturity for the College’s bonds payable at June 30, 2024:

Year ending June 30	Revenue Bonds	
	Principal	Interest
2025	\$ 2,155,000	\$ 2,187,925
2026	2,265,000	2,077,425
2027	2,380,000	1,961,300
2028	2,495,000	1,839,425
2029	2,620,000	1,711,550
2030-34	15,205,000	6,403,875
2035-39	19,375,000	2,179,500
Total	\$ 46,495,000	\$ 18,361,000

The College has pledged future tuition, fees, rentals, and other charges from students, faculty, or other parties (including income, revenues and receipts to be received directly or indirectly) using the project buildings. The bonds are payable solely from these gross revenues and are payable through 2039. Annual principal and interest payments on the bonds are expected to require less than 9.5 percent of gross revenues. The total principal and interest remaining to be paid on the bonds is \$64,856,000. The total gross revenues for the current year was \$45,923,178.

Financed purchase obligations

The College has entered into various long term financed purchase obligations to acquire equipment at a total purchase price of \$3,109,859. The following schedule details debt service requirements to maturity for the College’s financed purchases at June 30, 2024:

Year ending June 30	Principal	Interest
2025	\$ 657,645	\$ 29,490
2026	383,646	7,632
Total	\$ 1,041,291	\$ 37,122

Leases

The College has entered into a building lease that conveys control of the right-to-use another entity’s nonfinancial asset for a period of time in an exchange-like transaction. The total amount of lease assets and the related accumulated amortization are as follows:

Total intangible right-to-use leased assets	\$ 1,274,510
Less: accumulated amortization	(382,353)
Carrying value	\$ 892,157

Notes to Financial Statements

The following schedule details minimum lease payments to maturity for the College’s leases payable at June 30, 2024:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 119,022	\$ 18,935
2026	124,161	16,555
2027	129,458	14,072
2028	134,919	11,482
2029	140,545	8,784
2030-2031	298,659	9,019
Total	<u>\$ 946,764</u>	<u>\$ 78,847</u>

Subscription-based information technology arrangements (SBITAs)

The College has entered into certain subscription-based information technology arrangements that convey control of the right-to-use another entity’s (a SBITA vendor’s) IT software, alone or in combination with tangible capital assets (the underlying IT assets), for a period of time in an exchange or exchange-like transaction. These are generally for enterprise-wide software such as educational or operational support applications.

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

Total intangible right-to-use subscription assets	\$ 10,500,338
Less: accumulated amortization	<u>(4,651,329)</u>
Carrying value	<u>\$ 5,849,009</u>

The following schedule details minimum subscription payments to maturity for the College’s subscriptions liability at June 30, 2024:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 2,594,470	\$ 164,005
2026	2,117,102	92,659
2027	1,003,696	34,441
2028	248,607	6,837
Total	<u>\$ 5,963,875</u>	<u>\$ 297,942</u>

5. PENSION AND OTHER POSTEMPLOYMENT BENEFITS

The College contributes to two defined benefit retirement plans: the Arizona State Retirement System (ASRS) and the Public Safety Personnel Retirement System (PSPRS). Although a PSPRS net pension liability and a PSPRS net other post-employment benefits (OPEB) asset have been recorded at June 30, 2024, PSPRS has not been further disclosed due to its relative insignificance to the College’s financial statements.

At June 30, 2024, the College reported the following aggregate amounts related to pensions and OPEB for the two plans:

Net OPEB asset	\$ 3,775,614
Net pension and OPEB liability	111,769,449
Deferred outflows of resources related to pensions and OPEB	23,567,039
Deferred inflows of resources related to pensions and OPEB	6,898,148
Pension and OPEB expense	15,735,937

Notes to Financial Statements

Arizona State Retirement System

Plan Description:

College employees, other than police, may 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:	
	<u>Before July 1, 2011</u>	<u>On or after July 1, 2011</u>
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.

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.

Notes to Financial Statements

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, 2024, statute required active ASRS members to contribute at the actuarially determined rate of 12.29 percent (12.14 percent for retirement and 0.15 percent for long-term disability) of the members' annual covered payroll, and statute required the College to contribute at the actuarially determined rate of 12.29 percent (12.03 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the active members' annual covered payroll. In addition, the College was required by statute to contribute at the actuarially determined rate of 9.99 percent (9.94 percent for retirement and 0.05 percent for long-term disability) of annual covered payroll of retired members who worked for the College in positions that an employee who contributes to ASRS would typically fill. The College's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2024, were \$10,635,838, \$95,338, and \$130,726, respectively.

Liability:

At June 30, 2024, the College reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

ASRS	Net pension/OPEB (asset) liability
Pension	\$ 106,198,823
Health insurance premium benefit	(3,507,530)
Long-term disability	85,458

The net asset and net liabilities were measured as of June 30, 2023. 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, 2022, to the measurement date of June 30, 2023.

The College's proportion of the net asset or net liability was based on the College's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The College's proportion measured as of June 30, 2023, and the change from its proportions measured as of June 30, 2022, were:

ASRS	Proportion June 30, 2023	Decrease from June 30, 2022
Pension	0.65630%	(0.05984)
Health insurance premium benefit	0.64963%	(0.04980)
Long-term disability	0.65217%	(0.05529)

Expense:

For the year ended June 30, 2024, the College recognized the following pension and OPEB expense:

ASRS	Pension/OPEB Expense
Pension	\$ 14,975,627
Health insurance premium benefit	(439,492)
Long-term disability	70,297

Notes to Financial Statements

Deferred outflows/inflows of resources:

At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to ASRS 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	\$ 2,399,670		\$ 148,012	\$ 1,308,044	\$ 77,159	\$ 48,099
Changes of assumptions or other inputs				69,799	22,552	124,394
Net difference between projected and actual earnings on plan investments		\$ 3,757,407		154,059		6,839
Changes in proportion and differences between college contributions and proportionate share of contributions	6,076,059	993,280	21,974	100,382	14,932	35,987
College contributions subsequent to the measurement date	10,635,838		95,338		130,726	
Total	\$ 19,111,567	\$ 4,750,687	\$ 265,324	\$ 1,632,284	\$ 245,369	\$ 215,319

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from college 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized as expenses as follows:

<u>Year ending June 30:</u>	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>	<u>Long - Term Disability</u>
2025	\$ 1,840,944	\$ (602,537)	\$ (17,085)
2026	(1,698,358)	(660,711)	(31,191)
2027	4,049,373	(100,076)	(4,508)
2028	(466,917)	(102,298)	(25,317)
2029		3,324	(22,307)
Thereafter			(268)

Actuarial assumptions:

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

Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9–8.4% for pension/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, 2022, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

Notes to Financial Statements

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
Public equity	44%	3.50%
Credit	23%	5.90%
Real estate	17%	5.90%
Private equity	10%	6.70%
Interest rate sensitive	6%	1.50%
Total	<u>100%</u>	

Discount rate:

At June 30, 2023, 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 plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the College’s proportionate share of the ASRS net pension/OPEB (asset) liability to changes in the discount rate:

The following table presents the College’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0 percent, as well as what the College’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:

College's proportionate share of the	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	\$ 159,070,240	\$ 106,198,823	\$ 62,113,415
Net health insurance premium benefit liability (asset)	(2,451,610)	(3,507,530)	(4,404,825)
Net long-term disability liability	124,968	85,458	46,591

Plan fiduciary net position:

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

Contributions payable:

The College’s accrued payroll and employee benefits included \$719,123 of outstanding pension and OPEB contribution amounts payable to ASRS for the year ended June 30, 2024, which includes \$12,036 for alternate contributions for retirees.

Notes to Financial Statements

6. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; and injuries to employees. The College participates in a risk retention trust for liabilities arising from general liability, educators’ legal liability, pandemic liability, basic cyber liability, commercial crime coverage and automobile and property risks. The trust purchases excess insurance to cover claims above a working level. The trust operating agreement includes a provision for member assessment in the event that total claims paid by the trust exceed the contributions and reserves in any one year. The assessment is limited to the contribution amount paid by the College during the year in which the assessment is applied.

The College also carries commercial insurance coverage for other risks of loss, including workers’ compensation, fiduciary and cyber liability. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

In addition, the College finances uninsured risks of loss for prescription and health benefits to eligible employees and their dependents. The prescription plan provides coverage for eligible prescription drugs with an employee-paid co-payment determined by the drug’s availability within the plan’s formulary. The College purchases insurance for the prescription plan, which covers claims that exceed projected claims, up to two times the original claims projection. The healthcare plan has specific stop loss coverage for claims above \$150,000 in a fiscal year and an aggregate stop loss set at 125 percent of projected medical claims. The College utilizes a consultant to determine the required funding annually based upon anticipated utilization, cost trends, and benefit levels for each plan. Third party administrators provide claim and record-keeping services for the plans. Settled claims resulting from these risks have not exceeded stop loss commercial insurance coverage in any of the past three fiscal years.

The insurance claims payable of \$1,242,800 at June 30, 2024, includes the amounts payable for both health and prescription benefits. This amount has been recognized as an expense and is included in accrued payroll and employee benefits in the Statement of Net Position. It is the estimated cost of settling claims that have been reported but not settled and claims that have been incurred but not reported and is based on actuarial valuations. The College’s claims payable for the fiscal years ended June 30, 2023, and June 30, 2024, are as follows:

<u>Prescription Plan</u>	Year Ended June 30	
	2023	2024
Claims liability at beginning of year	\$ 66,706	\$ 68,431
Current year actual and estimated claims	3,122,766	3,544,464
Payments on claims	<u>(3,121,041)</u>	<u>(3,535,417)</u>
Claims liability at end of year	<u>\$ 68,431</u>	<u>\$ 77,478</u>

<u>Health Plan</u>	Year Ended June 30	
	2023	2024
Claims liability at beginning of year	\$ 515,794	\$ 545,769
Current year actual and estimated claims	6,157,460	7,585,199
Payments on claims	<u>(6,127,485)</u>	<u>(6,965,646)</u>
Claims liability at end of year	<u>\$ 545,769</u>	<u>\$ 1,165,322</u>

Notes to Financial Statements

7. OPERATING EXPENSES

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

<u>Description</u>	<u>Amount</u>
Employee Compensation and Benefits	\$ 152,583,052
Communications and Utilities	5,045,887
Travel	2,333,215
Contractual Services	37,441,286
Supplies and Materials	16,498,164
Student Financial Aid	16,435,318
Other Expenses	1,536,186
Depreciation and Amortization	12,453,951
Total operating expenses	\$ 244,327,059

8. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2024, the College had the following major contractual commitments:

Health Professions (formerly Allied Health) Renovations:

The College had construction contractual commitments of \$14,394,052 to expand and renovate the Health Professions Center of Excellence. Funding for these expenditures will be primarily from capital reserves.

Applied Technology Center – Building and Construction Trades ST Building:

The College had construction contractual commitments of \$1,538,864 to expand and renovate the Applied Technology Building and Construction Trades ST building. Funding for these expenditures will be primarily from capital projects reserves.

Technology and classroom IT upgrades:

The College had contractual commitments to upgrade various IT equipment, technology software contracts, and classrooms upgrades of \$450,352. Funding for these projects will be primarily from capital reserves.

Other Deferred Maintenance projects:

The College had contractual commitments for deferred maintenance of \$188,791 for building maintenance, physical access upgrades, and utilities infrastructure upgrades. Funding for these projects will be primarily from capital reserves.

TRANE Learning Labs:

The College had contractual commitments of \$1,868,362 for development and implementation of an assessment of District utility costs, HVAC enhancement, and establishment of Learning Labs. College staff and faculty and students will implement modeling to achieve overall efficiencies to meet both academic and operational objectives. Funding for this project will be primarily from capital projects reserves.

Downtown Campus Properties Expansion:

The College had contractual commitments for renovation and upgrades to already purchased properties adjacent to the Downtown Campus of \$1,126,450. Funding for these expenditures will be primarily from capital projects reserves.

Notes to Financial Statements

Subscription-Based Information Technology Arrangements:

The College had contractual commitments related to subscription-based information technology arrangements for which the subscription term had not yet commenced at June 30, 2024. These are generally for College-wide software. At June 30, 2024, the College had made payments of \$205,265 to the vendors and had remaining contractual commitments with vendors of \$416,960, including the subscription liabilities that will be recognized at the commencement of the subscription terms.

9. DISCRETELY PRESENTED COMPONENT UNIT – PIMA COMMUNITY COLLEGE FOUNDATION

9a. Summary of Significant Accounting Policies

Reporting Entity:

Pima Community College Foundation, Inc. (the Foundation) was incorporated in the State of Arizona in 1977 as a nonprofit organization dedicated to supporting Pima Community College by securing private philanthropic support for scholarships, programs and other College needs, managing assets to ensure the best financial returns, and facilitating College development activities.

Basis of Accounting:

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation:

The Foundation reports information regarding its financial position and activities according to two classes of net assets (net assets without donor restrictions and net assets with donor restrictions), based upon the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors. Net assets without donor restrictions at June 30, 2024 includes \$1,076,201 designated by the board of directors as an endowment fund.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor-imposed restrictions are temporary in nature, such as those restrictions that will be met by the actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions:

Contributions are recognized as support when received or unconditionally promised. The Foundation reports gifts of cash and other assets as net assets with donor restrictions support if such gifts are received with donor stipulations that limit the use of the donated assets as to either purpose or time period. When a donor restriction expires, either through the passage of time or use of the monies for the purpose intended by the donor, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Donor-restricted contributions are reported as net assets without donor restrictions when the restriction is met in the same period the contribution is received.

Use of Estimates:

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the

Notes to Financial Statements

reported amounts of support and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status:

The Foundation is a nonprofit organization and is exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). Therefore, no provision has been made for income taxes in the accompanying financial statements. The Foundation is classified as other than a private foundation under Section 509(a) of the IRC.

Cash and Cash Equivalents:

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less.

Concentration of Risk:

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investment balances. The Foundation maintains its cash in bank deposit accounts, which may exceed federally insured limits. The Federal Deposit Insurance Corporation (FDIC) insures cash accounts at banks up to \$250,000 per institution. Investments held by other institutions are insured up to \$500,000 under insurance provided by the Securities Investor Protection Corporation (SIPC). However, SIPC does not protect against losses in market value. At June 30, 2024, there was \$14,940,123 in cash and cash equivalents and investment balances in excess of the FDIC and SIPC insurance limits. It is the opinion of Foundation management that the solvency of the referenced financial institutions is not of concern at this time.

Grants Receivable:

Grants receivable in the amount of \$148,762 at June 30, 2024 is comprised primarily of grant match funds earned but not yet received.

Investments:

In accordance with accounting principles generally accepted in the United States of America applicable to nonprofit organizations, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included with the change in net assets.

Donated Services, Materials and Facilities:

Donated goods and facilities are valued at fair market value. Donated services are recognized in the financial statements at fair market value if the following criteria are met:

- The services require specialized skills, and the services are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

Although the Foundation may utilize the services of outside volunteers, the fair value of these services has not been recognized in the accompanying financial statements since they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Advertising:

The Foundation expenses advertising costs as incurred. The Foundation does not participate in direct-response advertising, which requires the capitalization and amortization of related costs. Advertising costs totaled \$17,836 for the year ended June 30, 2024.

9b. Cash and Investments

At June 30, 2024, the Foundation's cash and cash equivalents were \$171,241. The Financial Accounting Standards Board has established a framework for measuring fair value. That framework provides a fair value hierarchy that

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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 as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Foundation’s other long-term investments measured at fair value as of June 30, 2024, consisted of the following:

Foundation 2024	Fair Value			
	Total	Level 1	Level 2	Level 3
Mutual Funds	\$ 12,769,677	\$ 12,769,677		
Fixed Income	2,477,716	2,477,716		
Alternative investments	163,758			\$ 163,758
Total investments at fair value	\$ 15,411,151	\$ 15,247,393	\$ 0	\$ 163,758

9c. Net Assets with Donor Restrictions

The Foundation’s net assets with donor restrictions is comprised of the following at June 30, 2024:

Subject to expenditure for specified purpose or period:	
Scholarships	\$ 1,723,776
Programs	3,826,664
Sports	<u>465,748</u>
	6,016,188
Endowments subject to appropriation and expenditure:	
Accumulated endowment earning - scholarships	781,095
Underwater endowments	(115,051)
Perpetual in nature	<u>7,385,645</u>
Total net assets with donor restrictions	\$ 14,067,877

9d. Endowment Fund

The Foundation’s endowments consist of several individual funds established under donor restriction for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Notes to Financial Statements

The Board of Directors of the Foundation complies with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the state of Arizona with a focus on growth of such funds as well as the preservation of the value of the gift absent explicit donor stipulations to the contrary. The Foundation classifies as net assets with donor restrictions (permanent endowment), (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion, if any, of the donor-restricted endowment fund that is not classified in net assets with donor restrictions (permanent endowment) is classified as net assets with donor restrictions (accumulated earnings) until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the UPMIFA. In accordance with UPMIFA, the Foundation considers, if relevant, the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the 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.

Endowment net assets as of June 30, 2024 comprised of:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,076,201		\$ 1,076,201
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in Perpetuity by the donor		\$ 7,385,645	7,385,645
Accumulated earnings – scholarships		781,095	781,095
Underwater endowment funds		(115,051)	(115,051)
	\$ 1,076,201	\$ 8,051,689	\$ 9,127,890

Changes in endowment net assets for the year ended June 30, 2024 are:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, June 30, 2023	\$ 943,226	\$ 6,256,215	\$ 7,199,441
Contributions	1,100	1,187,824	1,188,924
Investment income	145,390	632,997	778,387
Appropriations and releases	(13,515)	(25,347)	(38,862)
Endowment net assets, end of year	\$ 1,076,201	\$ 8,051,689	\$ 9,127,890

9e. Net Asset Restatement and Reclassification

During the year ended June 30, 2024, the Foundation became aware of a multi-year pledge from a donor that was not properly recorded in the year the pledge was made. As a result, net assets with donor restrictions has been increased by \$200,000 as of June 30, 2023. This restatement resulted in a \$200,000 increase to the change in net assets as previously reported for the year ended June 30, 2023. It was also determined that some net asset funds were not classified properly. As of June 30, 2023, the Foundation has reclassified \$507,775 from board designated net assets to net assets with donor restrictions (scholarships). In addition, as of June 30, 2023, the Foundation has reclassified \$181,817 from accumulated endowment earnings - scholarships to board designated net assets. These reclassifications did not impact the change in net assets as previously reported for the year ended June 30, 2023.

Required Supplementary Information

Schedule of the College’s Proportionate Share of the Net Pension/OPEB Liability

Arizona State Retirement System (ASRS) – Pension

	Reporting Fiscal Year (Measurement Date)				
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
College’s proportion of the net pension liability	0.6563%	0.5965%	0.6172%	0.6356%	0.6482%
College’s proportionate share of the net pension liability	\$106,198,823	\$97,355,519	\$81,094,712	\$110,130,827	\$94,319,187
College’s covered payroll	\$82,272,337	\$71,608,391	\$69,811,271	\$70,130,383	\$68,450,938
College’s proportionate share of the net pension liability as a percentage of its covered payroll	129.08%	135.96%	116.16%	157.04%	137.79%
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%	69.33%	73.24%
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
College’s proportion of the net pension liability	0.7402%	0.7574%	0.8152%	0.8238%	0.8210%
College’s proportionate share of the net pension liability	\$103,226,272	\$117,992,830	\$131,576,627	\$128,312,064	\$121,480,198
College’s covered payroll	\$73,768,417	\$74,350,845	\$77,048,076	\$76,259,354	\$74,240,051
College’s proportionate share of the net pension liability as a percentage of its covered payroll	139.93%	158.69%	170.77%	168.26%	163.63%
Plan fiduciary net position as a percentage of the total pension liability	73.40%	69.92%	67.06%	68.35%	69.49%

ASRS – Health insurance premium benefit

	Reporting Fiscal Year (Measurement Date)				
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
College’s proportion of the net OPEB (asset)	0.6496%	0.5998%	0.6209%	0.6372%	0.6491%
College’s proportionate share of the net OPEB (asset)	\$(3,507,530)	\$(3,347,640)	\$(3,025,173)	\$(451,107)	\$(179,370)
College’s covered payroll	\$82,272,337	\$71,608,391	\$69,811,271	\$70,130,383	\$68,450,938
College’s proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(4.26%)	(4.67%)	(4.33%)	(0.64%)	(0.26%)
Plan fiduciary net position as a percentage of the total OPEB liability	134.37%	137.79%	130.24%	104.33%	101.62%
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
College’s proportion of the net OPEB (asset)	0.7419%	0.7601%	Information	Information	Information
College’s proportionate share of the net OPEB (asset)	\$(267,155)	\$(413,793)	not available	not available	not available
College’s covered payroll	\$73,768,417	\$74,350,845			
College’s proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(0.36%)	(0.56%)			
Plan fiduciary net position as a percentage of the total OPEB liability	102.20%	103.57%			

Required Supplementary Information

ASRS – Long-term disability

	Reporting Fiscal Year (Measurement Date)				
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
College’s proportion of the net OPEB liability	0.6522%	0.5969%	0.6188%	0.6361%	0.6477%
College’s proportionate share of the net OPEB liability	\$85,458	\$55,128	\$127,742	\$482,545	\$421,915
College’s covered payroll	\$82,272,337	\$71,608,391	\$69,811,271	\$70,130,383	\$68,450,938
College’s proportionate share of the net OPEB liability as a percentage of its covered payroll	0.10%	0.08%	0.18%	0.69%	0.62%
Plan fiduciary net position as a percentage of the total OPEB liability	93.70%	95.40%	90.38%	68.01%	72.85%
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
College’s proportion of the net OPEB liability	0.7409%	0.7569%	Information not available	Information not available	Information not available
College’s proportionate share of the net OPEB liability	\$387,129	\$274,355	Information not available	Information not available	Information not available
College’s covered payroll	\$73,768,417	\$74,350,845			
College’s proportionate share of the net OPEB liability as a percentage of its covered payroll	0.52%	0.37%			
Plan fiduciary net position as a percentage of the total OPEB liability	77.83%	84.44%			

Schedule of College Pension/OPEB Contributions

Arizona State Retirement System (ASRS) – Pension

	Reporting Fiscal Year				
	2024	2023	2022	2021	2020
Statutorily required contribution	\$10,635,838	\$9,747,494	\$8,567,994	\$8,114,171	\$8,009,796
College’s contributions in relation to the statutorily required contribution	\$10,635,838	\$9,747,494	\$8,567,994	\$8,114,171	\$8,009,796
College’s contribution deficiency (excess)	-	-	-	-	-
College’s covered payroll	\$88,869,672	\$82,272,337	\$71,608,391	\$69,811,271	\$70,130,383
College’s contributions as a percentage of covered payroll	11.97%	11.85%	11.97%	11.62%	11.42%

ASRS – Pension

	2019	2018	2017	2016	2015
Statutorily required contribution	\$7,639,098	\$8,015,151	\$7,985,084	\$8,328,186	\$8,288,807
College’s contributions in relation to the statutorily required contribution	\$7,639,098	\$8,015,151	\$7,985,084	\$8,328,186	\$8,288,807
College’s contribution deficiency (excess)	-	-	-	-	-
College’s covered payroll	\$68,450,938	\$73,768,417	\$74,350,845	\$77,048,076	\$76,259,354
College’s contributions as a percentage of covered payroll	11.16%	10.87%	10.74%	10.81%	10.87%

Required Supplementary Information

ASRS – Health insurance premium benefit

	Reporting Fiscal Year				
	2024	2023	2022	2021	2020
Statutorily required contribution	\$95,338	\$87,555	\$147,040	\$266,650	\$335,181
College’s contributions in relation to the statutorily required contribution	\$95,338	\$87,555	\$147,040	\$266,650	\$335,181
College’s contribution deficiency (excess)	-	-	-	-	-
College’s covered payroll	\$88,869,672	\$82,272,337	\$71,608,391	\$69,811,271	\$70,130,383
College’s contributions as a percentage of covered payroll	0.11%	0.11%	0.21%	0.38%	0.48%

	2019	2018	2017	2016	2015
Statutorily required contribution	\$306,985	\$318,287	\$410,413	Information not available	Information not available
College’s contributions in relation to the statutorily required contribution	\$306,985	\$318,287	\$410,413	Information not available	Information not available
College’s contribution deficiency (excess)	-	-	-		
College’s covered payroll	\$68,450,938	\$73,768,417	\$74,350,845		
College’s contributions as a percentage of covered payroll	0.45%	0.43%	0.55%		

ASRS – Long-term disability

	Reporting Fiscal Year				
	2024	2023	2022	2021	2020
Statutorily required contribution	\$130,726	\$113,317	\$133,432	\$124,216	\$107,779
College’s contributions in relation to the statutorily required contribution	\$130,726	\$113,317	\$133,432	\$124,216	\$107,779
College’s contribution deficiency (excess)	-	-	-	-	-
College’s covered payroll	\$88,869,672	\$82,272,337	\$71,608,391	\$69,811,271	\$70,130,383
College’s contributions as a percentage of covered payroll	0.15%	0.14%	0.19%	0.18%	0.15%

	2019	2018	2017	2016	2015
Statutorily required contribution	\$107,649	\$ 117,496	\$103,438	Information not available	Information not available
College’s contributions in relation to the statutorily required contribution	\$107,649	\$117,496	\$103,438	Information not available	Information not available
College’s contribution deficiency (excess)	-	-	-		
College’s covered payroll	\$68,450,938	\$73,768,417	\$74,350,845		
College’s contributions as a percentage of covered payroll	0.16%	0.16%	0.14%		

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Statistical Section



**Pima County Community College District
Statistical Section**

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

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These schedules contain trend information to help the reader assess the factors affecting the College’s ability to generate property taxes, tuition, grants, and other revenues.

Debt Capacity.....70
The debt capacity information will assist the reader in understanding and assessing the College’s debt burden and ability to issue debt.

Demographic and Economic Information.....76
The demographic and economic information is presented to assist users in understanding certain aspects of the environment in which the College operates.

Operating Information.....78
These schedules contain contextual information to help the reader assess the delivery and effectiveness of College operations.

**Pima County Community College District
Financial Trends**

Schedule of Net Position by Component
Last Ten Fiscal Years

	Fiscal Year				
	2024	2023	2022	2021	2020
Net Investment in Capital Assets	\$ 128,655,446	\$ 115,172,346	\$ 106,323,112	\$ 100,032,307	\$ 92,788,602
Restricted - expendable	15,879,817	27,432,257	65,942,454	51,522,969	47,633,485
Restricted - nonexpendable	0	0	0	0	0
Unrestricted (deficit)	41,295,155	52,872,340	34,640,978	27,184,142	13,571,472
Total Net Position	\$ 185,830,418	\$ 195,476,943	\$ 206,906,544	\$ 178,739,418	\$ 153,993,559

	Fiscal Year				
	2019	2018	2017	2016	2015
Net Investment in Capital Assets	\$ 92,872,863	\$ 96,772,449	\$ 100,330,570	\$ 106,258,844	\$ 111,016,873
Restricted - expendable	29,435,074	12,451,846	11,339,876	10,126,191	8,652,563
Restricted - nonexpendable	0	0	0	0	217,399
Unrestricted (deficit)	(3,458,207)	(20,815,356)	(39,778,165)	(50,097,749)	(51,900,890)
Total Net Position	\$ 118,849,730	\$ 88,408,939	\$ 71,892,281	\$ 66,287,286	\$ 67,985,945

Source: District Records

Notes: In fiscal year 2015, the College implemented GASB 68 and 71. Historical data in the statistical section has not been restated.

**Pima County Community College District
Financial Trends**

Schedule of Other Changes in Net Position

Last Ten Fiscal Years

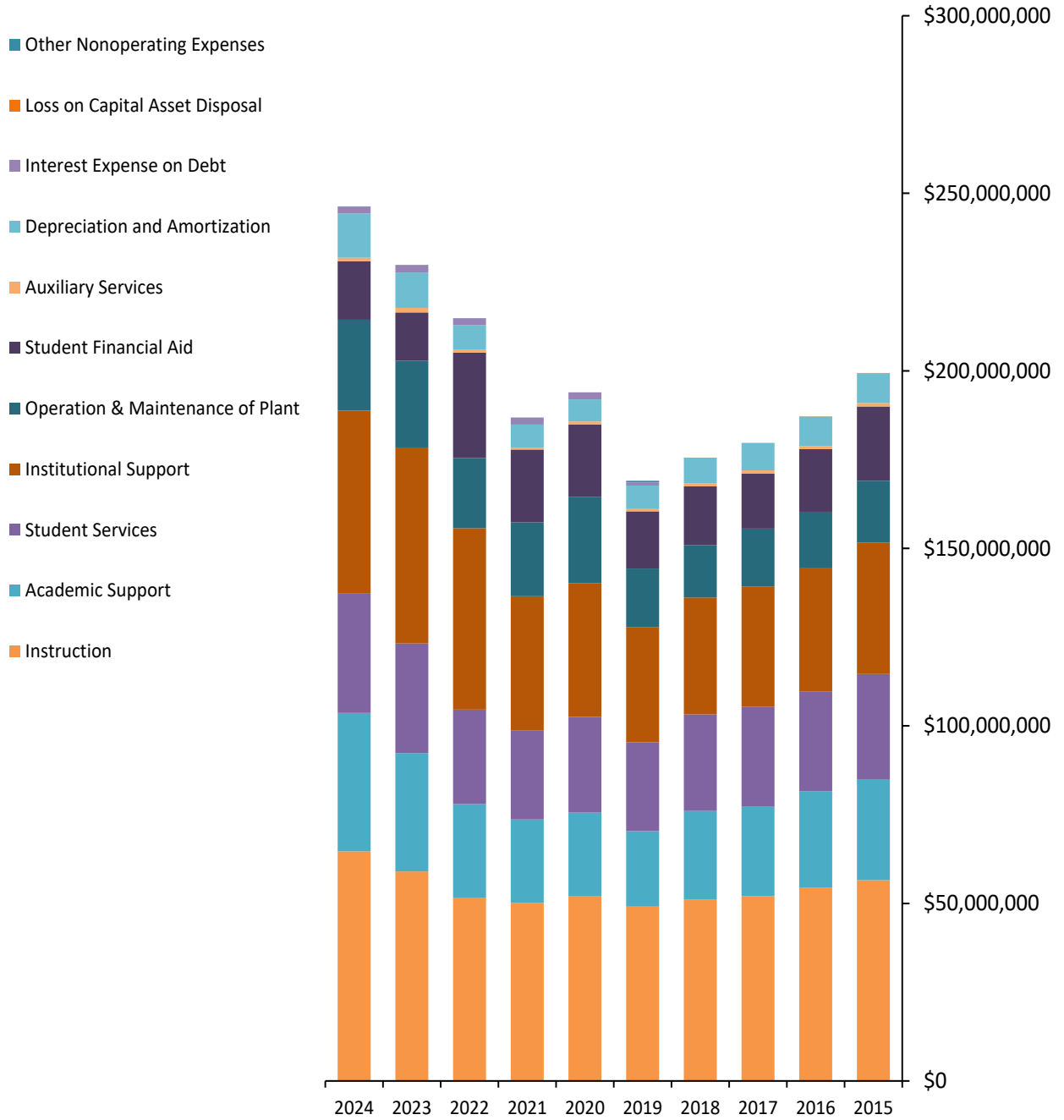
	Fiscal Year				
	2024	2023	2022	2021	2020
Income (Loss) Before Other Changes in Net Position	\$ (9,679,347)	\$ (11,979,954)	\$ 28,099,912	\$ 24,721,934	\$ 20,137,409
Capital Appropriations	0	0	0	0	15,000,000
Capital Gifts and Grants	32,822	550,353	67,214	23,925	6,420
Total Change in Net Position	\$ (9,646,525)	\$ (11,429,601)	\$ 28,167,126	\$ 24,745,859	\$ 35,143,829

	Fiscal Year				
	2019	2018	2017	2016	2015
Income (Loss) Before Other Changes in Net Position	\$ 30,428,217	\$ 16,271,672	\$ 5,565,475	\$ (1,736,314)	\$ (7,776,128)
Capital Appropriations	0	0	0	0	0
Capital Gifts and Grants	12,574	80,650	39,520	37,655	136,341
Total Change in Net Position	\$ 30,440,791	\$ 16,352,322	\$ 5,604,995	\$ (1,698,659)	\$ (7,639,787)

Source: District Records

Pima County Community College District Financial Trends

Graph of Expenses by Identifiable Activity
Last Ten Fiscal Years



**Pima County Community College District
Financial Trends**

**Schedule of Revenues by Source
Last Ten Fiscal Years**

	Fiscal Year				
	2024	2023	2022	2021	2020
Operating Revenues					
Tuition and Fees, net of scholarship allowances	\$ 25,254,675	\$ 24,638,886	\$ 23,631,157	\$ 22,860,179	\$ 29,095,520
Contracts	9,770,528	5,384,888	4,064,839	3,645,974	2,853,094
Commissions and Rents	695,257	650,586	287,579	272,189	621,796
Other Operating Revenues	2,077,733	1,098,292	778,611	446,251	965,443
Total Operating Revenues	37,798,193	31,772,652	28,762,186	27,224,593	33,535,853
Nonoperating Revenues					
Property Taxes	131,410,349	130,435,154	124,001,512	123,095,091	120,192,760
State Appropriations	10,882,155	8,673,683	8,699,822	2,074,314	595,000
Federal Grants	40,808,822	36,115,580	77,840,182	52,388,148	47,070,759
State and Local Grants	1,526,911	1,477,272	1,902,409	1,566,087	1,141,525
Share of State Sales Tax	4,329,747	4,218,878	3,840,596	3,535,480	2,834,744
Gifts and Other Nonoperating Revenues	1,608,689	1,292,633	1,183,919	753,382	335,915
Investment Income	8,124,985	3,753,241	(3,312,543)	794,012	6,293,040
Gain on Capital Asset Disposal	142,661	103,954	14,724	98,025	2,096,347
Capital Appropriations	0	0	0	0	15,000,000
Capital Gifts and Grants	32,822	550,353	67,214	23,925	6,420
Total Nonoperating Revenues	198,867,141	186,620,748	214,237,835	184,328,464	195,566,510
Total Revenues	\$ 236,665,334	\$ 218,393,400	\$ 243,000,021	\$ 211,553,057	\$ 229,102,363

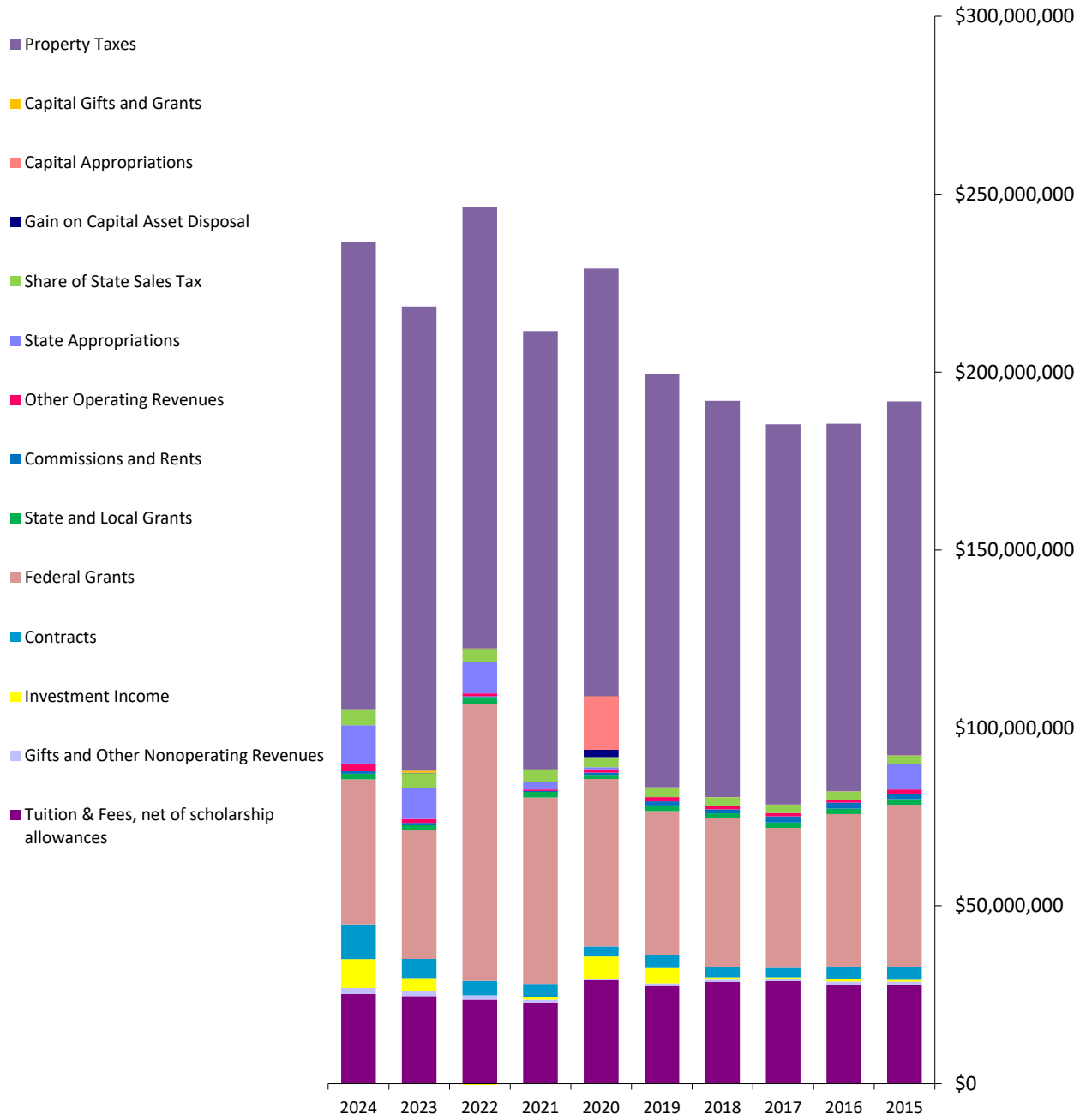
	Fiscal Year				
	2019	2018	2017	2016	2015
Operating Revenues					
Tuition and Fees, net of scholarship allowances	\$ 27,441,078	\$ 28,532,331	\$ 28,834,580	\$ 27,792,518	\$ 27,860,572
Contracts	3,690,885	2,766,925	2,660,348	3,485,053	3,614,371
Commissions and Rents	1,137,559	1,067,161	1,720,067	1,658,484	1,608,709
Other Operating Revenues	1,226,272	1,008,383	924,054	912,844	1,137,112
Total Operating Revenues	33,495,794	33,374,800	34,139,049	33,848,899	34,220,764
Nonoperating Revenues					
Property Taxes	116,162,277	111,324,689	106,823,980	103,274,540	99,464,621
State Appropriations	0	0	0	0	7,093,500
Federal Grants	40,423,631	42,048,279	39,352,391	42,891,284	45,616,708
State and Local Grants	1,575,675	1,323,106	1,544,239	1,523,348	1,573,775
Share of State Sales Tax	2,651,288	2,418,985	2,341,003	2,282,341	2,331,857
Gifts and Other Nonoperating Revenues	766,260	713,930	716,073	900,667	812,941
Investment Income	4,305,456	626,296	323,910	710,033	489,706
Gain on Capital Asset Disposal	94,706	0	0	0	0
Capital Appropriations	0	0	0	0	0
Capital Gifts and Grants	12,574	80,650	39,520	37,655	136,341
Total Nonoperating Revenues	165,991,867	158,535,935	151,141,116	151,619,868	157,519,449
Total Revenues	\$ 199,487,661	\$ 191,910,735	\$ 185,280,165	\$ 185,468,767	\$ 191,740,213

Source: District Records

Notes: For fiscal year 2024, Other Operating Revenues includes a rebate in the amount of \$124,223 received from JP Morgan Chase for credit card purchases.

Pima County Community College District Financial Trends

Graph of Revenues by Source
Last Ten Fiscal Years



**Pima County Community College District
Financial Trends**

Composite Financial Index Summary

Last Ten Fiscal Years

Composite Financial Index - Summary and Primary Reserve Ratio ¹

Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
+ Primary Reserve Ratio	0.26	0.38	0.50	0.46	0.32	0.16	(0.03)	(0.14)	(0.20)	(0.20)
/ Strength Factor	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
= Ratio / Strength Factor	1.95	2.82	3.73	3.44	2.43	1.21	(0.26)	(1.07)	(1.51)	(1.53)
* Weighting Factor	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
= Ratio Subtotal	0.68	0.99	1.30	1.20	0.85	0.42	(0.09)	(0.38)	(0.53)	(0.54)
+ Return on Net Position / Net Assets Ratio	(0.04)	(0.05)	0.14	0.19	0.28	0.31	0.20	0.08	(0.02)	(0.09)
/ Strength Factor	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
= Ratio / Strength Factor	(1.83)	(2.34)	7.24	9.30	10.00	10.00	10.00	4.08	(0.99)	(4.00)
* Weighting Factor	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
= Ratio Subtotal	(0.37)	(0.47)	1.45	1.86	2.00	2.00	2.00	0.82	(0.20)	(0.80)
+ Net Operating Revenue Ratio	(0.04)	(0.05)	0.11	0.11	0.09	0.15	0.08	0.03	(0.01)	(0.04)
/ Strength Factor	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
= Ratio / Strength Factor	(2.97)	(4.00)	8.78	8.83	6.71	10.00	6.50	2.20	(0.70)	(3.08)
* Weighting Factor	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
= Ratio Subtotal	(0.30)	(0.40)	0.88	0.88	0.67	1.00	0.65	0.22	(0.07)	(0.31)
+ Viability Ratio	1.34	1.71	1.99	1.52	1.07	0.44	0	0	0	0
/ Strength Factor	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42
= Ratio / Strength Factor	3.21	4.10	4.78	3.64	2.57	1.06	10.00	10.00	10.00	10.00
* Weighting Factor	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
= Ratio Subtotal	1.12	1.43	1.67	1.28	0.90	0.37	3.50	3.50	3.50	3.50
Composite Financial Index	1.13	1.55	5.30	5.22	4.42	3.79	6.06	4.16	2.70	1.86

The Composite Financial Index (CFI) provides a methodology for a single overall financial measurement of the institution's health based on the four core ratios. The CFI uses a reasonable weighting plan and allows a weakness or strength in a specific ratio to be off set by another ratio result, which provides a more balanced measure. The CFI provides a more holistic approach to understanding the financial health of the institution. The CFI scores are not intended to be precise measures; they are indicators of ranges of financial health that can be indicators of overall institutional well-being when combined with non-financial indicators. Composite Financial Index calculation includes Component Unit data. Ratio/Strength are capped at a maximum of 10 before the weighting factors are applied so that a higher CFI does not unduly mask a weakness in a component ratio.

Source: District Records

Notes: Includes Component Unit data indicated by CU.

Balances prior to FY 2016 have not been adjusted for the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*. Balances prior to FY 2018 have not been adjusted for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*.

**Pima County Community College District
Financial Trends**

Financial Ratios

Last Ten Fiscal Years

Dollars in Thousands

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Primary Reserve Ratio:										
Unrestricted Net Position (deficit)	\$ 41,295	\$ 52,872	\$ 34,641	\$ 27,184	\$ 13,572	\$ (3,458)	\$ (20,815)	\$ (39,778)	\$ (50,098)	\$ (51,901)
Expendable Restricted Net Position	15,880	27,432	65,943	51,523	47,634	29,435	12,452	11,340	10,126	8,653
Unrestricted Net Assets - CU	1,672	1,618	1,465	763	470	510	300	154	315	272
Temporarily Restricted Net Assets - CU	6,016	5,504	5,370	6,300	1,510	919	1,948	2,462	1,923	2,200
Expendable Net Position/Net Assets										
	\$ 64,863	\$ 87,426	\$ 107,419	\$ 85,770	\$ 63,186	\$ 27,406	\$ (6,115)	\$ (25,822)	\$ (37,734)	\$ (40,776)
Operating Expenses	\$ 244,327	\$ 227,719	\$ 212,847	\$ 184,859	\$ 191,945	\$ 167,712	\$ 175,471	\$ 179,653	\$ 187,148	\$ 199,356
Nonoperating Expenses	1,985	2,104	1,986	1,949	2,014	1,335	87	22	19	24
Elimination of Inter-Entity Amounts	(109)	(442)	(149)	(16)	(22)	(127)	(241)	(324)	(383)	(465)
Total Expenses - CU	3,968	3,429	2,026	902	1,280	1,698	1,981	1,304	1,152	1,487
Total Expenses	\$ 250,171	\$ 232,810	\$ 216,711	\$ 187,694	\$ 195,217	\$ 170,618	\$ 177,299	\$ 180,655	\$ 187,937	\$ 200,402
Ratio	0.26	0.38	0.50	0.46	0.32	0.16	(0.03)	(0.14)	(0.20)	(0.20)

Measures the financial strength of the institution by indicating how long the institution could function using its expendable reserves to cover operations should additional net position not be available. A positive ratio and an increase in the ratio over time denotes strength.

**Return On Net Position/
Net Assets Ratio:**

Change in Net Position	\$ (9,647)	\$ (11,430)	\$ 28,167	\$ 24,746	\$ 35,144	\$ 30,441	\$ 16,352	\$ 5,605	\$ (1,699)	\$ (7,640)
Change in Net Assets - CU	1,979	1,171	(437)	5,296	17	(282)	(263)	424	200	(127)
Change in Net Assets	\$ (7,668)	\$ (10,259)	\$ 27,730	\$ 30,042	\$ 35,161	\$ 30,159	\$ 16,090	\$ 6,029	\$ (1,499)	\$ (7,767)
Net Position (Beginning of Year)	\$ 195,477	\$ 206,907	\$ 178,739	\$ 153,994	\$ 118,850	\$ 88,409	\$ 72,057	\$ 66,287	\$ 67,986	\$ 75,626
Net Assets (Beginning of Year) - CU	13,760	12,389	12,826	7,530	7,513	7,795	8,058	7,634	7,434	7,561
Net Position/Net Assets (Beginning of Year)	\$ 209,237	\$ 219,296	\$ 191,566	\$ 161,524	\$ 126,363	\$ 96,204	\$ 80,114	\$ 73,921	\$ 75,420	\$ 83,186
Ratio	(0.04)	(0.05)	0.14	0.19	0.28	0.31	0.20	0.08	(0.02)	(0.09)

Measures total economic return. While an increasing trend reflects strength, a decline may be appropriate and even warranted if it represents a strategy on the part of the institution to fulfill its mission.

Source: District Records

Notes: Includes Component Unit data indicated by CU.

Balances prior to FY 2016 have not been adjusted for the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*.

Balances prior to FY 2018 have not been adjusted for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*.

**Pima County Community College District
Financial Trends**

Financial Ratios (continued)

Last Ten Fiscal Years

Dollars in Thousands

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net Operating Revenue Ratio:										
Operating Loss	\$ (206,529)	\$ (195,946)	\$ (184,085)	\$ (157,634)	\$ (158,409)	\$ (134,216)	\$ (142,096)	\$ (145,514)	\$ (153,299)	\$ (165,135)
Net Non-Operating Revenues	196,850	183,966	212,185	182,356	178,546	164,644	158,368	151,080	151,563	157,359
Change in Unrestricted Net Assets - CU	380	153	(161)	(293)	(40)	210	93	(248)	42	37
Net Operating Income	\$ (9,299)	\$ (11,827)	\$ 27,939	\$ 24,429	\$ 20,097	\$ 30,638	\$ 16,365	\$ 5,317	\$ (1,694)	\$ (7,739)
Operating Revenues	\$ 37,798	\$ 31,773	\$ 28,762	\$ 27,225	\$ 33,536	\$ 33,496	\$ 33,375	\$ 34,139	\$ 33,849	\$ 34,221
Non-Operating Revenues	198,867	186,621	214,238	184,329	195,567	165,992	158,536	151,141	151,620	157,519
Unrestricted Revenues - CU	4,348	3,582	1,865	1,195	1,240	1,908	2,074	1,056	1,167	1,406
Elimination of Inter-Entity Amounts	(109)	(442)	(149)	(16)	(22)	(127)	(241)	(104)	(83)	(115)
Total Operating Revenue	\$ 240,904	\$ 221,534	\$ 244,717	\$ 212,732	\$ 230,321	\$ 201,269	\$ 193,744	\$ 186,232	\$ 186,552	\$ 193,031
Ratio	(0.04)	(0.05)	0.11	0.11	0.09	0.15	0.08	0.03	(0.01)	(0.04)
	<i>Measures whether the institution is living within available resources. A positive ratio and an increase in the ratio over time, generally reflects strength; a decline may be appropriate and even warranted if it represents a strategy on the part of the institution to fulfill its mission.</i>									
Viability Ratio:										
Unrestricted Net Position (deficit)	\$ 41,295	\$ 52,872	\$ 34,641	\$ 27,184	\$ 13,572	\$ (3,458)	\$ (20,815)	\$ (39,778)	\$ (50,098)	\$ (51,901)
Expendable Restricted Net Position	15,880	27,432	65,943	51,523	47,634	29,435	12,452	11,340	10,126	8,653
Unrestricted Net Assets - CU	1,672	1,618	1,465	763	470	510	300	154	315	272
Temporarily Restricted Net Assets - CU	6,016	5,504	5,370	6,300	1,510	919	1,948	2,462	1,923	2,200
Expendable Net Position/ Net Assets	\$ 64,863	\$ 87,426	\$ 107,419	\$ 85,770	\$ 63,186	\$ 27,406	\$ (6,115)	\$ (25,822)	\$ (37,734)	\$ (40,776)
Long-Term Debt	\$ 48,408	\$ 51,160	\$ 53,844	\$ 56,458	\$ 59,010	\$ 62,179	\$ 0	\$ 0	\$ 0	\$ 0
Long-Term Debt - CU	0	0	0	0	0	0	0	0	0	0
Total Debt	\$ 48,408	\$ 51,160	\$ 53,844	\$ 56,458	\$ 59,010	\$ 62,179	\$ 0	\$ 0	\$ 0	\$ 0
Ratio	1.34	1.71	1.99	1.52	1.07	0.44	0	0	0	0
	<i>Measures the ability of the institution to cover its debt as of the statement of net position date, should the institution need to do so.</i>									

Source: District Records

Notes: Includes Component Unit data indicated by CU.

Balances prior to FY 2016 have not been adjusted for the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*.

Balances prior to FY 2018 have not been adjusted for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*.

**Pima County Community College District
Revenue Capacity**

Assessed Value and Full Cash Value of All Taxable Property

Last Ten Fiscal Years

Dollars in Thousands

<u>Fiscal Year/Levy Type ¹</u>	<u>Net Assessed Value</u>	<u>Total Direct Tax Rate ²</u>	<u>Limited and Full Cash Values ³</u>	<u>Ratio of Net Assessed to Full Cash Value</u>
2023/2024 Primary	\$10,646,894	1.2802	\$106,146,379	10.03%
2023/2024 Secondary	13,137,117	0.0000	130,775,723	10.05%
Total		1.2802		
2022/2023 Primary	\$10,132,624	1.2878	\$100,257,796	10.11%
2022/2023 Secondary	11,355,659	0.0000	111,988,323	10.14%
Total		1.2878		
2021/2022 Primary	\$9,696,150	1.2733	\$95,585,663	10.14%
2021/2022 Secondary	10,836,343	0.0000	106,405,925	10.18%
Total		1.2733		
2020/2021 Primary	\$9,140,426	1.3359	\$90,656,154	10.08%
2020/2021 Secondary	10,226,395	0.0000	101,016,359	10.12%
Total		1.3359		
2019/2020 Primary	\$8,729,965	1.3758	\$86,441,657	10.10%
2019/2020 Secondary	9,645,865	0.0000	95,293,696	10.12%
Total		1.3758		
2018/2019 Primary	\$8,333,893	1.3983	\$82,745,384	10.07%
2018/2019 Secondary	9,030,169	0.0000	89,027,208	10.14%
Total		1.3983		
2017/2018 Primary	\$8,074,958	1.3890	\$80,459,900	10.04%
2017/2018 Secondary	8,508,990	0.0000	84,772,588	10.04%
Total		1.3890		
2016/2017 Primary	\$7,816,700	1.3733	\$78,911,345	9.91%
2016/2017 Secondary	8,262,665	0.0000	83,520,548	9.89%
Total		1.3733		
2015/2016 Primary	\$7,620,361	1.3689	\$76,489,654	9.96%
2015/2016 Secondary	7,906,190	0.0000	79,550,159	9.94%
Total		1.3689		
2014/2015 Primary	\$7,518,482	1.3344	\$74,402,882	10.11%
2014/2015 Secondary	7,579,899	0.0000	75,389,155	10.05%
Total		1.3344		

Sources: Pima County Department of Finance ACFR (Fiscal years 2015-2023. June 30, 2024 statistics were unavailable at time of publication); Pima County Department of Finance (fiscal year 2023-2024 adopted budget), Pima County Assessor's Office, and District records.

Notes: (1) Primary - Taxes levied to pay for current operation and maintenance expenses.
Secondary - Taxes levied to pay principal and interest on bonded indebtedness and special district assessments.

(2) Includes separate Primary and Secondary tax rates.

(3) Limited value is the basis for primary taxes and annual changes therein are restricted by statute; Full Cash Value or Secondary Value approximates market value.

**Pima County Community College District
Revenue Capacity**

Property Tax Levies and Collections

Last Ten Fiscal Years ^{1,4}

Fiscal Year	Original Real Property Tax Levy	Board Ordered Changes and Adjustments 6/30/2024	Adjusted Levy	Collections/ Payments Initial Tax Year ²	Percent of Original Levy	Collections/ Payments thru 6/30/2024 ²	Percent of Adjusted Levy	Taxes Receivable as of 6/30/2024 ³
2024	\$ 131,729,326	\$ (426,567)	\$ 131,302,759	\$ 129,284,807	98.14%	\$ 129,284,807	98.46%	\$ 2,017,952
2023	126,372,148	(405,308)	125,966,840	122,705,219	97.10%	125,927,330	99.97%	39,510
2022	120,119,458	(1,219,417)	118,900,041	116,990,191	97.39%	118,887,642	99.99%	12,399
2021	119,384,468	(647,805)	118,736,663	116,691,692	97.74%	118,722,933	99.99%	13,730
2020	116,583,759	(412,843)	116,170,916	113,856,884	97.66%	116,157,274	99.99%	13,642
2019	112,789,995	(148,909)	112,641,086	110,342,172	97.83%	112,626,926	99.99%	14,160
2018	128,257,618	(109,084)	128,148,534	125,803,451	98.09%	128,133,378	99.99%	15,156
2017	104,106,349	(108,219)	103,998,130	101,690,985	97.68%	103,983,900	99.99%	14,230
2016	100,655,943	(114,761)	100,541,182	97,223,208	96.59%	100,525,234	99.98%	15,948
2015	96,201,094	(179,414)	96,021,680	92,988,525	96.66%	96,007,354	99.99%	14,326
Totals	\$ 1,156,200,158	\$ (3,772,327)	\$ 1,152,427,831	\$ 1,127,577,134		\$ 1,150,256,778		\$ 2,171,053

Source: All figures are derived from Pima County Treasurer's Tax Ledgers and spreadsheets.

Notes: (1) All amounts shown are for primary property taxes only.

(2) Amounts collected are on a cash basis.

(3) Represents the difference between the adjusted levy and collected to June 30, 2024.

(4) Unsecured personal property taxes are not included in this schedule because the dates of the monthly tax rolls vary each year. For tax years 2014 - 2023 (District fiscal years 2015 - 2024), total unsecured personal property tax board ordered changes were \$4,405 and collections were \$4,312,094 (including rolls and cycles) through June 30, 2024. The total outstanding unsecured personal property tax levy at June 30, 2024 for the period cited stands at \$600,068.

**Pima County Community College District
Revenue Capacity**

Property Tax Rates, Direct and Overlapping Governments
Last Ten Fiscal Years (Per \$100 of Assessed Value)

Tax Year	Pima County Community College District ¹	State of Arizona	Central Arizona Water Conservation District	Pima County ²	Flood Control District ³	County Library District	County Education Assistance	Cortaro- Marana Irrigation District ⁴
2023	1.2802	0.0000	0.1400	4.2678	0.3253	0.5493	0.0000	93.0000
2022	1.2828	0.0000	0.1400	4.2348	0.3235	0.5453	0.0000	91.5000
2021	1.2733	0.0000	0.1400	4.3658	0.3335	0.5353	0.4263	84.0000
2020	1.3359	0.0000	0.1400	4.4836	0.3335	0.5353	0.4426	80.2500
2019	1.3758	0.0000	0.1400	4.7326	0.3335	0.5353	0.4566	79.5000
2018	1.3983	0.0000	0.1400	4.8037	0.3335	0.5153	0.4741	78.0000
2017	1.3890	0.0000	0.1400	5.2055	0.3135	0.5053	0.4875	75.0000
2016	1.3733	0.0000	0.1400	5.0364	0.3335	0.5153	0.5010	75.0000
2015	1.3689	0.0000	0.1400	5.1344	0.3135	0.5153	0.5054	72.0000
2014	1.3344	0.0000	0.1400	5.0251	0.3035	0.4353	0.5089	69.0000

Tax Year	Flowing Wells Irrigation District ⁴	Silverbell Irrigation District ⁴	City of Tucson	City of South Tucson	Street Lighting Improvement District	Mobile Home Relocation District ⁵	Towns Other ⁶	School Districts Range From To	
2023	21.2900	3.2508	1.0501	0.2232	15.3267	0.0000	11.0804	1.6549	8.2011
2022	21.2900	3.2508	1.4292	0.2338	15.7198	0.0000	11.4300	1.7133	7.3742
2021	19.3500	3.0000	1.3123	0.2370	15.2590	0.0000	11.7000	1.7694	7.3742
2020	19.3500	3.0000	1.3573	0.2527	14.4901	0.0000	11.7000	1.8371	7.4213
2019	19.3500	3.0000	1.3810	0.2434	17.9248	0.0000	12.0000	1.8954	7.8712
2018	19.3500	3.0000	1.4819	0.2512	15.3127	0.0000	9.1400	1.9679	8.6853
2017	19.3500	3.0000	1.4342	0.2487	12.4505	0.0000	7.0000	2.0234	9.0399
2016	19.3500	3.0000	1.5982	0.2528	12.4384	0.0000	7.0000	2.0793	8.9614
2015	19.3500	3.0000	1.5960	0.2528	12.3345	0.5000	7.0000	1.7677	7.6184
2014	19.3500	3.0000	1.4606	0.2528	12.0787	0.5000	7.0000	2.1123	7.5094

Source: Pima County Department of Finance (June 30, 2023 ACFR), June 30, 2024 statistics were unavailable at time of publication.

Notes: Primary and secondary tax rates (per \$100 of net assessed value) are set by the County Board of Supervisors or the governing boards of other taxing jurisdictions.

The Towns of Marana, Oro Valley, and Sahuarita do not currently levy a property tax.

The Tucson Business Improvement District levy (on a per-business basis) is not shown.

(1) Rate includes any secondary tax levy for debt service on general obligation bonds.

(2) Rate includes the secondary tax levy for debt service on general obligation bonds and fire district assistance.

(3) The Pima County Flood Control District tax levy applies only to real property.

(4) Irrigation districts' tax rates shown are levied on a per acre basis.

(5) Mobile Home Relocation levy applies only to unsecured mobile homes.

(6) The 2014 to 2023 figures represent the aggregate rate for the Community Facilities Districts of: Gladden Farms, Vanderbilt Farms, Quail Creek, Gladden Farms Phase II and Saguaro Springs; noting Vanderbilt Farms was dissolved in FY 2020.

**Pima County Community College District
Revenue Capacity**

Schedule of Tuition
Last Ten Fiscal Years

<u>Academic Year¹</u>	<u>Full-Time Tuition & Fees^{2,3}</u>		<u>Tuition per Credit Hour</u>	
	<u>In State</u>	<u>Out of State</u>	<u>In State</u>	<u>Out of State</u>
2024	\$ 3,045	\$ 9,690	\$ 100.50	\$ 322.00
2023	2,955	9,600	92.00	313.50
2022	2,865	9,510	89.00	310.50
2021	2,805	9,450	87.00	308.50
2020	2,730	9,375	84.50	306.00
2019	2,670	9,315	82.50	304.00
2018	2,640	9,285	81.50	303.00
2017	2,550	9,195	78.50	300.00
2016	2,460	10,755	75.50	352.00
2015	2,300	10,055	70.50	329.00

Source: District Records

Notes: Beginning in January 2012, the College began charging additional tuition, known as differential tuition, for courses that are more costly for the College to offer. These rates are not reflected in the table. In addition to tuition, course fees and additional fees may apply. For more information on course fees, check the online class schedules, the printed Schedule of Classes, or call or stop by any campus Student Services Center. Tuition, fees, and refunds are subject to change without notice. These rates are NOT intended to represent an estimate of the cost of attending Pima Community College.

(1) Tuition rate changes are effective at the beginning of each academic year.
(2) These amounts are for full-time students taking 30 credit hours during the academic year.
(3) Amounts include: semester processing fees of \$20 per year for 2010 - 2014 and \$30 per year starting in 2015; student service fees of \$2.50 per credit hour in academic years 2011 - 2013, and \$3.00 in academic years 2014 - 2023; technology fees of \$2.00 per credit hour in academic years 2010 - 2013, and \$2.50 per credit hour in academic years 2014 - 2023.

**Pima County Community College District
Debt Capacity**

Schedule of Ratios of Outstanding Debt

Last Ten Fiscal Years

Dollars in Thousands

	Fiscal Year				
	2024	2023	2022	2021	2020
General Bonded Debt					
Total General Bonded Debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Per Headcount	0	0	0	0	0
Per FTSE	0	0	0	0	0
Per Capita (Pima County)	0	0	0	0	0
Other Debt					
Revenue Bonds	51,160	53,844	56,458	59,010	61,500
Financed Purchase Obligations	1,041	1,917	2,969	2,204	2,952
Leases Payable	947	1,061	1,170	0	0
Subscription Payable	5,964	6,901	1,170	0	0
Total Outstanding Debt	\$ 59,112	\$ 63,722	\$ 61,767	\$ 61,214	\$ 64,452
Per Headcount	1.68	2.02	1.97	1.74	1.59
Per FTSE	4.86	5.42	5.34	4.41	4.58
Per Capita (Pima County)	0.05	0.06	0.06	0.06	0.06

	Fiscal Year				
	2019	2018	2017	2016	2015
General Bonded Debt					
Total General Bonded Debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Per Headcount	0	0	0	0	0
Per FTSE	0	0	0	0	0
Per Capita (Pima County)	0	0	0	0	0
Other Debt					
Revenue Bonds	65,449	0	0	0	0
Financed Purchase Obligations	2,300	1,329	0	0	0
Leases Payable	0	0	0	0	0
Subscription Payable	0	0	0	0	0
Total Outstanding Debt	\$ 67,749	\$ 1,329	\$ 0	\$ 0	\$ 0
Per Headcount	1.65	0.03	0	0	0
Per FTSE	4.58	0.07	0	0	0
Per Capita (Pima County)	0.07	0	0	0	0

Source: District Records. Per Capita calculations based on forecasted population from "Economic and Business Research Center, The University of Arizona"

**Pima County Community College District
Debt Capacity**

Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenues ¹	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2024	\$ 45,923,178	\$ 2,055,000	\$ 2,293,175	\$ 4,348,175	10.56
2023	35,525,893	1,955,000	2,393,425	4,348,425	8.17
2022	25,449,643	1,865,000	2,488,925	4,353,925	5.85
2021	28,018,605	1,775,000	2,579,925	4,354,925	6.43
2020	39,828,893	3,270,000	2,442,758	5,712,758	6.97
2019	37,801,250	0	0	0	N/A
2018	0	0	0	0	N/A
2017	0	0	0	0	N/A
2016	0	0	0	0	N/A
2015	0	0	0	0	N/A

Source: District Records

Notes: Includes revenue bonds issued in 2019. No revenue bonds were outstanding for previous fiscal years noted.

Fiscal Year 2019 had no debt service requirements for revenue bonds issued in 2019.

(1) Repayment of 2019 revenue bond debt is secured by a pledge of gross revenues as defined by the bond indentures.

**Pima County Community College District
Debt Capacity**

Ratio of General Bonded Debt to Assessed Value and Net Bonded Debt per Capita
Last Ten Fiscal Years
Dollars in Thousands

<u>Fiscal Year</u>	<u>General Obligation Bond Debt</u>	<u>Secondary Net Assessed Value</u>	<u>Percent Net General Bond Debt to Assessed Value</u>	<u>Population at July 1</u>	<u>Net General Bonded Debt per Capita</u>
2024	\$ 0	\$ 13,137,117	0.00%	1,089,800	\$ 0
2023	0	11,355,659	0.00%	1,081,800	0
2022	0	10,836,343	0.00%	1,071,300	0
2021	0	10,226,395	0.00%	1,059,200	0
2020	0	9,645,865	0.00%	1,052,000	0
2019	0	9,030,169	0.00%	1,042,100	0
2018	0	8,508,990	0.00%	1,032,900	0
2017	0	8,262,665	0.00%	1,018,600	0
2016	0	7,906,190	0.00%	1,016,700	0
2015	0	7,579,899	0.00%	1,022,100	0

Source: District Records; secondary net assessed values and population from Pima County Department of Finance (Fiscal years 2015-2023, ACFR. June 30, 2024 statistics were unavailable at time of publication); Pima County Department of Finance (Fiscal year 2023-2024 adopted budget), and from "Economic and Business Research Center, The University of Arizona" for 2024 estimated population.

**Pima County Community College District
Debt Capacity**

Computation of Direct and Overlapping Governmental Debt Outstanding

At June 30, 2024¹

Dollars in thousands

Governmental Unit	Debt Outstanding	Amount Overlapping³
Debt repaid with property tax		
City of Tucson	\$ 81,625	\$ 81,625
School Districts	569,027	569,027
Total Overlapping		\$ 650,652
Debt repaid with property tax		
Pima County ²	\$ 67,656	\$ 67,656
Pima County Community College District	2,978	2,978
Total Direct		\$ 70,634
Other Debt:		
Certificates of Participation	\$ 247,299	\$ 247,299
Installment note payable	2,764	2,764
Subscriptions	23,262	23,262
Transportation bonds	64,012	64,012
Total other debt		\$ 337,337
Total direct, overlapping, and other debt		\$ 1,058,623

Source: District Records and Pima County Department of Finance (June 30, 2023 ACFR)

Notes: (1) June 30, 2024 amounts were unavailable at the time of publication.

(2) Excludes improvement districts.

(3) Overlapping governments are those that coincide with the geographic boundaries of the District. All overlapping governments are 100% within the District's boundaries. This schedule estimates the portion of the outstanding debt borne by the residents and businesses in Pima County. When considering the District's ability to issue and repay long-term debt, the process should recognize the entire debt burden borne by the residents and businesses therein. However, this does not imply that every taxpayer is a resident of each government and therefore is responsible for the repayment of debt of each overlapping government.

**Pima County Community College District
Debt Capacity**

Ratio of Direct and Overlapping Debt to Property Values and per Capita

Last Ten Fiscal Years

Dollars in Thousands

<u>Fiscal Year</u>	<u>Total Overlapping Debt</u>	<u>Secondary Net Assessed Value</u>	<u>Percentage of Assessed Value</u>	<u>Population at July 1 ¹</u>	<u>Debt per Capita</u>
2023	\$ 1,031,781	\$ 11,355,659	9.09%	1,079,998	\$ 0.955
2022	1,037,063	10,836,343	9.57%	1,067,441	0.972
2021	1,194,283	10,226,395	11.68%	1,059,218	1.128
2020	1,250,116	9,645,865	12.96%	1,050,905	1.190
2019	1,325,724	9,030,169	14.68%	1,042,475	1.272
2018	1,337,556	8,508,990	15.72%	1,034,000	1.294
2017	1,393,757	8,262,665	16.87%	1,025,000	1.360
2016	1,445,104	7,906,190	18.28%	1,016,700	1.421
2015	1,501,691	7,579,899	19.81%	1,022,100	1.469
2014	1,153,220	7,623,691	15.13%	1,007,200	1.145

Source: District records and Pima County Department of Finance (June 30, 2023 ACFR). June 30, 2024 statistics were unavailable at the time of publication.

Notes: (1) Population based on calendar year and prior year data is updated to reflect new source data.

Overlapping governments are those that coincide (at least in part), with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. When considering the District's ability to issue and repay long-term debt, the process should recognize the entire debt burden borne by the residents and businesses therein. However, this does not imply that every taxpayer is a resident and is responsible for the repayment of debt of each overlapping government.

**Pima County Community College District
Debt Capacity**

Legal Debt Margin
Last Ten Fiscal Years
Dollars in Thousands

	2024	2023	2022	2021	2020
Assessed Value	\$ 13,137,117	\$ 11,355,659	\$ 10,836,343	\$ 10,226,395	\$ 9,645,865
Legal Debt Margin					
Debt Limit (15% of assessed value)	1,970,568	1,703,349	1,625,451	1,533,959	1,446,880
Debt applicable to limit:					
General obligation bonds	0	0	0	0	0
Financed purchase obligations	1,041	1,917	2,969	2,205	2,952
Total net debt applicable to the limit	1,041	1,917	2,969	2,205	2,952
Legal debt margin	\$ 1,969,527	\$ 1,701,432	\$ 1,622,482	\$ 1,531,754	\$ 1,443,928
Total net debt applicable to the limit as a percentage of debt limit	0.05%	0.11%	0.18%	0.14%	0.20%

	2019	2018	2017	2016	2015
Assessed Value	\$ 9,030,169	\$ 8,508,990	\$ 8,262,665	\$ 7,906,190	\$ 7,579,899
Legal Debt Margin					
Debt Limit (15% of assessed value)	1,354,525	1,276,348	1,239,400	1,185,929	1,136,985
Debt applicable to limit:					
General obligation bonds	0	0	0	0	0
Financed purchase obligations	2,300	1,329	0	0	0
Total net debt applicable to the limit	2,300	1,329	0	0	0
Legal debt margin	\$ 1,352,225	\$ 1,275,019	\$ 1,239,400	\$ 1,185,929	\$ 1,136,985
Total net debt applicable to the limit as a percentage of debt limit	0.17%	0.10%	0.00%	0.00%	0.00%

Source: District records and Pima County Department of Finance (June 30, 2023 ACFR and FY 2023-2024 Adopted Budget).

**Pima County Community College District
Demographic and Economic Information**

Schedule of Principal Employers

Most Recent Year and Nine Years Prior as of 2024

<u>Employer</u>	<u>2024</u>			<u>2015</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percent of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percent of Total County Employment</u>
University of Arizona	19,866	1	4.0%	11,235	1	2.4%
Raytheon Technologies	14,039	2	2.8%	9,600	2	2.1%
Tucson Unified School District	8,125	3	1.6%	7,023	6	1.5%
Banner - University Medical Center	7,964	4	1.6%	6,542	7	1.4%
Pima County Government	7,295	5	1.4%	7,134	5	1.5%
Davis Monthan Air Force Base	6,157	6	1.2%	8,335	4	1.8%
State of Arizona	5,526	7	1.1%	8,524	3	1.8%
Tucson Medical Center	5,278	8	1.1%	*		
City of Tucson	4,916	9	1.0%	*		
Wal-Mart Stores, Inc.	4,301	10	0.9%	5,400	10	1.2%
US Border Patrol	*			6,470	8	1.4%
Freeport-McMoran Copper	*			5,800	9	1.3%
Total	83,467		16.7%	76,063		16.4%
Total Work Force	500,578			461,064		

* Employer did not fall within the top 10 for the year identified

Source: The University of Arizona Annual Comprehensive Financial Report, Fiscal Year 2024.

**Pima County Community College District
Demographic and Economic Information**

Schedule of Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>County Population</u>	<u>Countywide Personal Income (in thousands)</u>	<u>Countywide Personal Income per Capita</u>	<u>Countywide Unemployment Rate</u>
2024	1,089,800	\$63,819,000	\$58,560	3.9%
2023	1,081,800	\$59,768,000	\$55,249	4.4%
2022	1,071,300	\$55,643,000	\$51,940	3.9%
2021	1,059,200	\$55,178,000	\$52,094	7.3%
2020	1,052,000	\$49,961,000	\$47,491	10.0%
2019	1,042,100	\$46,615,000	\$44,732	5.0%
2018	1,032,900	\$43,223,000	\$41,846	4.4%
2017	1,018,600	\$41,350,000	\$40,595	4.9%
2016	1,015,500	\$40,359,000	\$39,743	5.7%
2015	1,015,100	\$39,106,000	\$38,524	5.5%

Source: 2024 Population and Personal Income estimates obtained from 'Eller Economic Forecast - Tucson Metro 2024' published by the Economic and Business Research Center, The University of Arizona. Countywide unemployment rate for June 2024 obtained from "Arizona Economy" Pima County Economic Indicators for the Tucson Metropolitan Statistical Area (MSA). <https://www.azeconomy.org>

**Pima County Community College District
Operating Information**

Administrators, Faculty and Staff Statistics

Last Ten Fiscal Years

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Administrators										
Regular	49	46	45	45	47	45	50	48	51	56
Faculty										
Regular	278	279	278	274	301	327	347	360	391	390
Adjunct	484	520	501	498	568	558	551	516	519	547
Staff										
Regular	1,111	1,100	1,070	1,034	987	987	1,058	1,084	1,121	1,090
Temporary	119	113	114	115	145	139	139	141	144	157
Student	23	21	16	0	26	22	27	26	25	35

Source: District Records

Note: Figures for Regular positions are based on budgeted full-time equivalents. Figures for Adjunct, Temporary & Student positions are based on estimates from actual costs.

**Pima County Community College District
Operating Information**

Admissions, Enrollment and Degree Statistics

Last Ten Fiscal Years

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Students Statistics ^{1,2}										
Part-Time %	77%	77%	79%	71%	70%	69%	68%	69%	68%	68%
Full-Time %	23%	23%	21%	29%	30%	31%	32%	31%	32%	32%
Degrees Awarded	1,954	1,883	1,807	1,617	2,050	2,278	2,351	2,585	2,626	2,721
Certificates Awarded	3,670	2,742	2,500	2,091	2,874	2,852	3,018	3,062	3,365	3,013
Ethnicity										
Hispanic/Latino %	50%	48%	47%	46%	46%	44%	41%	41%	41%	39%
Black or African American %	5%	5%	5%	5%	5%	5%	5%	5%	4%	4%
Asian %	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
American Indian or Alaska Native %	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Two or More Races %	3%	3%	3%	2%	2%	2%	4%	4%	4%	3%
White %	35%	36%	37%	38%	36%	38%	41%	41%	42%	43%
Not Reported %	2%	3%	3%	4%	6%	6%	4%	4%	4%	6%
Gender										
Male %	44%	43%	42%	40%	42%	43%	43%	44%	44%	44%
Female %	56%	57%	58%	59%	56%	51%	51%	50%	50%	51%
Not Reported %	0%	0%	0%	1%	2%	6%	6%	6%	6%	5%

Source: District Records

(1) Student statistics are based on credit students only.

(2) Full-Time and Part-Time status is based on Fall data.

**Pima County Community College District
Operating Information**

Historic Enrollment – Headcount and Full-Time Student Equivalent (FTSE)

Last Ten Fiscal Years

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Headcount										
Total District	33,687	31,344	31,292	31,095	35,128	40,557	40,983	41,976	42,787	44,513

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FTSE										
Campus										
Community*	4,567	4,250	4,265	4,386	3,910	3,588	3,351	2,963	2,264	2,145
Desert Vista	1,295	1,241	1,175	1,048	1,385	1,215	1,291	1,358	1,728	1,749
Downtown	1,562	1,446	1,376	1,237	2,003	2,079	2,341	2,517	2,655	2,948
East	1,068	1,011	987	1,037	1,472	1,568	1,730	1,804	2,152	2,437
Northwest	822	794	785	849	1,262	1,323	1,497	1,543	1,663	1,972
West	2,304	2,352	2,374	2,460	3,425	3,600	3,777	3,704	4,091	4,358
Center for Training & Development	0	0	76	113	0	214	197	255	235	201
Public Safety Institute	534	473	525	358	417	471	600	635	594	648
Total District	12,152	11,567	11,563	11,488	13,874	14,058	14,784	14,779	15,382	16,458

Source: District Records
Note: Although the Community Campus was sold in FY 20, the Community Campus figures include Adult Basic Education, Workforce & Business Development and Pima Online.

**Pima County Community College District
Operating Information**

**Schedule of Capital Asset Information
Last Ten Fiscal Years**

	Fiscal Year				
	2024	2023	2022	2021	2020
Computer / Audio Visual	\$ 12,896,497	\$ 11,217,297	\$ 9,909,040	\$ 9,299,455	\$ 7,614,159
Education & Recreation	1,090,476	1,135,632	1,155,203	1,168,768	1,084,003
Library Books	5,942,991	5,924,319	6,587,953	6,645,045	6,688,150
Medical & Technical	11,938,977	11,260,857	11,344,525	11,373,408	11,370,781
Office Equipment & Furniture	564,218	873,318	858,717	409,232	351,935
Other	13,353,440	10,488,710	9,206,532	8,014,113	6,983,795
Physical Plant	932,360	939,135	945,636	1,061,313	1,061,313
Vehicles	7,017,847	6,852,409	6,044,590	5,775,056	5,004,790
Buildings	256,092,610	245,691,321	194,733,390	181,680,716	181,680,716
Construction in Progress	27,773,722	16,923,900	48,851,182	39,030,198	16,080,909
Land	14,604,401	14,604,401	14,604,401	10,954,401	10,954,401
Land Improvements	4,293,105	4,293,105	4,293,105	4,293,105	4,293,105
Intangible Right-to-Use Leased Buildings	1,274,510	1,274,510	1,274,510	0	0
Leasehold Improvements	2,697,562	2,697,562	2,697,562	3,260,062	3,260,062
Intangible Right-to-Use Subscription Asset	10,500,338	8,725,843	0	0	0
Intangible Easements	153,163	0	0	0	0
	\$ 371,126,217	\$ 342,902,319	\$ 312,506,346	\$ 282,964,872	\$ 256,428,119

	Fiscal Year				
	2019	2018	2017	2016	2015
Computer / Audio Visual	\$ 6,151,466	\$ 6,261,708	\$ 6,941,501	\$ 7,151,494	\$ 7,035,466
Education & Recreation	1,050,203	1,041,380	1,041,380	809,372	837,034
Library Books	6,662,764	6,630,026	7,052,667	7,307,717	7,165,411
Medical & Technical	10,905,113	11,840,597	11,206,162	10,765,663	9,992,965
Office Equipment & Furniture	325,043	285,676	158,526	199,884	216,382
Other	6,730,333	5,538,675	4,874,522	4,675,145	3,933,473
Physical Plant	1,061,313	1,672,125	1,782,590	1,881,053	2,006,180
Vehicles	4,387,332	3,928,535	3,816,431	3,766,376	3,720,857
Buildings	190,452,158	190,452,158	190,452,158	190,452,158	189,947,916
Construction in Progress	5,836,825	2,361,583	47,392	0	0
Land	10,971,088	10,971,088	10,971,088	10,971,088	10,971,088
Land Improvements	4,320,223	4,320,223	4,320,223	4,320,223	4,320,223
Intangible Right-to-Use Leased Buildings	0	0	0	0	0
Leasehold Improvements	3,260,062	3,260,062	3,260,062	3,260,062	3,260,062
Intangible Right-to-Use Subscription Asset	0	0	0	0	0
Intangible Easements	0	0	0	0	0
	\$ 252,113,923	\$ 248,563,836	\$ 245,924,702	\$ 245,560,235	\$ 243,407,057

Source: District Records

Note: Amounts shown are historical cost and do not include depreciation.

**Pima County Community College District
Operating Information**

Statutory Limit to Budgeted Expenditures - Expenditure Limitation

Pima County Community College District, like all community colleges in Arizona, is subject to numerous budgetary and related legal requirements. Article 9, Section 21, of the Arizona Constitution sets limits on the College’s legal budget capacity. In general, the Governing Board, as the governing body of the College, cannot authorize expenditures from local revenues in excess of the expenditure limitation determined annually for the College by the Arizona Economic Estimates Commission. The expenditure limitation is determined each year by adjusting the amount of actual payments of local revenues received by the College during fiscal year 1979-1980 to reflect inflation and subsequent student enrollment for the College.

Fiscal Year	Statutory Expenditure Limitation ¹	Budgeted Expenditures Subject to the Limitation ²	Unused Legal Limit
2022	\$ 138,825,309	\$ 138,825,308	\$ 1
2021	\$ 87,124,807	\$ 87,124,806	\$ 1
2020	\$ 101,393,690	\$ 101,393,689	\$ 1
2019	\$ 101,218,447	\$ 101,218,446	\$ 1
2018	\$ 101,399,448	\$ 101,399,447	\$ 1
2017	\$ 100,884,152	\$ 100,884,151	\$ 1
2016	\$ 114,444,168	\$ 105,319,375	\$ 9,124,793
2015	\$ 112,293,950	\$ 110,712,581	\$ 1,581,369
2014	\$ 115,829,735	\$ 108,736,671	\$ 7,093,064
2013	\$ 126,021,541	\$ 126,021,540	\$ 1

Source: State of Arizona Office of the Auditor General Expenditure Limitation Reports

- Notes:**
- (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).
 - (2) Budgeted expenditures are net of allowable exclusions.
 - (3) Fiscal Year 2023 information was unavailable at time of publication.

Pima Community College is an equal opportunity, affirmative action employer, and educational institution committed to excellence through diversity. Upon request, reasonable accommodations will be made for individuals with disabilities to support access to all programs and services. Every effort will be made to provide reasonable accommodations in a timely manner. For student, public, and employee accommodation requests and for information related to the ADA compliance process, please contact 504-ADAhelp@pima.edu, 520-206-6688, or West Campus Room C130, 2202 W. Anklam Road, Tucson, AZ 85709-0095.

Additional information about Pima Community College is available on our website: www.pima.edu.